Northern Ireland Assembly

Committee for Regional Development

OFFICIAL REPORT (Hansard)

Translink Accounts 2012-13: Translink Briefing

10 July 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:
Mr Jimmy Spratt (Chairperson)
Mr Seán Lynch (Deputy Chairperson)
Mr John Dallat
Mr Stewart Dickson
Mr Alex Easton
Mr Ross Hussey
Mr David McNarry

Witnesses:

Mr Stephen Armstrong	Translink
Ms Catherine Mason	Translink

The Chairperson: I welcome Catherine Mason, chief executive of Translink, and Stephen Armstrong, Translink's director of finance. Make your usual presentation and then leave yourselves open for questions.

Ms Catherine Mason (Translink): There is a big pool of water here, so I will move the jug so that I do not get it all over my papers, which would not be a terribly good start.

The Chairperson: That is OK. Sorry about that.

Ms Mason: No problem.

First, thank you for giving us the opportunity to talk about the financial performance of Translink. There is always public interest when we announce our results, but the press release that the Committee issued on 5 June regarding our numbers generated an increased amount of interest.

I understand that an offer was made on 6 June to brief the Committee. However, we also needed to respond to the media, given the level of interest. All that happened when our 2012-13 results were being prepared, so we held off until the results went public.

Our accounts are required to be prepared in line with the international financial reporting standards (IFRS), the international accounting standard. It is prescriptive about how we present the results, which are sometimes not all that straightforward to understand. However, the accounts were independently audited and received an unqualified opinion and an unqualified regularity opinion.

I plan to talk through some of the matters covered in the slides that, I believe, were attached to correspondence that you received. Starting with the balance sheet, Committee members will be aware that reserves are not cash. They are the value of the business. The overall £20 million reserves of the group would be what would remain if the group were liquidated. It is not essential to have the slides to hand.

The Chairperson: Sorry, we do not have any slides.

Ms Mason: I was advised that they would come with correspondence. It is not essential for you to have them to hand. The matters that I will speak to will probably cover most of the areas.

The Chairperson: To clarify for the purposes of the Hansard report, the Committee does not have copies of the slides to which Ms Mason referred.

Ms Mason: OK. I do not think that it will be too detrimental that the slides are not available.

The Chairperson: OK. Thanks.

Ms Mason: I will start with the balance sheet. Members will be aware that reserves are not cash but the value of the business. The overall £20 million reserves of the group would be what would remain if the group were liquidated after all the bills were paid and all the assets sold at book value, and so on.

The other reserves of £50 million on the balance sheet are broadly the value of the Ulster Transport Authority (UTA) when it was transferred under the Transport Act (Northern Ireland) 1967. To put that into perspective, the reserves shown on the balance sheet of Northern Ireland Water (NIW) are £917 million; on that of the Housing Executive, they are £2·7 billion; and on that of Roads Service, they are £29·5 billion.

Another area that might look concerning is retained earnings, which are negative. Those represent the retained losses resulting from the way in which we have to account for pensions under IFRS. For any pension specialist, there are several pages of notes in the accounts.

I noted an amount of conjecture about the pension scheme. We are a member of the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC), alongside hundreds of other employers in Northern Ireland; for instance, the Housing Executive, education and library boards and local councils. Since the NILGOSC scheme is in deficit, participating employers are required to include their share of the deficit in their accounts. All show substantial pension deficits on their balance sheets. For instance, the Housing Executive shows £82 million, Belfast City Council shows £106 million and the education and library boards show between £64 million and £106 million, depending on the board. So as not to worry our employees, I stress that the scheme was 82% funded as at the last actuarial valuation in March 2010, which does not compare unfavourably with other such schemes.

The best solution to address the NILGOSC deficit, and experts have looked at this, is to make changes to bring the scheme back into balance over time. The Department of the Environment (DOE), which sponsors the scheme, is bringing forward legislation aimed at achieving that. Other courses of action, such as closing the scheme to new entrants, would mean that no one is paying into the scheme to pay the pensions of those retiring.

We have previously explained that the concession scheme is an Executive scheme that is a benefit to the concession receiver, just as free prescriptions or free eye tests are. It was pleasing that, in the recent monitoring round, the Department of Finance and Personnel (DFP) recognised the inescapable bid from the Department for Regional Development (DRD) to fund the concession scheme and to keep the Executive's promise regarding that very popular scheme. However, other funding to Translink is reducing. That is where the cash comes in. It stands at £60 million this year, which is higher than normal owing to grant payment timings. That money is a vital part of our sustainability strategy. Cash is needed to pay bills, which are of many millions at a particular time, and how much cash we need each week — to pay wages, and so on — can be tens of millions of change.

My notes say that you may have noted in the slides, but you will not have noted in the slides, that public sector funding is going down by £7 million in 2013-14 and £11 million in 2014-15. That means that we will make losses, which will see the level of cash reducing. This is the planned position to minimise service cuts and fare increases. That is why the cash needs to be high at present. Cash will also be used for capital investment, because capital funding is also going down. One good example of where the cash will go is the development of the Belfast transport hub. Public transport is a success in Northern Ireland. Through innovation and investment over the past decade, passenger numbers are growing and customer satisfaction is high. The problem now is that the Great Victoria Street rail station and the Europa Buscentre are at capacity. Not only will that stop the growth of public transport, but if people cannot access Belfast, it will undermine economic growth. We are preparing for development of a new transport hub, which will allow the growth of passenger transport and for the Enterprise to terminate at Great Victoria Street. That will require up-front spending.

You will know that profit this year has grown. In fact, we have done a little better than we had anticipated, with a larger increase in fare-paying customers — 1·5 million in the past year. That means that revenue has grown by 6% but costs have grown by only 3·5%. Much effort has been put into continuously improving efficiency through more effective use of staff, procurement savings, utility costs, and so on. Fares have remained relatively low and benchmark well against those in GB and the Republic of Ireland. That delivers underlying pro forma profit growth, year on year, of £1·9 million, which is not substantial for a business that turns over £200 million. However, it does sound like a large percentage when numbers are small.

I will be pleased to answer questions to clarify any areas. However, if they are of a detailed financial nature, I will ask my finance director colleague, Stephen Armstrong, to assist me. Thank you very much.

The Chairperson: Thank you for your presentation. At the outset, you referred to a Committee press release and an offer of a briefing on 6 June. I suspect that you were suggesting that the offer came from Translink. Is that correct?

Ms Mason: It came from the Department to the Committee.

The Chairperson: To clarify the matter, the briefing was not on the 2012-13 accounts but on the previous year's accounts. The offer came from the Department. The Committee, quite frankly, wanted to talk to Translink, first and foremost, about the issues, not the Department. Therefore, for clarity, the Committee did not refuse to hear a briefing: it wanted a briefing on this year's accounts, which, at that stage, were not laid in front of either the Assembly or the Committee. It is on that basis that we required clarity. That is for the record.

At the outset, can you provide me with your corporate definition of "transparency"?

Ms Mason: There is no specific definition. We have definitions of lots of different terms and words in the organisation. "Transparency" is used in the general sense of the word.

The Chairperson: Given that, does the corporate definition of "transparency" include ignoring your statutory obligation to lay those accounts in the Assembly prior to briefing the press or, indeed, other parties?

Ms Mason: The accounts go public and are made public to everybody at the same time.

The Chairperson: You were briefing the press before the accounts were even laid in front of the Assembly. A number of selected journalists were approached by, I assume, Translink to receive a briefing prior to those accounts being made public, yes or no?

Ms Mason: We were approached by a number of members of the press to brief them. If you had had the slide pack, you would have seen that the slides that we used with the media did not include the annual report and accounts. They included a lot of information about them, but we did not give the media the annual report and accounts ahead of them going public. The accounts were not even printed when we were talking to some of the journalists.

The Chairperson: On that basis, are you suggesting to the Committee that you were approached by the press and that you did not approach the press or selected journalists to give them briefings prior to the accounts being laid in front of the Assembly or, I assume, the Department?

Ms Mason: No, both things happened. The press approached us, so we arranged to brief them.

The Chairperson: Can you explain the purpose of the management letter that is referred to in the report?

Ms Mason: I will do this in layman's terms, and Stephen can do the more detailed bit. If the auditors had issues that they needed some response to before they were able to sign off the accounts, they would raise the management letter. They would then need the management response before the accounts could be signed off. If there were no issues of substance and the auditors could quite happily sign off the accounts, they would follow up with any minor points after the accounts had been signed off. The auditors are external and independent and have to, as part of their professional body and their whole process, assert their independence. You will see that in their report in the accounts. If there are no major issues on which they need a management response before signing off, they will issue it afterwards.

The Chairperson: Was the management letter presented and referred to in part or in full at the board meeting and to the audit and risk committee in any format, verbally or in writing, during the consideration of the accounts?

Ms Mason: The management letter has not been presented to us.

The Chairperson: It was not presented to your audit and risk committee or the full board?

Ms Mason: It was not required in signing off the accounts, so there was no requirement for it to go to either.

The Chairperson: The audit committee —

Ms Mason: It does not exist yet.

The Chairperson: Sorry?

Ms Mason: It has not been presented yet. It needs only to be provided afterwards because the matters are very minor.

The Chairperson: In page 58 of the accounts and the board audit and risk committee report for the financial year ended 31 March 2013, reference is made to two internal reports. One is an audit report referring to contract management guidelines being applied inconsistently across all revenue contracts in the group, which I think that we will want to know a lot more about. The second is an internal investigation into the Knockmore rail incident on 28 June. Can you explain why you refused copies of those reports to the Committee? Indeed, you are now telling me that they were not presented to your full board or your audit and risk management group.

Ms Mason: The thing is leaking. There is more water coming out.

The Chairperson: It must be a leaking jug. We had better take it away.

Ms Mason: Thank you. It is everywhere.

The Chairperson: There must be a crack in the jug. We will get you another one.

Have you picked up on the questions that I asked?

Ms Mason: Yes.

The Chairperson: So as we are not distracted by the flow of water.

Ms Mason: I am slightly distracted by the flow of water, I have to confess.

There is no management letter. Yes, the board audit and risk committee has thoroughly considered matters pertaining to the issues raised in the governance statement. The important thing from the assurance point of view is that the external independent auditors have also looked at those matters, and in their report, you will see that they have been able to provide a completely unqualified audit opinion and a completely unqualified regularity opinion.

The Chairperson: There is a management letter, do you agree?

Ms Mason: Not yet.

Mr Stephen Armstrong (Translink): No.

The Chairperson: But there will be a management letter.

Mr Armstrong: I think that the management letter that you are referring to is from the external auditors who sign off on the statutory accounts. That has not yet been provided, and, indeed, last year, it was not provided until around September and contained only very minor points. We understand that the current version, which has not yet been issued and has not been shown to the board or the audit and risk committee, is in draft form.

The Chairperson: Have you seen it?

Mr Armstrong: No, I have not seen it, but it contains only —

The Chairperson: Has the Department seen it?

Mr Armstrong: Sorry?

The Chairperson: Has the Department seen it?

Mr Armstrong: No one has seen it, other than the auditors. The auditors have not issued it because it contains only some minor points. In fact, I think that most are minor points on the presentation of the pensions note in the accounts for next year. Therefore, they have not issued it. I spoke to the auditors last week, and they said that there was nothing in it of any significant nature, and, therefore, they were able to sign off on the main statutory accounts.

So the external audit letter has not yet issued. The internal audit reports on the two items that you mentioned have been seen by the board and the audit and risk committee, but they have not seen the external management letter.

The Chairperson: Can you explain to the Committee — you are the finance director — the inconsistencies across your revenue contracts? That seems to us to be something that we should be concerned about, and I would hope that you are concerned about it as well. I suggest that it tells a story that, in procurement contracts, and so on, you are totally inconsistent across the board.

Ms Mason: It has been recognised that, in Northern Ireland, there is room for improvement across all areas of contract management. I do not know whether you are aware that the Central Procurement Directorate (CPD) has started a task and finish group called "best practice in managing property maintenance contracts" because it has identified areas for improvement across all parts of the public sector. That group includes not only Translink but NIW, Roads Service, the Fire and Rescue Service, the Health and Social Care trusts, and the education and library boards. Therefore, based on the recognition that we have of our processes and the potential to improve, I think that CPD is seeing that there is an opportunity across the whole public sector for the practice of contract management to improve.

The internal audit process looked at revenue contract management only, because in our capital projects, we have excellent contract management. We have no significant weaknesses, and an opportunity for improvement was identified. Remedial action is being taken to improve our processes, and the important aspect to state would be that our external auditors thoroughly examined our contract management but were able to come to a view that gave us an unqualified opinion on regularity. They did not see anything material in that matter.

The Chairperson: With all due respect, reference is made in the report to the fact:

> *"contract management guidelines were not operating consistently across all revenue contracts within the Group."*

I am not interested in every other Tom, Dick and Harry. I am interested in your organisation, and your organisation alone. The board audit and risk committee report for the financial year ended 31 March 2013 makes that reference. It refers to inconsistencies in all your revenue contracts.

You have suggested that you are looking at some minor changes. What are those minor changes? What are you doing about this? It was serious enough for the matter to be raised with you, so explain to the Committee exactly what those ways of sorting out this matter are, irrespective of what other organisations are doing. We are interested in what you are doing. We are interested in Translink, and Translink alone.

Ms Mason: There is a remedial action plan in place at the moment. The internal auditors will meet monthly with the project team, and a monthly report will go to the executive team and regularly to the board. The board's audit and risk committee will also take a report each time it meets on its progress. There are a number of actions over a number of different areas.

The Chairperson: What about the Knockmore report?

Ms Mason: You may remember that there was substantial flooding on 28 June 2012 and that there was a washout, which is a technical term for ballast going from underneath track. The washout was on the line between Lisburn and Antrim. Nobody was injured and no rolling stock was damaged, and a review of that activity was undertaken. It was down to heavy rainfall, and although there were recommendations around reporting, the majority of them were around how significant weather events are handled, which is something that affects the railway across the whole of the United Kingdom. In control period 5, Network Rail has put aside significant amounts of money to deal with weather events, and as a result of this report, there will be a capital requirement for investment to address the recommendations.

The Chairperson: You are heralded in the press as saying that you have £60 million in the bank, and you have spoken about projected losses for the next two financial years. What are those projected losses?

Ms Mason: The loss in the next year is projected to be £5·8 million, and it is £3 million in the year after.

The Chairperson: That is far short of the £60 million that you have in the bank.

Ms Mason: There are two different things going on here. I do not know whether you want to explain this, Stephen, but the profit and loss statement (P&L) is the P&L, which is completely separate from the cash. The cash will be used because we are making losses, but the P&L and the cash are two completely different things. In your annual report and accounts, you have three different things: the P&L; the balance sheet; and the cash flow.

If this question came up, I was going to refer to something that Mr Simpson said in his piece regarding cash, which is that cash is at a point in time. I hope you do not mind my quoting you, John, but he said:

> *"A bank balance of £60m at the year-end may seem large but will be very variable according to the changing financial demands on the organisation."*

It is very embarrassing to quote somebody who is sitting just behind you.

The Chairperson: Yes, it is very embarrassing for the people sitting behind, and it is not really something that a witness should be doing in front of the Committee, but I will let you away with it on this occasion.

On the figures given that you say sit in your bank account, section 50 of the Transport (Northern Ireland) Act 1967 states:

> *"The Ministry, with the approval of the Ministry of Finance, may require the Holding Company to pay to the Ministry out of any moneys which appear to the Ministry to be surplus to the requirements of the Company such sums as the Ministry may determine."*

Will you, therefore, be paying the surplus moneys back to the Executive?

Ms Mason: As you read, it refers to moneys:

> *"which appear to the Ministry to be surplus to the requirements".*

We have obviously worked very closely with DRD on managing our future —

The Chairperson: Oh, we know that.

Ms Mason: It would be wrong of us to look only at one year at a time, and this is only one year that you are looking at in the annual report and accounts. We have to look over a three-year time frame to ensure sustainability. It is very important for us to look not only at where we are now but at what the funding looks like going forward. As you will know, the funding going forward looks to be much less than it has been historically, on revenue and on capital.

We have to put together a three-year plan. We need to get approval from the Department, and the plan will then look at what will happen with profit, cash, balance sheets and sustainability. Our objective is always to make sure that we maximise the amount of service that we deliver, that we minimise the fare increases and that we make sure that we have high levels of customer satisfaction, while staying on the right side of being a robust company. It is something called a "going concern". Each year, the auditors have to assess us against being a going concern. Consequently, that is what we need to look at. If the Department was to decide that there was more than was needed, that part of the Transport Act could come into play.

The Chairperson: So Translink is deliberately building cash reserves to mitigate expected future losses. Is there a clear strategy in place for how that purpose will be managed? How much of the funds will be used to purchase new capital assets, and how much will be used to fund current expenditure?

Ms Mason: The answer to your question about whether there is a purpose for the £60 million is yes. As for answering your question about specific percentages on each item, I am afraid that I would have to come back to you on that.

The Chairperson: OK, so you —

Ms Mason: It is all purposed for the future. We have a three-year plan that goes forward and uses funds.

The Chairperson: You have a three-year plan but you cannot tell us exactly what you are doing in the future? I asked you about the purchase of new capital assets, instead of going to the Department with a begging bowl every time there is a monitoring round.

Ms Mason: I think that Northern Ireland would probably expect some public sector funding of public transport. Public transport throughout the world is funded by the public sector, so —

The Chairperson: I think that it would also expect a company that is making profit and has that amount of surplus to spend some of its own money, quite frankly, on capital assets, buses, and all the rest of it.

Ms Mason: And we will be.

The Chairperson: What plan do you have over the next three years to purchase stuff and to do capital work?

Ms Mason: We have a plan to purchase stuff over the next three years. Unfortunately, I thought that we were coming to talk about the annual report and accounts, so I cannot answer the detail of those questions at this time.

The Chairperson: That is astounding.

Ms Mason: Do we have a plan to spend capital? We do. Capital expenditure is required. I said in my introductory remarks that the Belfast transport hub, which is a huge and important project for Northern Ireland, will require us to spend money to get it going. Buying vehicles will be part of what we do over the next three years. As for being able to answer your question about the exact percentages that go into each, I am afraid that I will have to come back on the detail.

The Chairperson: I am astounded that you cannot answer those questions today, given that we are talking about the accounts and how surplus moneys might be spent. I would have thought that that is a natural question that would have come up today. I am a bit disappointed that you cannot answer the questions today. You are the chief executive of the organisation.

Stephen Armstrong, do you want to say something?

Mr Armstrong: Yes. The corporate plan was done in partnership with the Department. When we received the new levels of funding, we looked at how, over the three years, we would cope with that reduction in funding. The plan was that we would absorb losses in the first two years of the plan and that those would be covered by the cash balances. We planned to take decisions on the lack of capital funding while we were going through the corporate plan, because we need to determine how trading is going each year and what our cash flow looks like. We need to replace about 150 buses alone a year.

Ms Mason: One hundred.

Mr Armstrong: We need to replace 100 buses a year to maintain the fleet age. One hundred buses a year cost £15 million. That would absorb quite a bit of the surplus funding very quickly. Our first draft of the corporate plan reduced the £60 million to circa £20 million.

Mr Dallat: Catherine said that she thought that she came here to discuss just the annual accounts. Catherine, you would agree that the annual accounts are the health chart of your organisation. If not contained in the detail of the balance sheet, there should be notes that reflect your plans for the future. The Chairman is absolutely right to pursue questions relating to the future; otherwise the balance sheet is of no use or value.

Ms Mason: I am not able to tell you what percentage will go into revenue and which part will go into capital; I just cannot tell you that.

Mr Armstrong: Detailed questions would be more difficult, but general questions about strategy would be —

Mr Dallat: That reflects the difficulty that the Committee has had in trying to interpret and understand the balance sheets. The balance sheet is a reflection of the company on one particular day, but it does not excuse you from explaining what the plans are for the future. Those should be annotated or explained, at least in notes attached to the balance sheet.

Ms Mason: If we are making a loss, the cash will be used on the revenue side.

Mr Dallat: OK, thank you.

Ms Mason: There is not enough money on the capital side to buy the number of buses to keep the workshops going, so there is a detailed capital plan in the corporate plan that looks at workshops, garages and buses that are not to be funded by public sector funding because such funding diminishes substantially.

The railway is deficit-funded, so, inevitably, much more of the capital on the railways is procured by the public sector. The public sector is the provider for the railway. Effectively, we are just the operator of the railway, down to the strategy and policy that the Department wants. However, we have plans for the capital, and the capital was in the corporate plan document that the Committee received some months ago.

The Chairperson: Tell us about the plans for the future.

Ms Mason: A number of big capital projects are planned; they were in the corporate plan that was received by the Committee.

The Chairperson: What are they?

Ms Mason: We are looking to maintain the age of the bus fleet, and there is not enough capital in the plan to do that, so they will be buying new buses; workshops and garages need to be replaced across the network just to keep them going; and we have many bus stations where we will need to invest just to keep them open. In addition, the Belfast transport hub is a big project that will continue to enable the growth of public transport in Northern Ireland. We will need to invest a substantial amount in advance of any finalisation of the development of that to get it going. Ongoing investment will be made on the railway side, partly by the public sector and partly through our cash.

The Chairperson: The corporate plan mentions capital of only £3·2 million for new buses.

Ms Mason: For new buses?

The Chairperson: Yes.

Ms Mason: In terms of —

The Chairperson: Despite the fact that you already got another £12 million.

Ms Mason: Replacement costs are about £15 million per annum if you want to maintain the fleet. The fleet is a profiled fleet that you depreciate over time. Each year, a chunk of buses becomes fully depreciated and too old to run, and we replace them. Annual replacement value is about £15 million, which is why some money will come from the public sector and some from that cash.

The Chairperson: What is the life of a bus that it is too old to run?

Ms Mason: Fifteen years.

The Chairperson: Fifteen years old?

Ms Mason: Yes.

The Chairperson: OK. Is that comparable with other bus companies in the private sector in Edinburgh or any other city that we might go to in the rest of the United Kingdom?

Ms Mason: Yes.

Mr Lynch: Thanks for coming here today. Catherine, you were quoted in the 'Belfast Telegraph' on 27 June, talking about increasing passenger journeys:

> *"We can't tell how many people there were but we can tell the number of journeys".*

It is an amazing admission that the chief executive of the public transport provider cannot say how many passengers it has. That said, I think you said in your presentation that passenger journeys increased by 1·5 million but passenger miles have not increased. Why is that and does it represent an opportunity to increase efficiency in the delivery of services?

Ms Mason: A huge number of people travel on our services completely anonymously. So, Seán, if you buy a ticket today, I cannot tell whether a ticket that is bought tomorrow is you buying another ticket or someone else buying it. I can tell, very accurately, how many passenger journeys are made, but I cannot tell how many people have made those journeys. Your question was on how many people are travelling on Translink services. We do not know how many people are travelling, but we know how many passenger journeys are made.

You are absolutely right, and you have pointed out the increase in efficiency. We have had an increase in passenger journeys, which is in excess of our increase in passenger miles, and that shows our increasing efficiency. We have better utilisation of the fleet. We are getting higher loadings and, therefore, we are increasing our efficiency. That is why revenue is going up faster than costs. We are getting more efficiency out of the network.

We can tell very accurately about people getting on and off a vehicle, but because they do it anonymously we cannot tell whether that is one person or 10 people — 10 journeys could be 10 people making one journey or it could be one person making 10 journeys. We cannot tell. However, we can tell that 10 journeys were made and we can tell that 1·5 million more fare-paying customers got on. There were 1·5 million more fare-paying journeys. It is not being driven by concessions — concessions are fairly stable — it is being driven by people who are choosing to travel by public transport and to pay a bus or train fare.

Mr Armstrong: I will just clarify the increase in journeys for rail but not in passenger miles. The reason for that is that longer journeys in passenger miles are normally on the Derry line, which was closed for nine months of the year, so many of the longer journeys were taken out of the system. Although we increased journeys on the other lines — the commuter lines, such as the Bangor, Larne and Lisburn lines — the journeys with longer mileage were out of the system for nine months. Therefore although we increased passenger numbers overall, passenger miles remained the same. It was a response to the fact that the Derry line was closed for nine months.

Mr Lynch: I remember noting, Catherine, that you were quoted as saying:

> *"sometimes fare increases are the only way of balancing the books."*

Is it fair to say that the latest accounts show that the books are heavily balanced in Translink's favour, in the bank and in the large historic reserves that have been built up?

Ms Mason: Every year, we look at fares at a point in time. At that point in time this year, we had cash of £60 million, and when we were looking at fares, we did not anticipate that amount. As I said, we did a little bit better than we thought we would. In future, at the point in time when we contemplate fares, we will do that in light of the information that we have now on our position. We did a little better than we thought we might, and when we go through the corporate planning cycle, if that continues, we will take the opportunity to review that.

No one takes any joy in putting up the fares; I take absolutely no joy in that. It is a last-ditch measure. We much, much prefer to increase our revenue through increasing our passenger numbers rather than increasing our fares.

The Chairperson: You did not project the £60 million, so what about making a gesture to the public and taking off the fare increases, given that, in the first place, you skewed and did not get your figures right before you put up those fares just a couple of months ago? You must have known that you had £60 million or that you were coming up to £60 million. It really is sharp practice, is it not, that, once again, you have stung the travelling public. So make a gesture to them. I will give you the opportunity here today to make a gesture to the travelling public by taking the fare increases off and handing the money back to them.

Ms Mason: You will know that, in the past, when we have been in a strong financial position and have been able to do that, that is exactly what we have done. We have held fares. If you compare fares here with the Republic of Ireland and with GB, they are lower. Levels of increase are lower. When we could, we have had fare freezes. Consequently, we have a history of being able to review and minimise our fare increases.

Fare increases are a policy matter, and in looking to the future, it is an important part of the policy for the sustainability of the business. Cash is a point in time, but we have to make sure that we make profits and are sustainable because if we do not, the auditors will not sign us off as a going concern and we would be broken up. Therefore, it is important that we look to the future. We have to look over a period of time, not at a point in time. At a point in time, you might be in a position, but we have to look over a period of time to make sure that we see how we would manage the books into the future.

The Chairperson: I think that you have had about 10 fare increases since 2007, and you have a 213% pro forma profit increase in the accounts.

Ms Mason: No; it is not 213%. The pro forma profits show £9·1 million. Of that, £4·3 million is down to land that Roads Service bought. The underlying pro forma profit is £4·8 million. That is £4·8 million on a business that turns over £200 million. It is a profit margin of 2·4%, which is actually quite modest. It is greater than the previous year's £2·9 million. I think that that year-on-year increase, which is £4·8 million over £2·9 milliion, is about 48%.

Mr Armstrong: Those are small numbers in relation to £200 million of turnover.

Ms Mason: As I said in my opening remarks, it sounds like a big percentage, but it is an increase of only £1·9 million, year on year. Our underlying increase in profit is £1·9 million, year on year.

Mr Lynch: As the Chair suggested, why can you not put the fare increase on ice? Are you saying that you cannot do that?

Ms Mason: The fares last increased on 6 May. The Minister said publicly that there would not be a fare increase on the railway until January 2015. Fares are considered as part of each corporate planning cycle, and we have not started next year's corporate planning cycle. It would need to be considered as part of that, and the corporate plan would need to be signed off by the Minister. There is no imminent fare increase; there is nothing to do with fares at the moment. We will review fares again as part of the next corporate planning cycle.

Mr Lynch: So you are saying that it might not happen?

Ms Mason: I am saying that if we continue the way it is at the moment, the pressure on fares will be diminished.

Mr Lynch: We are still awaiting explanation of your other reserves. You might have touched on it in your presentation. They still sit at the £50 million mark. Can you explain those to the Committee? You mentioned it fleetingly in your opening remarks.

Ms Mason: Yes. You will know that reserves are not cash. Reserves are what you would get if you liquidated the business. If you sold all the assets and cleared all the liabilities, our whole balance sheet, at the moment, shows that we would be worth about 20 million quid; you would have about 20 million quid left over in the pot afterwards. The 50 million quid is the value of the Ulster Transport Authority when it was taken into the holding company under the 1967 Act. That is the value of all UTA's assets and liabilities when it came onto the balance sheet. Does that help?

Mr Armstrong: When UTA came onto the balance sheet, it had fixed assets, current assets and current liabilities, the total value of which was £50 million. Those came onto the balance sheet in 1967. That came on as a reserve to match those assets and liabilities. The business has moved on; those assets have been written off.

Mr Lynch: If you were folding up camp and selling out, are you saying — I am not an accountant — that there would be £50 million in today's terms?

Ms Mason: No. If you look at the whole balance sheet to 31 March 2013, total reserves and liabilities would be £20·7 million. If you cashed out now, you would have £20·7 million left over, of which there are a number of assets and liabilities. One of the things on the balance sheet is UTA.

Mr Dallat: UTA went out of existence 46 years ago. Has anybody revised the reserve figures since? Are we sure that they are accurate?

Mr Armstrong: They were fixed in 1967. Since then, due to various accounting standards, there were other movements in and out of reserves, but those are just normal, year by year. There is no —

Mr Dallat: Are they notional figures, fictional or real?

Mr Armstrong: They were actual figures in 1967, but time has moved on and there have been other movements in reserves.

Mr Dallat: But 46 years have moved on. Who valued them recently? Who signed their name to say that they are genuine? We know that they are not cash because Catherine told us that several times. Are they real?

Mr Armstrong: Those assets were used in the business, they were replaced, and other assets are in their place. Those were just the assets that were brought on at that time. The debtors would have been collected, the liabilities paid, and the buses used, sold and replaced. The business has moved on. Nothing on the assets side of that balance sheet relates to the transfer from UTA. That was more than 40 years ago.

Mr Dallat: I know.

The Chairperson: Why do you show it, then?

Mr Armstrong: You said that that is a large part of the reserves. That reserve is a fixed figure and sits there matching the assets and liabilities of the business; it moves on every year with profitability and revaluation of properties. Those reserves change every year, but they are always the value of the business at that time.

Mr Dallat: How long has Deloitte been auditing the accounts of Translink?

Ms Mason: About four years. If you are asking whether we have been to the market in the recent past, yes we have. It was a completely open tender. They are within the time of the —

Mr Dallat: For how many years?

Ms Mason: Sorry?

Mr Armstrong: Ernst and Young were the previous auditors.

Mr Dallat: I have heard of them before now.

Ms Mason: I would have to check to be absolutely certain, but I think that there were three, plus one, plus one.

Mr Armstrong: Yes, something like that.

Mr Dallat: Sorry?

Mr Armstrong: A three-year contract.

Ms Mason: With options to extend for a year and a year.

Mr Dallat: Is that contract now up for renewal?

Ms Mason: It will come up for renewal at the end of it. I do not know whether that is this year, John, or the year after. I would have to check.

Mr Armstrong: We can check that.

Ms Mason: We can easily check that.

Mr Dallat: I am asking the question, Chairperson, because I think it is relevant and important that auditors are changed —

Ms Mason: I agree.

Mr Dallat: — to get a fresh view, particularly when we are dealing with figures that are 46 years old.

Philip O'Neill is not here, and I am certainly not going to ask you about your salary; you were well-quizzed about that. However, I notice on pages 59 and 60 of your annual report that the chief operating officer, who, I understand, is Philip O'Neill, gets benefits of £10,000 and a retirement lump sum that has gone from £131,000 to £137,000.

I am sure you are wondering why I mention that, Catherine, but I will tell you: some of your employees were at the High Court recently trying to get a couple of thousand pounds out of you. Are the chief operating officer and others a different category of employee who are protected by index-linked pension funds while others have to struggle through the courts of justice to get anything?

Ms Mason: The chief operating officer is in the NILGOSC scheme, just like the people who were in court. He is a long-term employee. It is a really good story because the chief operating officer started on the tools on the railway as a P-way man from the beginning; he has been in the organisation for more than 30 years. He has worked hard, studied and proceeded through the organisation.

That is merely a reflection of what everybody else would have as a proportion aligned with their salary if they were in the NILGOSC scheme. He is in the NILGOSC scheme and is just the same as everybody else. It is just that he has been in the organisation a long time.

The Chairperson: There is an executive scheme for top-up. I assume that he is in that as well.

Ms Mason: We deal with four old legacy schemes: a UTA scheme, a Belfast Corporation transport department scheme, an executive scheme and an Ulsterbus/Citybus scheme. They are all closed schemes.

Mr Dallat: I do not want to be called Scrooge, but I notice that your charitable contributions went from £21,690 to £29,744. Will you give the Committee a flavour of which charities you support?

Ms Mason: Yes. We have a process for charities. We have just announced today, in fact, so it is a very good question —

Mr Dallat: It would have been nice if you had told the Committee first.

Ms Mason: Our national charity link this time is with Macmillan; last year, we were with Diabetes UK. We have an open process whereby employees propose charities. We interview charities and work with them, and we have a specific charity of the year. We also have a match-funding charity pot, so if you did a sponsored walk for your charity, John, and raised £500, we would match it. The third limb of our charitable giving is our own charity, RailRoad, which is an employee-administered charity, so we have three limbs of charitable giving. We always make sure that it is a balanced portfolio of charities that we give to, and it is open to our employees.

Mr Dallat: That is a good news story, and we are pleased to hear things like that.

You referred in your opening remarks to planning for the Enterprise train to terminate at Great Victoria Street.

Ms Mason: Yes.

Mr Dallat: That is a good news story, I am glad to hear that, but the downside to the Enterprise, and you know it, is that there is no provision for replacing the locomotives or the rolling stock. No applications have been made to the European Union; in fact, there are no plans. Should that have been reflected in these accounts with all the extra money that you have made?

Ms Mason: The locomotive fleet is mid-life, so it is about 15 years old.

Mr Dallat: No, it is more than mid-life. Come on, Catherine.

Ms Mason: It is in train terms, John; they last for 40 years, and these are 15 years old. I am with you, John: I would love to invest more in the service between Belfast and Dublin. I do not want to come across in the least as not being with you on that, because I am completely. The fleet is 15 years old; it was introduced in 1997 and should last 40 years. It is vital that it have a mid-life refurbishment, as that would make a substantial difference. It would be difficult to justify a new fleet, but that is not to say that we do not continue to look at it. I would love to be able to invest more in that area because I am with you, as increasing connectivity by rail is called for.

Mr Dallat: I ask because the Enterprise is not keeping pace with other forms of transport; it is not getting people to Dublin in the time that a bus can do it. Recently, I understand that there was a fire in one of the locomotives, and there are, I would not say regular breakdowns, but there are too many, and it is far too slow. It is not a proper inter-city service. I know it is full of people and that is good. However, it is not attractive enough to get people off the roads and on to the railways to get them to Dublin within an hour or an hour and a half as you can do by car.

Ms Mason: This is a rare moment, but I agree with you to a certain extent. We have a growing Enterprise service. It had a poor start to the decade, but, last year, Enterprise customers grew by 12%, and that figure is continuing to grow. There has been growth on growth this year, which is good news. There is reasonable travel North to South and South to North, which is also excellent news, but I agree that there are ways that we could either look at the infrastructure or at issues such as signalling as the train comes into Connolly station more often than Belfast. We continue to work with counterparts in the South to be able to do that. It would be lovely if we could have a whole new electrified line, but that will be a more difficult sell.

Mr Dallat: Absolutely.

Ms Mason: There are things that we can do, and some of them are in the capital plan. For instance, in the capital plan, there is work on track rehabilitation between Knockmore and Lurgan. That is happening because we have speed restrictions there. At a time when the train could be going quite quickly, it is subject to speed restrictions. Consequently, it is in the capital plan and it would make a difference to the time. Going round to Great Victoria Street could take seven minutes off the time in its own right. Not only is it a better place to arrive — "Central" is a bit of a misnomer — arriving there will shorten the journey. It is a really important aspect of the work that is going on at Europa and Great Victoria Street station.

Mr McNarry: I apologise for my lateness. I was expecting to be somewhere else this morning. I do not now have to be there until next Monday.

Mr Dallat: Tell us where it was.

Mr Lynch: You have plenty of time.

Mr McNarry: I did not expect John Simpson to be in the room, but I am very glad to see him here nonetheless. I am picking up from Friday 28 June's 'Belfast Telegraph'. I would like to quote John. I mention him because he writes what I can understand. I think that an awful lot of other people can understand this. The headline of his piece in the 'Belfast Telegraph' — he is talking about Translink — was:

> *"Understanding firm's books not an exact science".*

So say all of us sitting round this table. He states:

> *"A bank balance of £60m at the year-end may seem large but will be very variable according to the changing financial demands on the organisation. Translink has been performing credibly. Its performance should now be put on a more formal agenda base. The recent specious criticisms must be replaced by relevant objective criteria. Nevertheless, the scale of Government funding should be programmed to reduce rather than increase."*

I find myself very much in concurrence with that. The previous day, Catherine, in your interview with the 'Belfast Telegraph', you are quoted as saying:

> *"We do have £60m in cash in the bank but the DRD funding does go down very substantially after 2012-13, so we will have to buy more assets out of the cash and also will need to effectively use it to see ourselves through the losses that will be sustained in the next couple of years."*

I take it that the 'Belfast Telegraph' quoted you accurately?

Ms Mason: Yes.

Mr McNarry: You say that you will use it to see yourselves through the losses. Will you detail the figure or the amount of losses that you expect to be confronted with?

Ms Mason: Yes. I have already mentioned it to the Committee. It is £5·8 million this year and £3 million the following year.

Mr McNarry: I am sure that somebody has asked you about how much the assets that you want to buy will cost and what actual assets you want to buy. Are you really saying to us, bearing in mind that there would be a thrust, certainly from Members of the Assembly, let alone the Committee, that there is a reduction in public funding to your organisation? Are you saying that you can trade without DRD funding? Do you have a finite number that you can continue to trade with but which you cannot go below?

Ms Mason: It is very sad for public transport in Northern Ireland that the amount of funding is very low and, as a share of all transport, is going down. That will have a sad impact after a decade of investment, growth and great success in public transport. It is a question that needs to be asked about exactly what proportion of our funding should go into roads versus public transport —

Mr McNarry: No, that is not a matter for you. Let us talk about Translink. What money goes into roads, etc, really is not a matter for Translink to dictate. You may have an opinion on it. I am picking up that you are saying that you have £60 million and that you will use it in the two ways that you spelt out to the 'Belfast Telegraph'. Are you not actually saying that you can trade without the funding that you have been used to? You recognise that, to continue trading, you will have to dip into the £60 million cash.

Ms Mason: If we take bus and rail separately, on the bus side of things, the majority of the funding is for the concessionary fares scheme. Unfortunately, that will go inexorably upwards if the policy remains the same, which is that everybody over 60 will get free transport. The number of people in Northern Ireland who are over 60 will grow, as it will in all of the Western World.

Mr McNarry: Does that cost you any money?

Ms Mason: Excuse me?

Mr McNarry: Do the concessionary fares cost you money?

Ms Mason: If the concessionary fare scheme is not properly funded, it would be the same as, for instance, the Assembly deciding to have free prescriptions and then not paying for the prescriptions. The Assembly has decided that everybody over 60 will get free transport and, therefore, there are costs associated with that.

Mr McNarry: Even on the basis that if the Government wanted to run a bus service based solely on concessionary fares, that would be the Government's business? It would be the taxpayers' decision as to whether they would fund it, so what I do not seem to understand is where concessionary fares fit into all of this when they do not cost you money. Am I incorrect in thinking that somehow Translink makes a contribution to concessionary fares?

Ms Mason: As much as you would not expect the pharmacies to pay for the Assembly's decision to give free prescriptions, I do not imagine that you expect the same of the transport operator, because with concessions, it is not just us. Private sector operators who provide concessions get the same —

Mr McNarry: You entered into a deal with government, with the Department, on the basis that concessionary fares will cost your company money.

Ms Mason: Concessionary fares should be reimbursed on the basis of "no better, no worse". With the baseline funding that the Department had, it was not able to fund the concessionary fares scheme. I imagine that it would have been asking whether it would have been under-remunerating private sector operators as it would have been under-reimbursing Translink. It is exactly the same process and policy across private sector operators and public sector operators.

Mr McNarry: I understand that.

Ms Mason: There is a cost for the concessionary fare scheme, and —

Mr McNarry: Are you expecting to dip into this £60 million to help pay for concessionary fares?

Ms Mason: At the moment, the amount of concessionary fares that we have versus the total amount that we think we might need, the answer is that we do not actually have —

Mr Armstrong: There is a shortfall in the funding for concessionary fares scheme over the next three years. That is reflected in the losses that the business is showing in the corporate plan.

Ms Mason: So that would mean fare-paying customers were effectively paying for free passengers.

Mr McNarry: I understand that, but let me put it another way: what discussions are you having with the Department to repair this gap that you have in concessionary fares?

Mr Armstrong: In every bidding round, every quarter, we project the amount of concession income that we think we will draw down in the year.

Mr McNarry: How much is that for this year, next year and the year after?

Mr Armstrong: It is around £27·5 million for the bus companies.

Ms Mason: And another £10 million for rail, so it is £37 million.

Mr McNarry: Do you want that to come from the taxpayer?

Ms Mason: That is the cost of the concessionary fare scheme that the Executive have chosen to implement. If the Executive chose to implement a different concessionary fare scheme, the amount would be different. That is what it costs whether it is operated by a private sector operator or a public sector operator; it is a scheme that the Executive chose to implement. It is a bit like the cost of prescriptions, which I think was anticipated to be £12 million and ended up being £30 million; it is the cost of free eye tests, the cost of free prescriptions, the cost of free transport.

Mr McNarry: Just to be clear on this, are you saying that the Government here are reneging on paying you what you should be paid for the number of concessionary fares that you are carrying to the tune of £27 million?

Ms Mason: In the baseline funding, there was not enough funding for the concessionary fares scheme, which is why, for instance, DRD put in an inescapable bid in the June monitoring round, which was recognised by DFP, and £6·8 million went to the concessionary fare scheme. At the moment, for next year, the funding is back down to the baseline and it will be not insufficient to fund the concessionary fare scheme that the Executive have chosen to implement.

Mr McNarry: To what extent do you need to shout for government funding in order to keep in business?

Ms Mason: On the bus side of things, this year, the whole of the bus network will be provided with £9·3 million of public funding, apart from the rural transport fund, which provides specific rural transport services. The whole of the bus network will be provided on £9·3 million, which is an incredibly modest amount of money. In looking at —

Mr McNarry: It is doable?

Ms Mason: No, on a sustainable basis, it is not. In looking at the —

Mr McNarry: Sorry, you said not on a sustainable basis. I do not know how long sustainable is, unless you tell me. Is it doable this year, next year and the year after? In your answer to Mr Dallat, I understand that what the Minister actually said on bus fares was that he would not allow any increase in fares unless it was realisable with inflation.

Ms Mason: He did say those things, but in sustainability, what I explained —

Mr McNarry: He told the paying public that there would be no fare increases. If you are unsure about his statement, I will send it to you because I asked him a question for written answer on it and I have all the details. In his statement, he said that he still needs to be convinced. In fact, he went a bit further and said that any increase would not be above inflation, and if an increase were necessary, he would not allow it to go above inflation. So we are talking about an inflationary contribution or increase in fares.

Ms Mason: I am afraid that I am not sure what your question is.

Mr McNarry: You are able, as of this moment, to have £60 million cash in the bank. I am trying to find out how long you can survive with that £60 million without taxpayers' money. I believe, and it will come as no surprise, and I agree with the statement:

> *"understanding firm's books is not an exact science"*

because it is bloody hard to understand —

Ms Mason: I think —

Mr Armstrong: Maybe I could just —

Mr McNarry: No. Let me finish.

Mr Armstrong: Sorry.

Mr McNarry: I think that you can perform as a company without the government subsidies and money that you get. I think that you can do that, but I am now hearing that your defence has been, solely up until now, based on concessionary fares, which is absolutely nothing to do with commercialism. It is something that this Government want to do for their people.

Ms Mason: We talked earlier about our sustainability, and it might have been before you came in, Mr McNarry. We do not look ahead on a one-year basis. We need to look on a three-year planning basis, so we corporate plan over a period of time. We look at where we are now and the funding that there is going to be. So, for instance, the funding to the organisation reduces by £7 million in 2013-14 and by £11 million the following year. We need to be able to trade through that position. Is that sustainable? No, it is not. There is no public transport system in the Western World that would not take public funding to deliver the quantity of service that is required. Consequently, if Northern Ireland wants to continue to have the quantity of service that is being delivered here, there is a requirement for public funding. We have very carefully worked through what is required to see us through the next three years, and —

Mr McNarry: One final question, Chairman. I understand what you are saying about the corporate plans that you work through. You will appreciate that it is not so long ago that this Committee tried to ascertain what the corporate plan was. Trying to find it was like pulling teeth: it was not ready; then we were not to see it; then, when we were to see it, it took some length of time to see it. So when your corporate plan was produced, to what extent did you know about the £60 million in cash in the bank?

Ms Mason: We need to go back to John Simpson, who wrote in the 'Belfast Telegraph' on 29 June:

> *"A bank balance of £60m at the year-end may seem large but will be very variable according to the changing financial demands on the organisation."*

I am sorry that you missed my opening remarks but I said earlier that at the time of doing the corporate plan, we did a little better than we anticipated and did not expect quite that level of cash. Our cash position varies. We could be spending tens of millions of pounds per week —

Mr McNarry: At the time of the corporate plan, did you know that you had £60 million in cash, and where can I find that in your corporate plan?

Ms Mason: At the time of the corporate plan, which was before 31 March 2013, we could not have known what the cash balance on 31 March 2013 was going to be. The balance sheet is taken at a point in time, so it is the cash on the day. At the time of doing —

Mr McNarry: Your forward planning would not have told you. Your forward planning for your next corporate plan would not have indicated, "Hang on a second, we are actually going to have a substantial number of millions floating about here"?

Ms Mason: We did a little better than we anticipated, so we are in a slightly better position. We had a very good year. We have taken 1·5 million more fare-paying customers, year on year. We have done really well. This is a great success for Northern Ireland. It means that as the funding goes down, rather than having to put in substantial service cuts and have large fare increases, which is what you see in other parts of these islands, we are in a much healthier and more sustainable position.

Mr McNarry: Thank you.

Mr Dickson: Thank you for your helpful explanations so far. Catherine, Translink is the transport authority and provider in Northern Ireland. Do we have the right funding model to deliver a fit-for-purpose public transport system?

Ms Mason: Although my DRD colleagues are not in the room, I do not think that they would like me to say that we were the authority and the provider. We are the provider and DRD is clearly the authority. It formulates the policy; it is the authority.

I interpret the evidence from my perspective. The level of funding in Northern Ireland for public transport is lower than in any of the other regions in the United Kingdom. Its share of the transport spend — I will not be popular after I have said all this, will I? — is relatively low and getting lower. Consequently, the orientation of Northern Ireland public transport versus roads is quite different from other regions. In Scotland, for instance, the proportion of spend and the absolute are much higher per capita. An Assembly researcher did work in that area, and I can send that to you if you are in the least bit interested in the detail. There is a very nice, simple chart. There is no doubt that a lot is done in Northern Ireland with a modest amount of money.

There is no right or wrong in how the models work in jurisdictions across Europe, just lots of different ways. The rurality of Northern Ireland would probably lend you towards a model that is more like the model that we have. Funding models can be funded in different ways. In GB, private sector operators make profit so that they can buy buses but all the non-profit-making services are bought by the local authority. If I was in GB, where I did operate and got more public sector money, I would expect on the turnover that we have on bus, for instance, to get about £26 million worth of revenue funding. We get £9 million, which is completely different.

We get our buses bought, but it is as broad as it is long. Either you have a situation where you make money, buy the assets and the public sector pays for the services that are not profitable or you have more of a capital-based model. At the moment, Northern Ireland has more capital than revenue, so it seems appropriate, at least in the medium term, for it to continue to rely upon a more capital-based model because that is where the funding is. If you were to move it to a revenue-based funding model, you would lose a very substantial proportion of the service because there is not the revenue in the system to do that.

Mr Dickson: How sustainable into the future is it for you to remain in a gold-plated public sector pension scheme?

Ms Mason: If the DOE and NILGOSC were here, I am sure that they would not describe it in those terms. Clearly —

Mr Dickson: Well, that is how the world describes it. It is certainly how the 'Daily Mail' describes it. It says, for example, that employees in schemes such as NILGOSC are 50% better off than they would be in the private sector. I think that, in most people's language, it is a gold-plated pension scheme.

Ms Mason: NILGOSC is a scheme that has, I think, 300 big and small employers across Northern Ireland. It is local government and everybody. It is —

Mr Dickson: I wholly understand the scheme. I am asking you, as a company that depends perhaps very differently than many of the other members on income and making a profit, how sustainable it is into the future for you to remain in the scheme. Do you envisage a stage at which you will say to new employees, "Here is a completely different contract, and your pension scheme is with Joe Bloggs and company, or whatever."?

Ms Mason: It is an important cost that we have to look at. We have looked at exactly what the best future is. NILGOSC is doing that at the moment because there is a deficit in the scheme. Pension experts have looked at that. The best outcome is that they do the work that they are doing. DOE is bringing forward new legislation that will mean a different benefit structure, so it is not the same as it was before. It will be a career average. It is a care scheme. There will be completely different contribution levels to bring the scheme back into balance. That is a better way forward — the experts have looked at it — than closing it or anything like that, because you crystallise the deficit immediately and you have to find a way of blooming well paying it, whereas, this way, you take the contributions from people over the next while to pay the pensions and pay off that deficit.

Mr Dickson: I understand the need for you to fix the pension cost to you as a company in NILGOSC, but that was not really my question. Assuming that that fix happens, do you envisage, in perpetuity, your new employees coming into the NILGOSC scheme as it exists today or in the future? Take, for example, the bus company First. It has closed off 35 private and public sector local authority pension schemes up and down the UK. Existing employees are, of course, absolutely entitled to their entitlements under those schemes, but new employees coming into First simply do not get those benefits any longer.

Ms Mason: They do not get that, but they get a career average pension scheme.

Mr Dickson: Of course they do.

Ms Mason: They get the sort of pension scheme that we are looking to move to under NILGOSC. You are absolutely right. It is the same for all the big bus groups. They bought up lots of other ones, some of which were local authority companies. They closed all the historical ones. First offers a career average defined benefit (DB) scheme, which will be effectively where NILGOSC is going to. It is going to a career average defined benefit scheme. NILGOSC is moving to the same place as a lot of the private sector bus companies, with career average DB schemes. It closed the old ones; it has more financial flexibility. It consolidated them all into single schemes.

Mr Dickson: That is very helpful information. We are not just seeing the pension scheme going on at the cost that it currently is to the public purse and you as a company. It is good that you are buying into that rationalisation.

Ms Mason: Yes. Action is being taken.

Mr Dallat: I want to ask you about prescriptions and your concessionary fares to follow up on what has just been said by Stewart Dickson. Maybe this reflects my age, but I taught for 30 years. Your bus drivers are the most incredible people. Today, as life goes on, I see them differently; I see them as people helping older people who are travelling on concessionary fares, and so on. If they get a bit of a pension, I would not begrudge it to them. They have put so much into their whole life. They are vocational people; they are different. That is not meant to be nice to you. With all due respect, Catherine, drawing a comparison between prescriptions and concessionary fares is not valid. If I get free prescriptions, the chemist is not giving me drugs that he has nowhere else for. Concessionary fares are largely filling empty seats, so are at no cost to you.

Ms Mason: No, not with the scheme that we have got in Northern Ireland. The scheme here, which is open during the peak times, and so on, is predominantly used by people going to work. I know that for certain because if you remember two winters ago when the weather was really bad and nobody travelled, the drop-off in concessionary fares for those over-65 was 25%. The drop-off in adult single fares was 8% and our drop-off in the 60 to 65 age range was 8%, so basically the 60 to 65 concession is subsidising people who go to work because there was exactly the same trend in those concessions as was with the others. The 65-pluses would travel in peak times as well, which means that they are putting pressure on the system. They are not just empty seats.

The way that that is calculated in the reimbursement is that we do not get all of the money back. If it was a £1 fare, we do not get the £1 back. It is not the empty seats, it is the generation. If you were to pay a certain amount of money, you would make a certain number of journeys, but if you got it for free, you would do more. Anything that is free, you use it more. If we would have got £10 from you as a fare-paying customer, we still only get £10 from you, so we only get a proportion of the revenue reimbursed. That is how it is accounted; people will generally make more journeys if it is free than if they have to pay for it.

Mr Hussey: I want to come back to the pensions issue. I agree entirely with John that those who have been working for you deserve their pension and they have been there for quite a while. Do you have any concerns that a change in the pensions scheme might see people coming forward to retire so that they can take the scheme that exists before changes happen? As part of the corporate plan, have you taken into account the fact that people might decide to retire five years earlier because it would be more economically viable for them to take the existing scheme?

Ms Mason: I do not know whether that would be the impact because, if they retire early, they will get a reduced pension.

Mr Hussey: At the same time, they might get a reduced pension based on this scheme, with a lump sum and everything else that is based on contributions and years of service, and in some cases, it would be just as cost-effective for them to say that they will take their pension now on a higher level.

Mr Armstrong: If someone has been in the scheme, let us say for 40 years, and they are coming close to retirement, and let us say that they might have two years at this new career average earnings, when they retire, forty-forty-seconds of their pension will be based on the old scheme. There is no retrospection here. The old scheme and the accrual rate for the old scheme and the lump sum calculation will not be changed retrospectively. It will only be service after 1 April that will have a career average earnings impact, so only a very tiny part of their pension would be impacted.

Mr Hussey: I accept that, but do you think that some people might decide to go early because of the change? Do you think that would have any effect?

Mr Armstrong: No, it would not have any effect.

Ms Mason: The contribution for lower paid workers is not substantially changed either.

Mr Hussey: Why do you still show the old scheme?

Ms Mason: Can you give me the page number that you are looking at so that I am looking at the same one.

Mr Hussey: I am looking at page 102. You have the older scheme, the Ulsterbus/Citybus scheme, which was no longer in place as it stopped in 1977.

Ms Mason: That could have been the Ulsterbus/Citybus scheme. We have four legacy schemes, although for two of them, all we do is pay the pension and, therefore, it does not come through these accounts. We have a UTA scheme, a Belfast Corporation transport department scheme, the Ulsterbus/Citybus scheme and the executive scheme. All those are legacy schemes, and they will be in our accounts until the last person dies. The Ulsterbus/Citybus scheme closed in — if you say 1977, I am content to believe it was 1977. It closed at a point in time, and, obviously, the employees who were in that scheme are getting older and older, and, each year, the number of people in that scheme is reducing.

Mr Hussey: The Ulsterbus/Citybus retirement and death benefits plan entry on page 100 states:

> *"The scheme has no active members and is closed to new entrants."*

Ms Mason: That is right.

Mr Hussey: No active members — does that mean that there are no members at all because they are all dead?

Ms Mason: No. An active member is one who is paying in. No one is paying in now because the scheme was closed some years ago. We are waiting for those people to move to an age where they are in pension, and then we will pay their pensions until they all die, and then that scheme will be —

Mr Armstrong: There are a number of pensioners in it. They are the only people in the scheme.

Mr Hussey: OK, so when that eventually dies out, for want of a better expression, it will be removed from the accounts.

Ms Mason: Yes.

The Chairperson: Can I take you back to a couple of areas, one of which, in particular, raises a considerable amount of concern for the Committee? It is in relation to your last year's accounts, where you had a £31 million overdraft that you magically cleared. It has since been explained as being a bank account that personal injury claims are paid out of. Quite frankly, £31 million of personal injury claims seems a huge and worrying amount to —

Mr Armstrong: That would have been —

The Chairperson: Just let me finish.

Mr Armstrong: Sorry.

The Chairperson: I want to know for how many years that account was in existence. Why have an overdraft account to pay personal injury claims? Should it not be taken out of profits and areas of revenue as those become liable? Why should it be an overdraft facility, and why should you be paying interest on an overdraft?

Ms Mason: I do not know whether you have ever had an offset mortgage. It is a bit like an offset mortgage, where we have one account where we are paying out personal injury claims. Inevitably, if you pay out personal injury claims, that account will always be in deficit. The deficit of £31 million built up over a long number of years.

The Chairperson: How many years? That is the question that I asked. I want the questions answered. I expect you to come to the table today and be able to answer those questions. Quite frankly, you are putting spin around it. Just answer the questions.

Ms Mason: I was trying to explain about the interest situation. You asked me about interest. It is a bit like an offset —

The Chairperson: No, I asked you how many years that account was in existence for. How many years did it exist to get to £31 million of personal injury claims?

Mr Armstrong: It was in existence when I joined the company in 1999. I would have to check how far back it goes. Personal injury claims are charged against the profit and loss account. The payment of them was charged against a particular bank account. I am not sure why. I am not sure of the reason or logic for that, but last year, we decided just to net it off against the other bank balances. There is no interest paid on it because the bank looks at the position from a net point of view. It looks at the total banked, so if we have £50 million in the bank and a £30 million overdraft, the bank will pay us interest on £20 million net. We get interest on the current account, albeit at a minuscule rate. A small amount of interest is paid.

The Chairperson: You are taking us back to, did you say 1999?

Mr Armstrong: Some time before that, yes. We have personal injury claims through the three companies. We have been successful in reducing them over the years, but there could be £2 million, £3 million or £4 million of personal injury claims per year. Our insurance policy is what they call a catastrophe policy, whereby we insure each and every claim over £250,000. We pay the first £250,000 of any claim, and those are the payments that you would see going through that bank account. We have had very few claims that have exceeded that amount. Any that did exceed that would be paid by the insurer; they would not go through our books. Those are claims below the excess that have built up over a long number of years. We have claims of £3 million to £4 million per year over the three companies, mostly from the bus companies.

The Chairperson: So you have been trying to manage those. How have you tried to manage them? Given that the insurance companies are paying out as well, £250,000 seems like a hugely high amount.

Mr Armstrong: We have done various risk models to see what the appropriate level of excess is for the company to bear. It was £100,000 for quite a number of years and then it moved to £250,000. I think CIÉ has £1 million. It is appropriate to the level of our business; in other words, if we reduced it from £250,000 to £100,000, the increase in the premium would be such that it would not be a good value-for-money exercise. There are models out there, run by the brokers and by the insurers, that show what an appropriate level of excess is. For our business, £250,000 has been the appropriate excess for around the past five years.

Ms Mason: That would be similar to other public transport operators, so the level of claims is similar to other public transport operators and the level of self-insurance is similar to other public transport operators.

Mr Dallat: Stephen, you said that interest is paid on your current account at a minuscule rate. Can you give us some indication of what is meant by minuscule?

Mr Armstrong: It is a current account, and very few people are paid interest on their current account balance. I think it is less than 0·2%, that sort of level.

Mr Dallat: I am just aware from previous contact with credit unions that 2% is sometimes paid on current accounts. Since I asked the question about the auditors —

Mr Armstrong: It is all wrapped up in charges. We do not bear any other charges.

Mr Dallat: Chairman, I am coming to this now. Can you explain how you choose the bankers? Is that tendered for?

Mr Armstrong: That is tendered for.

Ms Mason: It is completely open. On a regular basis, we have a set tender period and then we go back out to the market.

Mr Dallat: So, what is the set period and when is it due again?

Ms Mason: Probably three plus one plus one, John, that will have to be —

Mr Dallat: I am sorry for causing you distress, Catherine, but it is a very simple question.

Mr Armstrong: It is a three-year contract plus the option of two additional years. Bank of Ireland is the current main banker, and it was the one prior to the previous tender exercise, so it retained the business.

Ms Mason: It is completely open and into the market, so if you have got any banking buddies, you can tell them to look out for our tender list.

Mr Easton: Excuse my ignorance on this, but why would you have a £31 million overdraft when you only have claims of £2 million to £3 million a year?

Ms Mason: Because it went right back to 1999, so £2 million to £3 million every year added up over dozens of years.

Mr Easton: So, you just let it add up?

Ms Mason: Yes, but it is offset. This is why I tried to explain about it being like an offset mortgage. We have a bunch of accounts and this one was a separate account, and it offsets against the others with the cash in them. It is just like an offset mortgage. What we decided to do was to balance it off to zero each year. It is a presentational thing, rather than anything else.

Mr Easton: Excuse my ignorance again, but if you have £60 million of reserves, why would you even need to do that?

Ms Mason: We do not have £60 million of reserves. We have got £60 million of cash, and all the cash is together. It is all together in the accounts, so you have got it all netted off in one place.

I do not know whether I answered your question there, because I am not clear quite what your question is.

Mr Armstrong: It no longer exists now. We have decided that there is no purpose in having an account that we simply charge claims to. It has just been moved back in to our normal bank balances. It does not show as an overdraft.

The Chairperson: You paid the £31 million off.

Mr Armstrong: We just transferred money from one account to the other; that is all.

The Chairperson: So it is paid off.

Mr Armstrong: It is cleared, yes.

Mr Easton: Where did you get the £31 million to clear that?

Mr Armstrong: From the other bank accounts.

Mr Easton: So you had £90 million at one stage?

Mr Armstrong: We were holding, I think, £58 million at that point.

Ms Mason: At that time, according to the balance sheet data from 2010-11, we had £58 million in cash and a £31 million overdraft, so we had a net position of £27 million. It is just about having your money spread in different places. We decided to stop having this personal injury account, so we just netted it all off. In the following year, our position at the end of March 2012 was that we had cash of £24 million, so it is just presentational. At the moment, at the end of March 2013, the situation would be £60 million.

Mr Easton: So, you have £24 million cash, but you have got £60 million cash elsewhere?

Ms Mason: No. Those are different dates. The date when we had the £31 million overdraft was in 2011, and in 2012, the question was how we paid it off. Well, it all netted out, so it was not really paying it off; we just showed the net effect the following year, which is this year. Last year, we had £24 million; this year, we have £60 million.

Mr Easton: How do you get the jump from £24 million to £60 million?

Ms Mason: Quite a lot of it is about timing on grant payments. DRD's year and our year do not end at the same time. You can very clearly see it if you look in the cash flow. Last year, we bought more than we got grants for. This year, we have more grants than we have bought things. If you add the two years together, they are about the same. The cash position has moved predominantly because, with the way the year-ends fall this time round, all the grants were paid in the same financial year. It was just about year-end payments.

Mr Easton: OK. I know that everything seemed to even itself out over the overdraft and the interest stuff, but if you did not have the overdraft, you would have made even more money because you would have just got the interest. How much over those years did the overdraft actually cost?

Mr Armstrong: It did not cost anything.

Ms Mason: It did not cost anything. It is like an offset mortgage, where you get paid your interest on the net amount. We could have just had one bank account from which we paid these things, or we could have a number of bank accounts and net them all off. We were netting it off, and now we just have the one account from which we pay it all.

Mr Easton: Maybe I am stupid, but do overdrafts not cost money?

Ms Mason: Not when you have £58 million sitting in another bank account, no.

Mr Armstrong: What you maybe have not seen before is an offset arrangement, where debit and credit balances are offset, and you are charged on the net position. If you have £50 million in the bank and a £30 million overdraft, you have a net £20 million in funds. That is what the bank looks at, not the £30 million or the £50 million. It is looking at the net position.

Mr Easton: OK. I have a savings account, OK, and I have an overdraft. I get charged for the overdraft. It does not matter a jot whether I have savings in another account. The bank still charges me for an overdraft.

Ms Mason: The difference for us is that they are linked accounts. It is like an offset mortgage account. If you had an offset mortgage, you would be charged only the interest on the net of what you have in your savings against what you have in your mortgage. These are linked accounts. They are effectively like one account; they are linked between the overdraft — the one that is in negative — and the one that is in positive. Your accounts might be with different people and in different places. This is particularly done as a linked account.

The Chairperson: That is something that happens in local government and stuff like that.

Mr Armstrong: It is a special arrangement with the bank.

The Chairperson: I just have another couple of points. I want to go back to the initial conversation that we had, Catherine, about the process for the revenue contracts. There were issues across the board from your audit and risk committee report for the financial year. We got a response from the Department, which was formally cleared by the Minister, on some questions that were asked, and you had responded to the Department about them. One of the questions was whether you could confirm the exact reason for declining the release of the two internal reports, particularly given that a pleasing regularity opinion was provided. The answer was:

> *"Translink set out its opinion on these matters in the written response sent to the Researcher sent on the 5 July. That position remains unchanged at this time. It is emphasised that that the wording of the response to the Researcher was agreed with the Translink Board and Accounting Officer. I would make the point that the Department is aware of the issues raised and of the actions arising as are the Departmental external auditors. I would also reiterate that our letter of 5 July makes clear that Catherine Mason 'will be happy to brief the Committee on these issues and any subsequent Actions taken following issue of the reports'."*

You have been unable to clarify to the Committee today what actions you have taken. We expect to receive in writing information as to what actions you have taken on the report. We do not see any reason why, as a matter of transparency — that word that you do not have any opinion on — those would not be made available to the Committee in due course for our inspection.

In relation to the areas that you have subsequently actioned, let us know what those actions are as soon as possible. The Committee Clerk will write to you on those issues.

Finally, from my perspective, so that we have it clear and on the record; the Northern Ireland Transport Holding Company is a board appointed by the Department to hold Translink and the other subsidiaries to account. You, Catherine, sit on that board, as does your chief operating officer. Is that correct?

Ms Mason: Yes.

The Chairperson: Does anybody else sit on that board?

Ms Mason: Obviously a number of non-executive directors sit on that board.

The Chairperson: So a good lot of your top team sit on that board as well.

Ms Mason: No, just the chief operating officer and me from the executive point of view. The non-executives —

The Chairperson: Do you have the same voting rights as the board members?

Ms Mason: We are board members of private limited companies, and all board members are jointly and severally liable, so we are all jointly liable; we all have the same status and —

The Chairperson: The answer is that you have the same rights as other board members. How can that board hold you to account for your stewardship of the organisation? Is it not an outdated arrangement? The Northern Ireland Policing Board holds the Chief Constable and his massive budget to account day and daily, but that is done independently by the board members, without the chief executive of an organisation that is receiving substantial public money.

Ms Mason: But that —

The Chairperson: Sorry. The Chief Constable does not sit on the Policing Board. I sat on the Policing Board, and I am using the Policing Board as an example, because you were very good at using examples of free prescriptions and all sorts of things earlier today. The Policing Board exists to hold the organisation to account, and to hold it to account for the public purse as well. In my view, the Policing Board does that very effectively and very well.

Given that you are the chief executive of an organisation that gets substantial public funds and has a relationship with the Department, which concerns me and, I am sure, other members, I just wonder how effective the board is in holding your organisation to account to ensure that the public purse is getting the best value for money.

Ms Mason: The non-executive directors on the board would be like the members of the Policing Board. They are independent and hold the organisation to account. The model is commonly used; for example, the NIW board would be configured in the same way. Loads of the boards in Northern Ireland would have a combination of non-executive and executive directors. It is a very common model to use to hold organisations to account.

The Chairperson: Lots of those organisations do not get the major tranche of their work and everything else from the public purse — from the Education Department, the concessionary fare scheme, the grants that you get and the free buses that you get on a yearly basis.

Ms Mason: I was thinking —

The Chairperson: All paid for by the public purse.

Ms Mason: I was thinking only of public sector boards, so, yes, it is a model that is used very widely for public sector boards. It is not the model that is used for the Policing Board — you are absolutely right about that — but it is a model that is used very widely across public sector boards.

The Chairperson: I am suggesting that it might be outdated — 1967. It might be outdated, and it is time for a look at it and a change to the legislation. Let us have transparency in the same way that the Chief Constable or anybody else would be held to account in relation to their budgets, without interference from the Department, but with totally independent members asking the questions and holding you to account as we are holding you to account and will hold you to account.

Ms Mason: I do not think that there was a question in that. That is obviously a view that you can hold.

The Chairperson: I think that it is something that needs to be looked at. I asked whether you think that it needs to be looked at. It dates from 1967, so as John suggested, 46 years later, it might be a bit outdated.

Ms Mason: In all the preparation for the Transport Act (Northern Ireland) 2011, this Committee — I know, Mr Spratt, you were not on the Committee — looked at a number of different models. A lot of work went on from 2002-03 right the way up through, and the Act received Royal Assent only in 2011. The models for the organisational structures were looked at in great detail. This Committee took a lot of evidence, and I am sure that the Committee Clerk could make the evidence available. A lot of evidence was taken, but the Committee came to the conclusion that was included in the 2011 Act. Obviously, that was debated and passed in the Assembly. It is not that long ago that it was done, but clearly it is not inappropriate to continue to review the way that anything is delivered.

The Chairperson: Finally, there will be three short questions from, first, the Deputy Chair, Seán, and then David McNarry and John Dallat.

Mr Lynch: Catherine, we are told that Translink is the brand name for three subsidiaries. Why then are separate accounts for Ulsterbus, Metro and NI Railways not produced and made available to the public?

Ms Mason: They are.

Mr Lynch: OK.

Mr McNarry: I have two quick questions. You said earlier that if you went out of business today, it would be with a £20 million pot. Between whom would that £20 million be divided?

Ms Mason: That would depend on the basis. In the 1967 Act, there are provisions for winding up the organisation. The basis would have to be identified as to where the money would go.

Mr McNarry: Would it be fair to say that the beneficiary would be, in the main, the Northern Ireland Transport Holding Company?

Ms Mason: I do not know.

Mr McNarry: You do not know?

Ms Mason: We are not looking at being wound up. *[Laughter.]*

Mr McNarry: Do you mean to tell me — well, you are telling me — that you are the chief executive of this organisation, and you do not know who the beneficiaries would be if it hit the wall today?

Ms Mason: It is not something that I have contemplated in my time. We have been a very successful company, we have delivered a lot of profit and we are clearly sustainable going on into the future. Winding up is not something that the board has considered in the foreseeable —

Mr McNarry: I understand all that. I am only asking the question because I am not convinced that you deserve the contract that you have. Therefore, if there was a political decision taken in this place, and if I had anything to do with it, you would not have the contract. Therefore, you should be thinking very carefully about the prospect of, or potential for, your company being wound up, if for no other reason than that.

You have a new contract being drawn up. Can you live with less than a 10-year contract?

Ms Mason: I believe that DRD is preparing a new contract. I have not seen anything of it. It is still in development, from what I can tell.

Mr McNarry: Just let me get this right: you are aware that a new contract is being drawn up, and you have not seen it. Have there been any discussions with you about it?

Ms Mason: There are the beginnings of discussions about it. However, as you know, because you have taken evidence on this matter, the contract is being developed. So, it would be impossible for us to have seen the contract, because it is in development. You will know that an Official Journal of the European Union (OJEU) notice went out that said —

Mr McNarry: I am only asking about the time of the contract: 10 years.

Ms Mason: That was in the OJEU notice.

Mr McNarry: There is no other time on the table other than 10 years. That is why I am asking you whether your company could live with less than 10 years.

Ms Mason: If you go with a contract that is too short, there is a huge administrative burden on the Department from going back round to do the contracting process. There is also the issue of assets. The majority of transport assets are quite long-term assets. If you make the contract too short, you make the cost of the contract much higher, because they have to be looked at over a much shorter period of time. As you have just threatened, we could be wound up. So, we have got a situation where, if the contract is too short, the cost of the contract will be higher. That is inevitably what happens when you have a lot of long-term assets. I imagine that DRD weighed up all the different factors, which was reflected in the OJEU notice that said it was a 10-year contract.

It is normal in public transport franchises such as ours across the whole of Europe to offer 10-year contracts: that is not an unusual thing to offer. Under EC 1370/2007, because it will be a contract covering bus and rail, it could be a 15-year contract. It is normal to have contracts with quite an extended duration because of the nature of public transport and the long-term nature of the infrastructure assets particularly and the investment profiles that are required. It does not surprise me that DRD has gone for a period of 10 years because that would be —

Mr McNarry: It surprises me that you do not know that it is a 10-year contract.

Ms Mason: I do know that it is a 10-year contract.

Mr McNarry: Oh, I see.

Ms Mason: From the OJEU notice.

Mr McNarry: Ah, right. OK.

Does the new contract mean a clean sheet of paper as far as a continuation of funding or carry-overs of your accounts or having a £20 million pot sitting there if things were wound up? If a new contract is entered into in 2015, is up to then forgotten about and we have a clean sheet of paper with Translink 2016, or do things just carry on as they are with the progression that, well, that is Translink with a new contract and it just keeps going? In other words, whether it be good or bad news that we are carrying on once that contract is negotiated and agreed, it is still with the same Translink, the same agreements and same statements of account.

Ms Mason: The contract will be between two parties. One party will be Transport NI, which is the organisation within DRD that is the contracting authority, and it takes on the authority functions. It is contracting with an operator, which is the Northern Ireland Transport Holding Company. We are a completely separate entity. You will know that we are a public corporation and, within that, we have a number of plc operating companies. The Northern Ireland Transport Holding Company continues to exist as an organisation, and there will be two contracting parties.

Mr McNarry: I understand that rapid transport, which you are going to operate and have been awarded the contract for, is not in the new 10-year contract that is being discussed.

Ms Mason: I have not seen the 10-year contract.

Mr McNarry: Do you know whether the rapid transit contract is included in it or not?

Ms Mason: I listened to the evidence that you have taken. I believe that departmental officials have been here and said that they imagined that they would make rapid transit one of the changes in variation notices to the contract.

Mr McNarry: So, it is not in the contract.

Ms Mason: I cannot tell because I have not seen the contract, Mr McNarry.

The Chairperson: It is not a contract. It is a service level agreement, is it not?

Ms Mason: I have not seen it, so I cannot tell what it is.

The Chairperson: The Department says that it is not a contract but a service level agreement, and it is not legally binding.

Mr Dallat: Chairperson, I am conscious that we are coming to the end of the two-hour meeting, and I thank you for calling it. I found the meeting informative and refreshing. Although I do not necessarily agree with everything that I heard, it was certainly the right way forward, and I thank you for that.

Chairman, you drew attention to the fact that Catherine makes comparisons, and I have just one tiny piece of advice: NIW may not be the best role model to be comparing yourself with, given its history. They got into a lot of trouble firing directors. You sit on the board of directors. You do not really have a boss, Catherine, do you?

Ms Mason: Yes, the chairman is my boss.

Mr Dallat: Oh, right.

Ms Mason: I also have a principal accounting officer in the permanent secretary in the Department, and clearly the Minister also has a role in policy. I would argue that I have three bosses.

Mr Dallat: You have three bosses, and they are all men.

Ms Mason: They do appear to be, yes.

Mr Dallat: Thank you.

The Chairperson: Well, that is a revelation that the Department is your boss at the end of the day. It calls the shots and you fire out the answers, is that right?

Ms Mason: There is a public sector governance. I am an accounting officer, so I have responsibility for this organisation. Within the Department, however, the permanent secretary is the principal accounting officer, who has a number of accounting officers — NIW, which I obviously should not mention, but also in Transport NI. I do not know how many other accounting officers there are, but 'Managing Public Money Northern Ireland' lays out my responsibilities as an accounting officer to the principal accounting officer. So there is a relationship there.

The Chairperson: OK, I thank you for coming today. Quite a lot of questions remain and need answering, not least the ones that I drew to your attention in relation to the reports and your willingness to share those with the Committee in due course. I suspect that if there is nothing major in them, you would have no problem sharing them with the Committee.

I also find it very interesting that you have definitions and key performance indicators for all sorts of things in your organisation, but you do not have a definition of transparency. That tells a story in itself. Thank you.