



Northern Ireland  
Assembly

Committee for Regional Development

# OFFICIAL REPORT (Hansard)

Coleraine to Londonderry Rail Track Phase 2 Project:  
Translink

12 November 2014



**Mr Trethowan:** We welcome the opportunity to at least clarify some of your concerns. Obviously, your inquiry will get to the bottom of the whole project and, hopefully, will allay some of the other concerns that you have as well.

I want to start by saying that the board and the entire Translink organisation are committed to the rail line to Derry. We want to see it fully relaid and modernised. It makes good commercial sense, with additional revenue potential for Translink. Revenue is very important for us in the current situation. We have successfully completed the first phase of the relay, with many thousands more passengers now using this line. We see this as a commercial growth opportunity for Translink, and we want to realise the potential by providing an hourly train service and also ensure that there is adequate capacity on the trains to meet future growth, as this investment is planned to cover the next 30 years.

Philip can expand on how the original estimate of £20 million was arrived at in the economic appraisal in 2010, which used external independent specialist advice. He will then outline the development of this phase of the project from 2010 until the present day. Specifically, he will also detail what changed to result in the estimated phase 2 moving from £20 million to the £40 million quoted by the Minister last week. This includes inflation in the signalling industry, with many major projects now under way in Great Britain. Also, work has been added to the original 2010 specification to cater for the additional passenger and revenue growth that this line offers. We need to future-proof the capacity on this line to allow the use of six-car trains, which were not in the design budgets on the original estimates. Longer trains have required the move of the passing loop to Bellarena and the construction of a new two-platform station there. In addition, and to minimise future disruption on the line and to keep costs down, we have included necessary safety work from other work packages. This will also allow our trains to travel at higher speeds and improve journey times.

It is also worth referring to how this situation differs from the relay of the Bangor rail line, which was the subject of the Public Accounts Committee inquiry in 2002. The tender of phase 2 of this work was stopped in June 2013 because the single tender received was considered not to represent value for money and was too open-ended. This was a key lesson learned from the Bangor line relay.

Before concluding, I assure the Committee that the board of Translink has had full sight of this project throughout. We formally monitor the progress of all such major projects on a monthly basis and are made aware of any deviations to projected spend or timing. Whilst the cancellation of the original £75 million project has presented costing and delay challenges, there has been ongoing activity by this project team to deliver the correct solution. That having been said, the Minister has asked that we complete a review of this project, and David will later outline how this is being taken forward. Thank you, Chairman, for the opportunity to make those opening remarks. We will now answer any questions that you and the Committee have.

**The Chairperson (Mr Clarke):** David or Philip, do you want add anything to that?

**Mr Philip O'Neill (Translink):** Chair, thank you again for your invite this morning. I recognise that a number of the members here are relatively familiar with this project, but, in recognition of the fact that a few are not and of the complex and multifaceted nature of it, I thought that some context would help. I can give that in a couple of minutes, Chair, with your indulgence.

**The Chairperson (Mr Clarke):** That would be useful.

**Mr P O'Neill:** The genesis of the entire work to relay the line between Coleraine and Derry was back in April 2010, with an economic appraisal to complete the entire relay. This was completed by KPMG. From now on, I will refer to that as the 2010 appraisal. The total cost then was put at £75 million. That appraisal was approved by DRD and DFP, but, unfortunately, funding was not immediately available at that time. The project as planned was, therefore, deferred until a later date and only essential track maintenance and safety work was carried out.

The part of the overall project referred to as phase 2 — I hope that you recognise that that is largely the signalling, but not entirely signalling — was estimated at £19.9 million. I will refer to that as £20 million for ease of understanding. The basis of the costing, as the chairman has commented on, was design work completed by external, independent, industry specialists.

In the summer of 2011, the City of Culture was awarded to Derry/Londonderry for the year 2013. Therefore, there was a desire to maintain services on the line. Many here will be familiar with that. There was also a desire to see an increase in passenger numbers. We were seeing a very significant increase in journeys at that time, even before the City of Culture announcement. Consequently, the

original KPMG 2010 appraisal was revisited in September 2011. An addendum was subsequently completed and approved, and the total project, as envisaged in the 2010 KPMG economic appraisal, was divided into three phases. The original 2010 project was all one complete project; it was then decided to do it in three phases.

Essential track maintenance work was carried out very successfully. I realise that there is a bit of jargon, so this is a quick reminder: phase 1 was, essentially, the relay of the permanent way between Coleraine and Castlerock and between Eglinton and Londonderry — we call them the end sections internally. It also included a number of fairly significant bridge works, but, crucially, it did not include signalling. Phase 2, which is the focus of our discussion this morning, was for full re-signalling and the construction of a passing loop. Back then, it was envisaged that the passing loop would be at Eglinton. Apologies to those who are not familiar with that location, but there are members here who are. The target completion date was mid-2015. Phase 3, which is longer-term, is the complete and full relay of the line between Eglinton and Castlerock; in other words, the middle section.

Phase 1 of the project was completed within budget and on time, and the line reopened for the beginning of the City of Culture year in March 2013. It is fair to say that it has been very successful, and passenger numbers have grown sharply. In October 2012, work commenced on the tendering of phase 2, which is the re-signalling piece. We followed guidance from the green book on contingency levels, and we followed Central Procurement Directorate (CPD) guidance on design and build. That was advertised. The whole objective was to get a single supplier to deliver the work. That was viewed as best practice. It was an approach to ensure that we maintained the commitment in our programme and budget.

In June 2013, we made the decision to halt the tender process. I came to the Committee to explain the circumstances that had arisen. To recap very briefly, there was only one tenderer, and we believed that it did not represent value for money. There has been a review of that since that fully vindicates that decision. Specifically, we decided not to continue with that tender because it was open-ended. As our chairman has alluded to, we had learned lessons from the Bangor line many years before. That formed the basis of our thinking at that time.

In September 2013, the tender approach was revised. In light of the experience then, we decided to separate design and build. In other words, we appointed a separate signalling design team whose job it was to complete the design, firm up the costs — remember that phase 2 was first costed in 2010 — and develop the scheme for us. Specifically because of the increase in passenger numbers, we also had to facilitate increased capacity, so there were changes in scope. That is a nice problem to have, because passenger numbers had increased very significantly from those previously forecast by a well-respected and renowned industry consultant in that area: Booz Allen Hamilton. To give you some sense of the sharp increase I referred to earlier, it projected increases on what I will call the Derry line of 25% up to 2034-35. We were experiencing increases of 238%. The number of journeys between Central Station and Derry had gone from 600,000 to over 2 million, so you can see straight away that the line was becoming very attractive and popular, not just with tourists and visitors but with commuters.

Specifically because of the increase in passenger numbers, we had to facilitate the increased capacity. In other words, we had to design it for longer trains. Until that point it was three-car sets; it is now six cars for most occasions. That also meant, more significantly, that we had to relocate the passenger loop that I mentioned earlier from Eglinton to Bellarena. That has associated implications for signalling. Those who are familiar with the topography of Bellarena will know that there is a coast road. It is a fairly main road with a large level crossing and a station. That had to be completely redesigned as a result of that work to accommodate it.

Equally significantly, that line is largely rural. It has a lot of user-worked level crossings. Regrettably, in the not-too-distant past, there have been a number of incidents there. In fact, sadly, there have been some fatalities. To make sure that we were fully compliant with railway safety guidelines, we felt that it was absolutely imperative that that aspect was included in the scope of phase 2.

In June 2014 the design and costing was completed, and the cost of phase 2 was estimated at £35 million. DRD was immediately informed, as was our board. The Minister commissioned a project assessment review (PAR) through the major projects authority of the Cabinet Office. We fully cooperated with that review, and I believe the Minister has made a statement in that regard to the Assembly.

To summarise, the move from the original estimate of £20 million to what, I think, has been publicly quoted as £40 million by the Minister is made up of the following components. First is the additional cost of the design at £4.5 million. That largely relates to the fact that the original 2010 appraisal anticipated doing all of the upgrade work — permanent way, signalling and bridges — in one line closure. Now, because the project is disaggregated, or split into three, that phase will not benefit from a line closure. In other words, we would be disadvantaging our customers. It will have to be done in night-time possessions or at the weekend, so it will incur premium costs. The design costs are also reflective of the additional work required as a result of moving the passing loop to Bellarena. I can talk about that in more detail if members require.

The work to facilitate the increased capacity that I referred to — in other words, to facilitate longer trains — comes out at £2.2 million. In addition to Bellarena, the platform at Castlerock obviously has to be extended. That is just to give you a sense of what work packages are entailed. I also talked about safety. That is part of the additional modernisation and safety-related work. It is not just for level crossings. It is also to protect staff by ensuring that we have a train-operated warning system. For example, people will be familiar with Downhill and the tunnels that go underneath. When our teams of workers maintain or inspect the track there, we need to have adequate and appropriate warning of oncoming trains.

Inflation was also a factor from 2010 until the current estimate. That came in at £2.6 million. I referred to the PAR team. With its knowledge of the market in GB, specifically Network Rail, it felt that — it calls it an optimism patch, but we call it a contingency — the contingency on the scheme needed to be increased. That added a further £6.6 million.

To conclude, there were two main factors that contributed to the increase. There are the additional costs of relocating the passing loop — I will not go into any more detail on that — and the costs associated with splitting the project into three discrete phases, with all of the transaction costs that you get from that in terms of design teams, procurement etc. Sadly, there was also an impact on the programme. Members will remember that, when I was last before the Committee, I said that — I said it again in my opening statement today — we planned to complete phase 2 of the project in mid-2015. We decided and it was agreed that that would become December 2016, and we are still working to that target date.

I hope that that gives you some context to the reasoning behind the cost increases and the status of the project. I will finish with that.

**The Chairperson (Mr Clarke):** Thank you, Philip. Sorry, I was just doing my maths and comparing notes as you were finishing. Is that the total cost of your most recent estimate?

**Mr P O'Neill:** I am conscious that this session is being recorded and that we are in a live procurement —

**The Chairperson (Mr Clarke):** I think that the danger has already been broached.

**Mr P O'Neill:** I agree.

**The Chairperson (Mr Clarke):** I think that the Minister's announcement of the £40 million was irresponsible.

**Mr P O'Neill:** Our 'Official Journal of the European Union' (OJEU) notice is out there with a value on it. However, I would stress to anybody who is listening that that value is obviously about the signalling, and the signalling is only part of the £40 million. The £40 million is the target cost for phase 2 in its entirety.

**Mr Strahan:** To be clear: the figures Philip quoted are the difference between the £20 million original estimate in 2010, which brings us to the £40 million the Minister referred to in his statement on Monday a week ago. The figures you have add up to around £20 million. That is the difference between the original estimate in 2010 and the current estimate.

**The Chairperson (Mr Clarke):** Remind me, what was the figure in 2010?

**Mr P O'Neill:** It was £19.9 million. We called it £20 million.

I have done a bit of rounding, because there are a lot of elements and components. However, for the Committee's benefit and without having the benefit of all the detailed analysis that sits behind that, I have given you a sense of where the increases have occurred.

**The Chairperson (Mr Clarke):** I will direct this question to David. There is history here. The representatives of Translink and the Minister have referred to previous lessons. On both occasions, both tried to distance themselves and said that they believed that they have learned from that report.

One of the things that strikes me about the project board and the linkage between Translink and the Department is why the Department does not have anything more than an observer on the board. The Department is, in a sense, partly your paymaster. Why is there not a stronger linkage with that responsibility?

**Mr Strahan:** If I may, I want to make a few comments about the independent review we are carrying out. I will then absolutely address your question. Would that be in order?

**The Chairperson (Mr Clarke):** That is OK.

**Mr Strahan:** I want to recognise that we place great importance on the scrutiny of the Committee. I joined Translink just over a fortnight ago as group chief executive.

I want to highlight the two points that have been addressed by the Chairman and Philip about the background to the 2010 estimate and the fact that there was external independent advice in respect of how that estimate was arrived at. Philip has also outlined the movement in that original estimate in 2010 and the £40 million estimate the Minister referred to.

I am also conscious of the PAC report on Bangor, which you referred to, Chair. This issue is different, and it is clear that we have learned the lessons from Bangor. The one tender we received was not proceeded with as it did not represent value for money and was open-ended. That was the fundamental basis or key learning point from the Bangor report. As an organisation, we have learned from that.

The Minister has asked us to complete a review. We established an independent review. It will be independently chaired and will seek to learn lessons. I have no doubt that we have lessons to learn about large projects of this nature, and the board and I are determined to identify those lessons in an open and accountable way, learn the lessons and act on any lessons that are identified. The terms of reference for the review are almost completed, and it will commence imminently.

The next step for the project will be to complete the economic appraisal. That will require DFP approval. Just to summarise again our commitment to the line, we want to see it fully relaid and modernised. As Philip outlined, we have seen significant growth in passenger numbers, and our priority is to see an hourly service. My colleague Philip is best placed answer your specific question about the project board.

**Mr P O'Neill:** I just happen to have the structure of the board and its set-up. There is a very strong governance framework. I am also conscious that the PAR review that was carried out on behalf of the Department covered that area. I respectfully suggest that perhaps it is a question better asked of the Department. However, from our point of view, the Department is represented on the project board and has been from its inception. It has full access to papers, it is cited on all decisions, any key documents are fully available and there are clear delegatory roles. We have the structure here, and I happy that the Committee —

**The Chairperson (Mr Clarke):** Could you leave that with the Committee Clerk.

**Mr P O'Neill:** If you do not mind, I have written on this one. We will get the Committee Clerk a clean copy.

Within the governance framework here and within our own governance arrangements in Translink, there is clear means to escalate any issues.

**The Chairperson (Mr Clarke):** Another member made a relevant observation today, given how the Department described that as an observer role. We have observers in the gallery today, but they do

not have access to the papers. Are you telling me that they are more than an observer or just an observer? You are telling me that at least they have access to all the papers with regard to what the project board is doing.

**Mr P O'Neill:** The project board meets regularly and would have papers and presentations. If there were any requests for papers or additional information, that would not be an issue.

**The Chairperson (Mr Clarke):** Has there ever been a request for papers?

**Mr P O'Neill:** I would need to check that, Chair. I do not actually chair the project board, but I can certainly check.

**Mr Hussey:** Can I seek a little bit of clarification, Chair, if you do not mind?

**The Chairperson (Mr Clarke):** When I am finished here, I will let you in.

In terms of the check, that may bear out for part of the inquiry, because we really need to find out the functions of both organisations and whether they were both playing an active role, given some of the language that has been used by the Department for Regional Development regarding its involvement, and that goes back to 2011. It would be useful to get sight of the attendance at the project board to see whether the Department was fully participating —

**Mr P O'Neill:** Meetings are minuted, Chair, as you would expect.

**The Chairperson (Mr Clarke):** Yes, but I would appreciate it if you could let us know the number of project board meetings that you had and the attendance from DRD.

**Mr Hussey:** I want clarification to make sure that we are all getting the same message. An observer who comes from the Department does not sit at the board; he observes the meeting. Are you saying that that person has access to all papers? Should I attend as an observer, for example, at a meeting of the Western Trust in public, I am allowed to attend like the people here, but the people here do not have access to the papers —

**Mr P O'Neill:** There are papers — sorry, I did not mean to cut across you. I thought that you had finished.

It is my clear understanding, as with all our projects, that papers go out in advance. They are in attendance. I can certainly check, but my understanding is that they get the same papers as the other attendees, and perhaps there would also be presentations and updates and opportunities for challenge or understanding. Our philosophy in the business is openness and transparency. Therefore, if anybody wants anything and if it is a reasonable request, it is not a problem.

**Mr Hussey:** Again, Chair, I am sorry for labouring the point, but I need to get it into my head. If a person is there as an observer and if that observer asked the chair of the committee for access to papers or even questioned something that was said at that meeting, is he allowed to do so, and is he given access to the papers?

**Mr P O'Neill:** We try to run the project board as an interactive forum. If I said "formal", that would be the wrong sense. You would not sit detached from the rest of the meeting.

**Mr Hussey:** This is my final point on this. Sitting here as a member of the Committee, I have a right, through the Chair, to ask you questions. As a member of the Committee, I have a right of access to all the papers. However, if somebody is observing, they do not have those rights. They do not have the right to interfere and ask a question. If you are saying that the observer has the same rights as a board member, that would give us a totally different picture from what was painted earlier.

**Mr Trethowan:** I do not sit on the project board — it is an operational committee for executives — but I used to sit on the board audit committee. I attend it now as chairman, but I am not a member. The DRD observer on the board audit committee has the papers and can interact with the chair, make comments and ask questions. That does not directly answer your question, but where there is an observer at other committees on which I sit, he does, and can, play an active part.

**Mr Hussey:** In that case, based on what we have heard this morning, we need to dig a little bit further.

**The Chairperson (Mr Clarke):** I indicated in my opening remarks that we will have to dig further on this subject. It is certainly at variance with what was said this morning. I was not entirely clear about the explanation I received from Ciaran this morning. It seems that he went sometimes, but that somebody else went at other times.

**Mr P O'Neill:** There is no doubt that different people attend, but —

**The Chairperson (Mr Clarke):** Yes, but for me that is not relevant. That is more of a problem for the Department and how seriously it takes its role to take part in the project board. That is not Translink's responsibility. I am more concerned that the Department is not taking very seriously the role it should have in the invitation and access to papers. How you phrased that was interesting.

**Mr Trethowan:** We have had sight of the PAR report, and formalisation of committee attendance is one of the recommendations. Whilst there are observers at the various committees and the project board, one of the recommendations that we will pick up as the review goes forward is the increased formalisation of the attendance.

**The Chairperson (Mr Clarke):** John, that is the important title, more than anything else, given what you have said today.

**Mr McNarry:** What Philip is saying seems to be a very reasonable and professional approach to how the meetings are conducted. At times, you have used the word "they". Is there more than one observer from the Department who attends?

**Mr P O'Neill:** I have to set out the context: I have not personally attended, because it is chaired by our head of infrastructure. My understanding, from seeing minutes and from various interactions that I have with him, is that there is open attendance for the Department. The Department takes that seriously. I am not aware of any occasions on which it has not been there, but that is not to say that that has not been the case. I am aware that, on occasions, there would be two departmental officials there. It is designed to be inclusive.

**Mr McNarry:** Could you elaborate so that the Committee understands? What is the status of the observers? I am not keen on observer status; it is as if they are sitting on the outside. From what you have said, I take it that they sit at the same table. What is their status?

**Mr P O'Neill:** This is a tricky one. I cannot say definitively. In our governance arrangements, we simply —

**The Chairperson (Mr Clarke):** Maybe I can cut in there, Philip. Rather than second-guessing the outcome, it would be useful if we got the right answer, given that you are not on the project board.

**Mr P O'Neill:** I think it would be better placed for the Department to answer, Chair.

**The Chairperson (Mr Clarke):** The Department expressed its view, which is that it has an observer. It was happy with the description of what an observer may be, and I think that it was relevant. I think that most of us accepted that they were just like someone in the Public Gallery here who has no access to papers. You are telling us now that that is not the case. I am not trying to stop David on his line of questioning, and I am not trying to put you in jeopardy by answering questions because you are not on the project board. Whilst the PAR review may have indicated formalising attendance, the Committee indicated 14 months ago that the Department should formalise the role of observers and give them a function. I am concerned, and I think that I detect that other members are concerned, about how that was described this morning, given what you are saying. As opposed to you second-guessing the answer, it would be useful if we got something from Translink on the role, function and responsibilities of someone on the project board. I am not being disrespectful to you, Philip, but if you are not on the board, we would be better getting that from someone else.

**Mr P O'Neill:** Sure.



**Mr McNarry:** We have learned that there is more than one observer at times. That is a very interesting piece of information. Chair, I agree with what you say about Philip not having the answer, but I would like to know Translink's view on the status of the observers and how it treats them. That, to me, is key. I think that you treat them very professionally, from what you have told me.

**Mr P O'Neill:** I like to think so.

**Mr McNarry:** And it is incorporated.

**Mr P O'Neill:** They are key stakeholders.

**Mr McNarry:** They are key stakeholders. Chair, it would be very useful if we could get that information.

**Mr P O'Neill:** I am happy to provide that.

**The Chairperson (Mr Clarke):** That would be useful.

**Mr Ó hOisín:** Thanks, gentlemen. I suppose we are slightly wiser about the processes now than we were when we came in this morning. For many of us here, the revelation was the ministerial statement of 3 November. We have drilled into a bit of detail on that, and you have added further to that, Philip, with the date and the roll-out of the additional costings.

I referred earlier to an AQW of mine from 22 September. That covered the change from the original design-and-build contract to the revised procurement strategy, which included the additional costs you outlined earlier. Those costs were £4.5 million in design, £2.2 million for Bellarena and Castlerock, £2.6 million for inflation and £6.6 million for contingency. None of those was included in the initial estimates, or "guesstimates" as the Minister referred to them. Indeed, he went further to say that those figures were not based on facts. Without being flippant, can we go back to the original fag packet so that we can see where those figures came from, how they were so wrong, given that you were following CPD best practice, and why we are in the situation we are in today?

**Mr P O'Neill:** Would it be helpful, Chair, if I tried to answer that by giving you a sense of how the costings, or estimates, are derived, and the process?

**The Chairperson (Mr Clarke):** Yes.

**Mr P O'Neill:** The bottom line is that we follow a recognised industry process, which government has set up for real investment projects. Stop me if I get a bit technical, but I will try not to do so.

A project is scoped. In 2010, that was at a fairly high level. We appointed a consultant, Scott Wilson, to draw up an outline project specification. Typically, it looks at the assets on the route and their condition. It also looks, primarily, at what we require going forward. In other words, it looks at what we anticipate from the route by way of train frequencies.

On that occasion, we specified that the line should have the capacity to be able to operate a half-hourly service. Obviously, we wanted to modernise the signalling and the associated signalling equipment, including the main level crossings on the route. We also wanted to reduce the journey times, so speed was a factor.

All of that was taken into consideration in the outline project specification for the core signalling, and in modern signalling terms, the telecommunications. So, we had a project design specification for that.

At that stage, Scott Wilson was asked to go through a series of steps; we call them milestones. They reviewed and identified options for signalling. That will go into our economic appraisal. In other words, they will feed into the piece that KPMG is doing. It is doing the business appraisal. This is one component of the entire scheme that I outlined. They produce conceptual scheme drawings.

**The Chairperson (Mr Clarke):** Philip, it is getting very technical.

**Mr P O'Neill:** Essentially, they produce estimates that go into the appraisal. That forms part of the options selection and therefore forms the basis of the budget for the project.

**The Chairperson (Mr Clarke):** I am going to try to rephrase the question, not that Cathal needs any help. Where was the difference between the original and the latter? Why was there such a difference? The Minister used the word "guesstimate" in the House. It gives the impression that that is merely what it was. We will have an opportunity to hear your technical explanation when we do the inquiry.

**Mr Ó hOisín:** Those are the additional costings that have come to bear now, but which we had no indication of previously. Philip, you know that most of phase 2 of the project is in my constituency, so

**Mr P O'Neill:** I am aware of that.

**Mr Ó hOisín:** John, along with others, and I might have a better tab on it. I have been listening to people on the ground saying that there have been issues here for some time. It was common knowledge, yet it was not out there in general, and nobody was coming forward with it. This morning, you said that you are still looking at a target date of the end of 2016.

**Mr P O'Neill:** That is the agreed timeline.

**Mr Ó hOisín:** You also talked about night-time and weekend work, which was ruled out in phase 1 because of the costings.

**Mr P O'Neill:** Phase 1 was done in a complete block.

**Mr Ó hOisín:** I know. In fairness, I think that all of this stuff is beginning to unravel.

**Mr P O'Neill:** It must be borne in mind that this work — the estimates and outline designs — is done in a fairly short time. To design a signalling scheme of this nature takes six to nine months, at quite significant cost. In 2010, we were bringing forward an economic appraisal, recognising that something had to be done with this section of the line. The members here who are familiar with it will know what condition it was in. Within a couple of years, all the asset condition reports that we were getting back, not just from our experienced and knowledgeable people, but from others who we brought in independently, pointed towards something having to be done. That formed the basis of the initial feasibility stage.

**The Chairperson (Mr Clarke):** Go back to the figures that you gave us today. The original £22 million would have had a design element in it. We are now talking about an additional £4.5 million for additional design work. That seems far from where your original design was. I appreciate inflation. Inflation is a given. There is £6.6 million for contingency. Is that an additional £6.6 million, or was nothing built in for the contingency originally? If you can answer those questions, we can drill into some numbers here.

**Mr P O'Neill:** I will try to deal with your first question; then I will come back to the contingency. The scheme has evolved from 2010, primarily because of the need to provide further capacity on the line by way of longer trains. The original scheme, as envisaged in these drawings and estimates, anticipated a passing loop at Eglinton to accommodate three-car trains. Clearly, that would not work now. Therefore a new design had to be done, and it was done by the independent design team that we appointed. I referred to that earlier.

I move now to the contingency. The estimates would have contained a contingency. That contingency is based on a number of things. We use HM Treasury's green book. That is what we are mandated to use by our corporate governance manual and by our Department. The contingency level is set by a combination of risk and experience. In the past, we, as an organisation, have done significant relay and project work. Some of you will be familiar with the work we have done from Bleach Green to Antrim and Bleach Green to Whitehead, for example. From that knowledge and experience, we get a sense of the cost. Indeed the optimism bias, or contingency, on phase 1 proved that we got it absolutely spot on.

**The Chairperson (Mr Clarke):** How much contingency had you built into the £22 million?

**Mr P O'Neill:** At that time, the £20 million contained 20% contingency. We derived a figure from the areas that I have mentioned: our knowledge of previous schemes; the complexity of the scheme, and the risks involved. It is also a collective decision; it tends to be discussed.

**The Chairperson (Mr Clarke):** So, you had between £4 million and £5 million for contingency for the £22 million, and that is still there. You take the project up to £35 million, and you are going to build in another £6.6 million. We are talking about £11 million on a £35 million project. That is towards one third.

**Mr P O'Neill:** When we arrived at our estimate for our design process, we had £35 million. The PAR review recommended that, in light of their knowledge of the market out there —

**The Chairperson (Mr Clarke):** The point I am trying to make is that there was £22 million, with approximately £4 million or £5 million in contingency. An additional £6.5 million will take the project to £35 million. If we add the two figures, then between £11 million and £12 million — almost a third of the total project cost — is for contingency. That sounds —

**Mr Trethowan:** If it helps, I have the numbers here. In 2010, the contingency, or optimism bias, was £3.4 million, and in 2014 the latest iteration, after the PAR review and the recommendations, it sits at £9.9 million. It is 60%. You are right. That was the recommendation.

**The Chairperson (Mr Clarke):** When Philip gave his introduction, he talked about £6.6 million.

**Mr Strahan:** There is £6.6 million worth of contingency in the £40 million.

**The Chairperson (Mr Clarke):** You see, that is where the danger of this is happening —

**Mr P O'Neill:** That is the increase. It is closer to £10 million in total. Sorry, Chair.

**Mr Strahan:** The £6.6 million is the increase from £20 million to £40 million.

**The Chairperson (Mr Clarke):** I get that. So it is £6.6 million plus £3.4 million.

**Mr Strahan:** Yes.

**Mr P O'Neill:** We will say £10 million, Chair.

**Mr Trethowan:** It is a significant amount.

**The Chairperson (Mr Clarke):** Philip. You said that the original contingency was 20%. We are now heading towards 30%.

**Mr Trethowan:** It is 60%.

**The Chairperson (Mr Clarke):** Sorry, £10 million is not 60% of £35 million.

**Mr Trethowan:** There was a contingency in the £35 million that has now been increased. The £35 million had a contingency of £5.02 million.

**Mr McNarry:** We had not heard about the £35 million until today. We need to know more about that.

**The Chairperson (Mr Clarke):** Let us focus on the £22 million and today's figure. The £22 million had £3.4 million of contingency. Now, with the new project, we are talking about an extra £6.6 million. If we add those two together we get £10 million.

I am not trying to correct you, David, but the £40 million is a figure that the Minister has plucked out. Translink's figure was always £35-odd million. So, we are now talking about a £35 million project and £10 million of that is for contingency. To be fair to the Minister, that starts to make it sound like guesstimate work.

**Mr Ó hOisín:** In fairness, the Minister said that it was a £35 million project and there was £5 million of a contingency. That makes it a £40 million project, with a £10 million contingency. Am I right about that?

**Mr P O'Neill:** Yes, that came from the PAR review.

**Mr Ó hOisín:** It is about how it went from £3-4 million to a further £6-6 million. That is where the issue is. David is right: the first time we heard about the £35 million was this morning and there was a £5 million contingency on top of that.

**The Chairperson (Mr Clarke):** If you take the £35 million, and put £5 million worth of contingency on top of that, it takes you to £40 million. However, there is also the figure of £10 million. So, from the original green book appraisal of 20% we are now at 25%.

**Mr Trethowan:** Chairman, to avoid any controversy, the economic appraisal of £35 million that the board approved in August had an optimism bias of 20%. One of the recommendations of the PAR review was that that should be increased to 60%. That is where the change has been. It is just picking up a recommendation from that review. There is no other change to the business case.

**Mr Ó hOisín:** I want to ask about some of the other figures to do with the practicalities of the project. We have covered the design. Philip, you mentioned an additional passing loop review. Was that the second one at Bellarena?

**Mr O'Neill:** The original location for the passing loop was Eglinton —

**Mr Ó hOisín:** Yes, I am aware of that.

**Mr P O'Neill:** There is no longer a passing loop at Eglinton in the design. It has been relocated to Bellarena. The passing loop will be at Bellarena in the finalised design.

**Mr Ó hOisín:** Plus an extension at Castlerock.

**Mr P O'Neill:** Yes, those are two elements that are needed in the project to accommodate the six-car trains.

**Mr Ó hOisín:** Was any consideration given to a passing loop at Eglinton?

**Mr O'Neill:** We do not need one there.

**Mr Ó hOisín:** In the initial estimates, that would have been essential to the whole reconfiguration of the train journeys into and out of Derry.

**Mr P O'Neill:** You will be familiar with Eglinton. It is piece of plain line. There is no level crossing close to it, and the cost of a passing loop there would have been much cheaper than one across the main A2 coastal road, which has an existing level crossing. Also, on top of that, we would have to completely rebuild Bellarena station with separate platforms for two tracks. Does that make sense?

**Mr Ó hOisín:** Yes.

**Mr P O'Neill:** That is a very different proposition to building a fairly straightforward passing loop at Eglinton.

**Mr Ó hOisín:** I know that it was proposed — I am aware of that — but the difference in costing was the issue for us.

**Mr Dallat:** So far, we have talked a great deal about economic appraisals, reviews, inquiries and observers. Let us get down to the facts. Does anyone, for a moment, feel that they may well have robbed the north-west of an opportunity to have a first-class, intercity, early service by their sheer incompetence? Silence.

You referred to two reports that I have in front of me. On the Belfast to Bangor line, the figure of £13 million went up to £31 million. That publication set out 17 recommendations in 2007, and I will read two of them, the first and the last:

*"In future, where legitimate, evidence-based concerns regarding the accuracy of cost estimates are highlighted to senior management, the Committee recommends that the Department exerts a more robust challenge, insists on independent validation of key cost estimates, and does not accept unsupported assertions from Translink."*

Translink: that is you. You have botched this twice. Am I right in saying at this stage that you do not even own the land at Bellarena?

**Mr P O'Neill:** We are in the process of —

**Mr Dallat:** Chairman, that tells me nearly everything I need know about Translink and its total incompetence.

Recommendation 17, and this was written in 2007, states that:

*"Where highly respected individuals are prepared to give time to public boards, the Committee expects Accounting Officers to ensure that their contribution is effectively deployed."*

Was your board effectively deployed in this?

**Mr P O'Neill:** May I come back on the first point? First, I think that the member will recognise, and it is supported by the review conducted by the Department, that the first procurement, the design-build, was fully justified in its termination. I presented the outcome of that to you. It was open-ended and would have been exactly following the points you have raised on the Bangor line. I do not believe that there is any criticism for not continuing with that.

As regards the second procurement, we have not at this stage procured anything. I know the point that you are making, and I know that the member feels very passionately and rightly so. He is a strong advocate for everything that we do in the north-west, and I know that the cost, on the face of it, has increased, but I hope that you would recognise that significant work has been done and challenges made by the Department, as you would expect, in examining why it has increased. There is, to be fair, a level of judgement in terms of the Chair's point about the optimism bias/contingency. However, you would expect that that is because of the experience that the PAR review has brought to this process. It has recommended that the £35 million that we have come up with as our estimate should be increased to £40 million.

As regards the land, we start with the view that there has to be cooperation. We have some land acquisition at a fairly advanced stage and we are confident that we will get agreement from the landowners. That is the approach that we take as an organisation. We do have the powers to vest, but that would be the last option. I hope that you understand that the process is in train at the moment and we are confident that the necessary land will be acquired. The Committee deals with land vesting, and land acquisition is an area that you need to work with stakeholders on.

**The Chairperson (Mr Clarke):** On that point, Philip, we are coming to the time that should have seen the completion of the total line, from memory. I see that you are looking puzzled. I thought that, if this had been done on a one-phase approach —

**Mr P O'Neill:** If it had been done —

**The Chairperson (Mr Clarke):** Bear me out. There were plans back then for a one-phase approach. Is it only of late that you decided that you needed this piece of land, or should it have been included in the early stages?

**Mr P O'Neill:** It was not in the original appraisal, because the passing loop was at Eglinton. With the passing loop moving to Bellarena, we need additional land to build the reconfigured station and have enough width for two tracks for trains to pass.

**The Chairperson (Mr Clarke):** When did that —

**Mr P O'Neill:** That came in only when the project was re-scoped because of the capacity and the demand requirements. We commenced that work with our own design team in early 2012 — April 2012.

**The Chairperson (Mr Clarke):** That was early 2012, and you still have not acquired the land.

**Mr P O'Neill:** Yes, because we are working with people on land. We are trying to purchase land as opposed to vesting it.

**The Chairperson (Mr Clarke):** I appreciate that. It is maybe unfortunate that this is now in public session, but if those people decide not to work with you, we are talking about another two years.

**Mr P O'Neill:** No, the option is there to vest.

**The Chairperson (Mr Clarke):** Yes, but it would take you two years to do that, would it not?

**Mr P O'Neill:** I do not believe so. I believe that we are still on programme for the end of 2016.

**The Chairperson (Mr Clarke):** Yes, in terms of acquiring the land.

**Mr P O'Neill:** In terms of completing the scheme, which includes acquiring the land.

**Mr Dallat:** I do not want to be pessimistic, because if I had adopted a pessimistic view from the beginning, the line would not even exist. Let us hear what your overall commitment is to the line. Am I wrong in believing that there are discussions going on at the moment that would mean that jobs in Derry, for example, would be lost and that the operation would be centred in Coleraine?

**Mr P O'Neill:** We have to be clear: there is full and total commitment to the line, and you can see that in the investment from government, the time and effort we have put into it and the outcomes in terms of increased ridership. That is without dispute.

However, with regard to your specific question about operational jobs, part of the modernisation invents necessary productivity. Passengers do not want to pay any more for the service than they have to. To maximise efficiency, the scope always intended, because that is the way the industry is, that we would consolidate the signalling system to a central signalling control in Coleraine. That has always been the case, and the staff know that. It is a difficult discussion. The member will recognise that they have been very loyal servants to the organisation and continue to be.

However, this is progress: this is modernisation. The opportunity exists to transfer control from Castlerock and Londonderry — I am reading from the re-signalling Coleraine/Londonderry outline project specification produced in April 2010. One of the requirements that we had for the scheme was to transfer the control from Castlerock and Londonderry to the new PC-based VDU — visual display unit — which is a modern signalling control centre at Coleraine. Therefore, the Londonderry and Castlerock signal boxes would be made redundant. That is not an easy decision.

**The Chairperson (Mr Clarke):** We are straying outside really.

**Mr P O'Neill:** Sorry, I was just trying to put in context the member's question.

**Mr Dallat:** Really, Chairman, I just asked what the commitment was, and I am not convinced.

I do not want to stray outside, but you mentioned the level crossings. There are 200 level crossings on that link, which is absolutely crazy. What success have you had in reducing that number?

**Mr P O'Neill:** Very significant success.

**Mr Dallat:** Let us hear it.

**Mr P O'Neill:** I would be happy to furnish the Assembly with the number of crossing that have been closed — I have to stress — with the full cooperation, in most cases, of landowners.

**The Chairperson (Mr Clarke):** We are straying again.

**Mr Dallat:** Sorry.

**The Chairperson (Mr Clarke):** If you want to feed that answer back to the Committee —

**Mr P O'Neill:** I would be very happy to, because I think that it is a good question.

**Mr Dallat:** Sorry. I only asked it because it was brought up.

Given the financial austerity that is sweeping through this place, do you have any particular commitment to ensuring that the shambles that has been created here will be redeemed and that the intercity hourly service will be provided? Will that be reflected in the flexibility of your budget?

**Mr P O'Neill:** We are fully committed to it. We have to wait approval from DFP on the revised economic appraisal but, subject to that, we will, no doubt, have discussions with our Department on the priority spend. However, you are quite right; there are enormous pressures on funding. We see this as a priority, and, at the end of the day, I cannot say much more than that. David and I are entering into the discussions now on how this gets funded.

**Mr Dallat:** Finally, with the support of this Committee and all the political parties over the last decade, a lot of money was put into that line. The benefits are now being reaped. I was on the line as recently as last Saturday. Will you follow it through? Will you sort out the problem of who is an observer at meetings?

I will direct my next question to you, David. I welcome you and hope to meet you on an individual basis very shortly. Have you a particular role in putting this together?

**Mr Strahan:** First, we would like to recognise the support from all the parties for the line, which has been a success, albeit with the difficulties that we are discussing. The independent review, which we are having independently chaired, will ensure that we learn the lessons from this for our organisation. We are absolutely committed to it. Since joining the organisation, I have not detected anything other than absolute commitment to delivering the project. The Minister's statement made clear his commitment to delivering it. The economic appraisal is now with or going to DFP, and we are in talks on the current funding issues that we face, but there is an absolute commitment to having it delivered by December 2016.

**Mr Dallat:** David, will put your house in order, which, clearly, it is not?

**Mr Strahan:** The independent review will ensure that we learn the lessons. I am determined to make sure that, where we need to take action, we do so and learn the lessons from this. I think it worth emphasising again, though, that this is not a Bangor issue. The independent review that has already been carried out confirmed the decision made last year to —

**The Chairperson (Mr Clarke):** The difficulty we have with that, David, is that we do not have sight of that independent review. So, you and the Department have drawn that judgement, but the jury is out as far as the Committee is concerned because the Minister was not gracious enough to supply a copy of that review to us. The jury will remain out until we get a copy.

**Mr McNarry:** I welcome Mr Strahan. I wish you well in your new appointment, David. It remains to be seen whether there will be a comparison with the new Tesco CEO and the actions that he took against some of his executives. I think that it is a job that you have to do. David, ultimately, who do you think was responsible for accepting the serious underestimate of £22 million?

**Mr Strahan:** When I look back, I see that, to arrive at the estimate of £20 million, work was carried out — Philip has the reports here. It is important to remember that that work was carried out in 2010. Since then, there have been a number of significant movements. One is the growth in passenger numbers. We are seeking to future-proof the line and make sure that it can carry the number of passengers that we are now seeing on into the future. That is one of the reasons for the increase in cost. I think that we have applied diligence to the initial estimate. Changes made resulted in the £40 million estimate. As I said, I do not want to prejudice the outcome of our independent review because I am determined that it ensures that we learn —

**Mr McNarry:** I understand that, but you will appreciate that, now that we have heard from the Department and are now hearing from you, it seems to me that there is a blame game, which will be of no help whatsoever to anybody. I will put a very direct point to you: as this emerges, people will ask whether the Department was suckered and manoeuvred into a situation. Clearly, there was public and party support for the project, but that has been used as a lever to initiate this project, irrespective of the cost. The uplift from £22 million to £40 million is being manipulated, because the figure of £22 million was never realistic. The point is that that figure was never realistic. What figure did Translink budget for in its original costings? How did you get it so wrong?

**Mr Strahan:** Philip, please correct me if I am wrong, but, as I understand it, the figure in the economic appraisal forms the basis of our budget. Internally, we were budgeting based on £20 million. That is what the work supported. Significant moves, particularly the change in the passing loop to Bellarena, added to the cost, but, in relation to the point that you made, the independent review will examine all those issues as well as our internal scrutiny and oversight of the project. I am determined to make sure that we learn the lessons.

**Mr McNarry:** Mr O'Neill, you assured the Committee previously that the project had followed best practice guidance. You also stated that the eventualities were unforeseeable. Do you stand by those comments today?

**Mr P O'Neill:** I think that we have followed good process and good practice. In fairness, the Committee, picking up on the Chairman's comments, has not seen all the material. It is very detailed and complex. The point I come back to is that Booz Allen Hamilton, which is a world-renowned consultancy that does forecasting and projections — that is its thing — projected a 25% increase in ridership by 2035. I have given you a flavour of the actual increase. If I had my time again and knew that, we would have scoped the project differently.

**Mr McNarry:** I complimented you on the professional manner in which you worked with the Department, although I am not too sure about its professionalism, but I do not see how that attitude — things can change in such a short time — could stack up in many private companies. You told the Committee that you followed best practice guidelines and that eventualities were unforeseeable. These are circumstantial eventualities. I understand that you have provided a list of add-ons. When we are doing procurement, which is a very fine and comprehensive art, particularly for the Assembly, we go out to the market, and, as we learnt earlier, the market dictates everything. That is Thatcherism. I cannot understand how we jump — we still do not have a project, no matter about your commitment or anybody else's to it — from £22 million to £40 million. I cannot comprehend that, and I hope that your inquiries and those of the Department will bring some bearing to that. Are you, Translink, prepared to go on record today and say that £40 million complies with best practice regulations, is value for money and will complete the project?

**Mr P O'Neill:** It is certainly a more robust figure than we had previously. It is based not only on the scheme design, which I highlighted, when we did the initial estimates and feasibility, but on a more detailed design by a very reputable independent design team that had time to do it. That forms the estimate now.

The second part of your question —

**Mr McNarry:** Are you saying that that is an estimate? All this has been about estimates. Is that a final figure, or are we working on estimates?

**Mr P O'Neill:** Everything in this area has to be an estimate.

**Mr McNarry:** OK.

**Mr P O'Neill:** We can benchmark it, which we are doing, against comparable schemes elsewhere. However, when you go out to procurement — you will know this from your commercial background — the market is, ultimately, a factor. We know, from what we heard through the PAR and from our market testing, that that market is tight. I think that you will understand what I mean by that. I do not want to use inflammatory language such as "overheating", but there are a lot of signalling projects in GB. Most of the companies are based there, and so they —

**Mr McNarry:** I understand where you are coming from.



**Mr P O'Neill:** Do you see —

**Mr McNarry:** I do not represent the people who use that daily, but my colleagues do, and I hear what they are saying. I represent many people who use that line for leisure, and I see that expectations have been raised to the force of reality penetrating that community. I am deeply worried that we have moved — I cannot comprehend it, but let us take it as it is — from £22 million to £40 million. Will it be delivered at £40 million? Believe me, if anybody comes back to the Assembly or this Committee and says, "We're up 10%" or, "We're up 20%", you will put that project in jeopardy because of other needs that need to be paid for in the Assembly. That is where we need to have some —

**The Chairperson (Mr Clarke):** Can I push you for a question, David? We need to move on.

**Mr McNarry:** We need some commitment, not to the project but to the price.

**Mr Strahan:** Philip, please interrupt if it is helpful. I want to make it clear that all figures that we have been talking about this morning are estimates, albeit that the basis of the £40 million estimate is of firmer foundation and greater contingency is built into that figure. However, this has not yet gone to procurement. We are certainly aware that, in GB, projects have gone to procurement and then faced all sorts of issues. It is fair to say that there are still risks in the project, but we are absolutely determined and committed to delivering it. However, it is important to remember that these are estimates/forecasts, and the final cost will depend on the procurement exercise that is about to commence.

**Mr McNarry:** Would you be able to present to the Committee a project based on a fixed price that you sealed?

**Mr P O'Neill:** Part of the procurement allows us to deal with that very issue. That discussion takes place when we receive tenders. After the tenders come in, there is a pause while we look at and evaluate them. At that point, we can look at their best and final price. It allows for that process to take place. I think that you probably have some experience of that. That is not avoiding the question; you need the tenders in front of you. When I made those statements last time, we were very confident. We were getting all the right responses, and we were getting good vibes from the market. It was responding to us, answering queries and picking up on points that we were making. When one queries something, you have to put it out to everybody to keep the process completely open. We fully anticipated a good competition — in other words, a number of bidders — but that did not happen, so you can understand why it is difficult to give that commitment.

**Mr McNarry:** I think, Chairman, that we know where we are now. I am very grateful to you.

**Mr Lynch:** Thanks for coming to the Committee. Much of the commentary from the Department and the Minister has shifted a lot of the blame on to you: Translink got it badly or terribly wrong, Translink got itself into a contract situation, blah, blah, blah. Do you think that that criticism is fair?

**Mr Trethowan:** I do not think that we should get into a blame game between the Department and Translink. We have a project —

**The Chairperson (Mr Clarke):** You, John, may not want to get into the blame game, but others have started it. The question is reasonably fair: do you believe that the Minister's assertions are fair or otherwise?

**Mr Trethowan:** The project has had challenges. Ever since the £75 million project was split in three, we have lost a lot of economies of scale. We lost the ability to close the line down and put in contractors who could do everything at the same time. I understand why the project was split into three: the Minister wanted to make sure that Derry had a viable railway track before the start of its year as the City of Culture. That is how the £27 million project was done in 2011 to be ready for 2012. It left the signalling project on its own. We will not be able to close down the line and do the work during the day and so on, which we would have done before. We have done what we can to minimise the work in phase 1, when we laid the line. All the trunking for the signals is in and —

**The Chairperson (Mr Clarke):** We are in danger of getting an explanation as opposed to an answer to the question. A blame scenario has opened up between you and the Department. Perhaps we could stick to that rather than getting an explanation of why we are where we are, John, because all

the members around the table are very familiar with that. According to the Minister's comments, he is very much leaving this at your desk. We are trying to find out whether you think that that is justified.

**Mr Trethowan:** All I can say is that no public money has been lost. We have never breached an approval. Everything that we have done, we have put forward under an economic appraisal and —

**The Chairperson (Mr Clarke):** It may not be lost, John, but it is at risk because the cost has almost doubled.

**Mr Lynch:** You are aware of an inquiry into this. Will you give a commitment that all papers will be made available to our inquiry?

**Mr P O'Neill:** Yes.

**Mr Trethowan:** Absolutely.

**Mr Easton:** I was trying to get some answers from the Minister, but he was not quite able to answer me. In which month did you know about the £40 million?

**Mr P O'Neill:** That was at the end of the Minister's process, when he brought in a Cabinet Office team and the PAR. That was when they determined that the revised estimate should be £40 million.

**Mr Trethowan:** We approved the economic appraisal on the £35 million in August, and the PAR recommended that the optimism bias be increased. That was the only change to the economic appraisal. We had to increase that contingency amount as well. That was in the last few weeks.

**Mr Easton:** The Minister said that you did not know until July, and his Department did not know until June.

**Mr P O'Neill:** We were maybe told about something —

**Mr Easton:** At what stage did you know that the procurement cost was likely to be £40 million?

**Mr O'Neill:** We were aware —

**Mr Easton:** The Department said June.

**The Chairperson (Mr Clarke):** Alex is saying that the Department knew about the £35 million in June. It then went to the PAR, which said that there was not enough in the contingency. The PAR raised the figure from £35 million-odd to £40 million, so the Minister knew in June. That is where the Committee's frustration lies: neither the Minister nor the Department came to the Committee in June to let us know that there were problems. As for the blame game, I very much level that at the Department.

**Mr Easton:** So, you knew in June. At that stage, the Department was aware, definitely, and the Minister, too.

**Mr P O'Neill:** I cannot speak for the Minister. I would have made the departmental official aware of it.

**Mr Easton:** OK. That is all I wanted to know.

**The Chairperson (Mr Clarke):** There is one final point that I want to make, Philip. You were at pains to describe the company that analysed the line usage. I think that you said that it was well renowned. Will you be using that company again?

**Mr P O'Neill:** That was for passenger forecasting.

**The Chairperson (Mr Clarke):** I do not think that its forecast of 25% was very accurate, given your description of 230%.

**Mr P O'Neill:** I do not want anyone to take anything out of this, particularly anybody else listening, but we recently revised forecasts for all of our routes, particularly rail, and have found ourselves in the position of using a different organisation. However, that was purely because we go to the market for that type of activity.

**The Chairperson (Mr Clarke):** I appreciate that, but there is a danger in that. The inquiry has not yet concluded, but it seems to me — I am a realist, and I have to be fair to you and the Department — that the success of the line was not forecast by the company from which you procured that work. We are building in extra costs now because someone did not foresee that rise. A 25% increase was estimated, and we have ended up with a line, which is not even finished, with an increase of over 200%. That does not say a whole lot for whoever commissioned that work. I think that there is a danger going forward and that lessons should be learned from that as well.

**Mr P O'Neill:** I think that you realise — I am not trying to be defensive — that forecasting to 2030 or 2035 is not an exact science.

**The Chairperson (Mr Clarke):** It is not, but, after two years, we are already at 200%.

**Mr P O'Neill:** It maybe illustrates that the latent demand was there for a high-quality product. The difference, I think, is the reliability, modernisation, and the advocacy that this group and the wider Assembly have given it.

**The Chairperson (Mr Clarke):** I think that the advocacy actually came from the public.

**Mr O'Neill:** Absolutely. Wider advocacy.

**Mr Trethowan:** We improved it, and they have used it.

**Mr Dallat:** Can I ask one last question?

**The Chairperson (Mr Clarke):** It will need to be very short, John.

**Mr Dallat:** OK. I have been on the road since 6.00 am, so I think that we can afford a couple of minutes.

**The Chairperson (Mr Clarke):** I will remind you of that at the Public Accounts Committee later.

**Mr Easton:** When you fall asleep.

**Mr Dallat:** Is it true that the signalling was hopelessly out of date and that, some day, somebody had to face that, even if there had been no new investment in the upgrade?

**Mr P O'Neill:** The signalling is legacy signalling. Some of it dates back to the early 1930s. I think that you will agree that, as an asset, we have more than got our money's worth from it. It needs upgraded.

**Mr Dallat:** So the £40 million is not just to upgrade the railway to allow an early service; it is to address issues that have been in the background for a long time.

**Mr P O'Neill:** It is to address safety, reliability and performance issues.

**The Chairperson (Mr Clarke):** There is an opportunity in any project to update those things, as they should be. We have overrun considerably. Thank you for your patience. I know that our next witnesses have had to wait, too. I look forward to meeting you again and working with you in the future.