



Northern Ireland  
Assembly

Committee for Regional Development

# OFFICIAL REPORT (Hansard)

Inquiry into the Coleraine to Londonderry  
Rail Track Phase Two Project: Translink

28 January 2015

# NORTHERN IRELAND ASSEMBLY

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Inquiry into the Coleraine to Londonderry Rail Track Phase Two Project: Translink

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**Members present for all or part of the proceedings:**

Mr Trevor Clarke (Chairperson)  
Mr Seán Lynch (Deputy Chairperson)  
Mr Joe Byrne  
Mr John Dallat  
Mr Declan McAleer  
Mr Stephen Moutray  
Mr Cathal Ó hOisín

**Witnesses:**

Mr Clive Bradberry	Translink
Mr Philip O'Neill	Translink
Mr David Strahan	Translink

**The Chairperson (Mr Clarke):** David, I will leave the Floor open to you if you want to give a briefing first. Then, we will open the meeting for questions if that is OK.

**Mr David Strahan (Translink):** Thank you, Chair. We appreciate the invitation to be here today and update you on progress of the Derry to Coleraine rail track phase 2 project since we last met. Can I say at the outset that we are committed to helping the Committee with its inquiry? I hope that that is evident through the amount of material we have made available to the Committee already, the written correspondence we have had and the background material we have provided on the project.

I wish to cover two key areas, if I may, in my opening comments. First, in respect of reviews into the governance of this project, you will be aware that the Department commissioned a review known as the project assessment review (PAR). That reported prior to Christmas and, in fact, prior to the Minister's statement to the Assembly in early November. We have been working on implementing the recommendations. We expect that the authors of the report will return in the near future to carry out a review of our implementation of the recommendations to provide independent reassurance that their recommendations have actually been implemented.

The Committee will also be aware that the Minister announced that I had commissioned a further independent internal review, which was carried out by PricewaterhouseCoopers and reported prior to Christmas. Again, that report made a number of recommendations. We are currently pulling together an implementation plan to ensure that they are implemented. I can also confirm to the Committee today that, at an appropriate point in the implementation of those recommendations, I will invite the author of that report to return to provide me with independent reassurance that they are actually being implemented and in a manner that the author had envisaged.

In respect of the specific project itself, there have been three further meetings of the project board since we met in November. That board is one of only two in our organisation that is actually chaired by a board director, so it is being chaired at senior level in the organisation. Since we last met, the economic appraisal has been updated and submitted to DRD and DFP. Both have given us authority to proceed to the procurement stage in respect of the project. During November, we carried out pre-qualification questionnaires with potential suppliers, and we issued the invitation to tender in January.

Also, prior to issuing the invitation to tender, we carried out some soft market testing, whereby we met a number of suppliers in order to answer any queries they had in respect of the project and to maximise the opportunity of encouraging suppliers to bid to carry out the work. We expect the tenders to be returned in March, at which point they will be evaluated and a decision made in respect of the successful tenderer. We expect that we will be able to appoint a contractor by the end of April and that work could commence in May of this year.

We are committed to delivering this project. It is an important project for me, for Translink and for our board. We are ensuring that the board has full visibility of the actions that are being taken —

**The Chairperson (Mr Clarke):** David, can I stop you? I apologise for this. The main emphasis in this inquiry, to my mind, is where the project went wrong in the first place. Then, we can talk about how you will put it right. We are talking now very much about the next stage. What some of us want to get our heads round — certainly, I do — is how it has gone so horribly wrong and how the estimates have doubled. That is one of the points. Maybe we could get back to that and then, if you want, we could finish off with where you are going to try to bring this back — pardon the pun — on line. I am happy enough. The purpose of the inquiry is to find out what went wrong and why the costs have doubled. That is the first point.

The second one is that in your opening comments you referred to the PAR report. For the members of the public who have joined us, it is worth noting that the PAR report has not been made available to this scrutiny Committee. The Minister has refused to make it available. So, you can have all these types of reviews, and you can refer to them, but they are meaningless to us because we are basically in the dark with the PAR report. We do not know the content of it and, until we get it, we cannot scrutinise that element of it. For you to talk about it or for the Minister to talk about it in his comments is not very useful to us.

If you could take us back, David — I know that this is prior to your time — to what went wrong, that is what the Committee wants to analyse. We can talk about going forward, but we need assurance that whatever mistakes happened in the past certainly will not happen in the future because the doubling of costs is worrying. Many of us can see this as putting this project in jeopardy. Yes, there is commitment and the Minister may go for sound bites and say that he is still very supportive of something, but if the money is not there, what do we do if no lessons are learned and we come back with another doubling in 12 months' time? Let us get down to where we went wrong in the first place, David, and start from that position. Then, if you want to give us good news that the Minister has given you assurance that you will have the money to deliver this, that is brilliant. We need to find out what went wrong here as well.

**Mr Strahan:** I can only apologise, Chair. I thought that it would be helpful to provide an update of where the project has gone. In respect of my opening statement, I think that we will get into the detail of the questions. Given the question that you have asked, I will ask my colleague Philip to outline the reason for the increase in cost from £20 million to £40 million.

**Mr Philip O'Neill (Translink):** The last time we were here, I highlighted that there were two major factors contributing to the increase in cost. There are clearly the additional costs in relocating the passenger loop to Bellarena and all the additional infrastructure required there. Land acquisition was required in connection with that station and the upgrade of the level crossing. The decision to relocate the loop was driven by the capacity increases we are seeing. The Derry line, as a corridor, is quite significantly outperforming any other line on our network, and that is the same case across GB and elsewhere. You might want to return to the forecasting and whatnot.

There are also the costs associated with the disaggregation. The last time I was here, I set out how the procurement strategy initially envisaged that this would be a total block or, in other words, that the line would be closed and we would be able to do the track improvement work, which we call phase 1, but that those phases would be combined to also include signalling and other associated safety work such as the level crossings and whatnot.

We have found that with that disaggregation, instead of doing it as one complete holistic project we have had to break it down into a number of projects, and that has prolonged it in time. You are all aware of the time frames that were set out initially. The driver for that, of course, was the fact that, in the early stages, an appraisal set out the cost at circa £75 million but, unfortunately, the funding for that was not made available and therefore the scheme was deferred at that stage. Subsequent to that, there were a number of events that necessitated the scheme to be re-enacted, but, regrettably, the funding available was given to us in phases and that is how we reconfigured the project.

**The Chairperson (Mr Clarke):** Maybe we should get into the questions. Some of that is history. Do members have this paper? It is part of an addendum to the 2010 appraisal, Philip. Whilst some of the work has been done for us, could you explain why, in phases 1 and 3, where supervision is costed at 2%, it is not 2% but is much more? Unless how it has been recalculated is wrong, and you can explain why those figures are out, it suggests to me that, as this project goes forward, your estimates are wherever and that whoever is giving the economic advice has got it incredibly wrong.

**Mr P O'Neill:** I do not think that I will be able to give you the precise answer. It is the first that I have seen it highlighted like that. Typically, what you are doing in an appraisal at that high level is —

**The Chairperson (Mr Clarke):** These are your figures. The only reason they are highlighted is because some of our Committee staff highlighted them.

**Mr P O'Neill:** What normally happens in an appraisal like this is that you break down the various elements, and supervision is typically equated at 2% for that type of project. I understand your point that it may not show exactly 2% here, but this is just an explanation of what is contained in that figure. We would have to go back and drill down. There may be other elements to it. Without that information in front of me, I could not be absolutely sure. I see your point about the arithmetic. Is that the point that you are making, Chair?

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

**Mr P O'Neill:** OK, but we are saying that the largest component of this is supervision. The reason they put in the 2% — there is 6% preparation above that — is to give the reader a sense that it is normally a standard amount that is added in. If you appoint an architect, he will tell you that there are different phases and that, typically, there is a percentage for each of them. I would need to drill down further into that number to establish fully what is in it. I appreciate the question.

**The Chairperson (Mr Clarke):** Does nobody drill down into numbers at any stage, Philip?

**Mr P O'Neill:** It would be made up of a series of figures. I would need to have the bridging schedule to be able to see how it is made up.

**The Chairperson (Mr Clarke):** Your first one, which is supervision at 2%, would have been £394,000. You calculated it at £592,000. For phase 3, you said £698,000 when it should be £465,000.

**Mr P O'Neill:** What I am saying is that there could be an element in that £592,000 that is 2% supervision but that there might be other elements in there. Just to keep it brief, or for presentation, it says that that is the major element in it, but I stress that, without the detail that lies behind that figure, I cannot be sure, but I am happy to try to clarify that.

**The Chairperson (Mr Clarke):** The difficulty we have —

**Mr P O'Neill:** I can see how it looks. I understand your point.

**The Chairperson (Mr Clarke):** That is why we are having this conversation. It is the same as how it can look going from £20 million to £40 million. If your Department is not analysing the figures as they come forward then we are going to have more of these difficulties. Even in the answer you have just given me, I find it difficult to comprehend where you put a calculation in a matrix like that to suggest that there is a supervision figure of 2% when, actually, some of them are working out at 4% when you put them into the column. Whoever is working up the numbers on this is getting it terribly wrong, and there is no excuse for it, Philip.

**Mr P O'Neill:** I understand, Chair, and I am not trying to make excuses. What I am trying to do is get you to the facts. You have pointed something out to us. That would have been through a very rigorous process, not only within the organisation but it would have gone to others to be examined. I am sure that there is a rational explanation for it, and I am happy to take your point and get that for you. If there is not, fair enough, and we will obviously talk about it again; but can I just have time to look at what that figure is made up of, whether it is an element of supervision that was estimated at 2%, and whether there is anything else in there?

**The Chairperson (Mr Clarke):** You make a point about giving you time, but these are 2010 figures. You are aware that there is an inquiry ongoing about the failure of Translink and how the project has gone so terribly wrong. You should have been prepared for some of these criticisms today, Philip. You should have been delving through some of the figures that have been floating about since 2010, which you have been basing some of your calculations on. You should be across the detail. We should not be coming back to revisit it.

This is a slightly more technical question, and I am going to have to read some of it. On reviewing the strategic outline case, DFP requested a preliminary assessment of the project's affordability. In your response you stated that, since the capital plans had already been set for 2010-11, you were looking at capital plans beyond 2011-12. How, then, did you plan to fund the design, procurement and contract approval stages of the project in March 2010, given that the funding was not likely to be available until after 2011-12?

**Mr P O'Neill:** I will defer to Clive on that one. I am not entirely sure —

**Mr Clive Bradberry (Translink):** Will you just repeat the question?

**The Chairperson (Mr Clarke):** On reviewing the strategic outline case, DFP requested a preliminary assessment of project affordability. In your response, you stated that, since the capital plans had already been set for 2010-11, you were looking at capital plans beyond 2011-12. How, then, did you plan to fund the design, procurement and contract approval stages of the project in March 2010, given that the funding was not likely to be available until after 2011-12?

**Mr Bradberry:** Normally on those things, the capital funding comes after we have had a letter of offer. We would have had a letter of prior approval, which allows us to develop projects before we have a full economic appraisal and letter of offer. When we do those development works and feasibility studies, we normally self-fund them through our own revenues and then recover those moneys once the letter of offer has been issued and the capital funding is made available.

**The Chairperson (Mr Clarke):** Sorry, I missed that last bit. What was that?

**Mr Bradberry:** We would self-fund the feasibility study work from our own cash reserves, but we are allowed to recoup that money once the economic appraisal has been approved and a letter of offer has been issued.

**Mr Dallat:** Thanks very much for coming. It would be very useful to try to understand why the bad news was kept a secret for so long. From June, you knew that the tenders were twice what they should have been. The Minister, you, and your former chief executive did not have the courtesy to tell this Committee that things had gone horribly wrong. We were given no opportunity to offer our advice on how it might be salvaged. Philip, you are the vice chair of the board.

**Mr O'Neill:** I think you have promoted me, John. No, I am —

**Mr Dallat:** You are an executive member.

**Mr O'Neill:** I am, yes.

**Mr Dallat:** I do not mind promoting you, but I would love to demote some of the others, because it is clear to me that the board is sitting on its hands, earning very good money for working three or four days a month, and, quite clearly, is not up to it. Those board members should have known that there was a serious issue that the Committee should have known about. Are there minutes, or is there any evidence, to suggest that they were engaged in managing the crisis that arose?

**Mr P O'Neill:** I do not think that you want to go over the old procurement, because I think that everyone understands the situation there. I know that you do not have the PAR report, but it fully supported the fact that the right decision was taken to not take that tender forward.

When we moved to the revised procurement strategy from a design build to what we call a split — where you do the high-level outline design and you then take a break and appoint a specialist signalling and telegraph contractor or design team — you then review the outcome of that and decide whether to go ahead with construction and installation. That is the point at which we find ourselves now. When you are at that decision point, we have a project board that examines the procurement strategy. In our view, we considered that fully, and we engaged with the people at the project board and others. The board was certainly made aware. For us to actually change to that strategy, we have to have the requisite approvals in place. For example, you cannot engage any new design team without having the appropriate cover. Clive has described how that gets done.

**Mr Dallat:** Chairperson, time is limited. When was the board made aware and what action did it take?

**Mr P O'Neill:** The board was made aware immediately we realised that the previous tender procurement exercise was not going to be taken forward. It was told immediately.

**Mr Dallat:** In the intervening time, the Minister made some reference to the possibility of European funding. I think he may have been talking specifically about the railway station at Waterside. Is it a fact that your board never actually met Irish Rail or, indeed, Bus Éireann? It never actually sat down with them to discuss how European funding might have been sourced to make the Derry/Belfast railway a proper intercity service in European standards.

**Mr P O'Neill:** European funding is a matter for the Department. It would not be a matter —

**Mr Dallat:** I am sorry, I do not want to talk over you, but is it true that your board never actually sat down with its counterparts to discuss how the railway could be linked?

**Mr P O'Neill:** If you define "board", and the group chief executive and myself are on the board —

**Mr Dallat:** I am trying my best.

**Mr P O'Neill:** — I certainly meet counterparts in Irish Rail regularly — the chief executive of Irish Rail. I meet the chief executive of Bus Éireann and Dublin Bus. At an operational level, board members are involved. We do collaborative and joint projects. For example, the member will recall the very successful introduction in the early 1990s of the Enterprise service between Belfast and Dublin. That was done collaboratively by the two operating companies, but was sponsored by their respective Departments. That is the structure —

**The Chairperson (Mr Clarke):** In your response to John, you cited that it was basically up to the DRD, but is it not up to Translink to form a business case for the DRD to look at in the first instance?

**Mr P O'Neill:** Absolutely. We would assist —

**The Chairperson (Mr Clarke):** I am not trying to help John, because John does not need any help. Why would you pass the buck on that answer to DRD? I am certainly not advocating an all-Ireland approach to Translink or anything else.

**Mr Dallat:** If we can get the money, Chairperson.

**The Chairperson (Mr Clarke):** If we are getting money for the benefit of Northern Ireland, I will accept it. However, given the nature of the question and how it has been asked, why are you passing the buck to DRD, bearing in mind that you are supposed to be the drivers for Translink in Northern Ireland?

**Mr P O'Neill:** That is a good question, and I will clarify the position. When we do a business case, it is very much on the merits of the proposition — whether the benefits outweigh the costs — and there is a range of ways in which that is evaluated. How it is funded, where the money comes from, is not, strictly speaking, a matter for us —

**The Chairperson (Mr Clarke):** Have you looked at the merits, Philip?

**Mr P O'Neill:** — albeit that, on some occasions, we may put forward some self-funding.

**The Chairperson (Mr Clarke):** Have you looked at the merits, Philip?

**Mr P O'Neill:** We are certainly aware in the industry and in the European context of whether there is the possibility of accessing money, but I have to be clear that it is not our role as an operator to do that. The Department has been hugely successful in accessing European money for various programmes and projects.

**The Chairperson (Mr Clarke):** It sounds as though there is a contradiction in your answer, to be honest. On the one hand, you are passing the buck to DRD, and, on the other hand, you can see the benefit, but it is not your responsibility. Which is it? Let us get to the crux of this: is it your responsibility to drive Translink forward or is it public money from DRD?

**Mr Strahan:** I will come in, if I may, and Philip will provide some clarity. It is the Department's responsibility to apply for and obtain the funding. However, we absolutely recognise our role, and we act in a supporting capacity to the Department in order to make sure that we maximise, where possible, European funding.

**The Chairperson (Mr Clarke):** David, do you accept that that cannot be done unless you put forward or suggest a project?

**Mr Strahan:** That is right, and, in respect of this project and other projects —

**The Chairperson (Mr Clarke):** So, if you are not looking at mutual benefit, you will not get that funding.

**Mr Strahan:** We do put forward projects, which the Department then takes forward to apply for European funding, and we support it in that. Philip has already mentioned that he meets counterparts in Irish Rail regularly. I have a meeting in the coming couple of weeks with the chief executive of Irish Rail, and the two organisations cooperate.

**The Chairperson (Mr Clarke):** Is that at board level or just at chief executive level?

**Mr Strahan:** Philip and I sit on the board of Translink.

**The Chairperson (Mr Clarke):** Is it a formalised meeting of the boards?

**Mr Strahan:** It is not what you would regard as a board-to-board discussion.

**Mr Dallat:** Chair, you have made my point extremely well, and I thank you for that. I do not want to go back to last night, but this room was packed with people who are sick to the teeth with the faux pas that have taken place down through the years. Really, I am not hearing anything this morning about what happened to phase 2; there is just passing the parcel. We need evidence to ensure that what happened in the past does not happen in the future and that we have a decent service. You said that your costings were based on the Bleach Green project. Is that what you said? How did you get the costings for phase 2 so horribly wrong?

**Mr P O'Neill:** The last time that I was here, I think that I outlined the process for doing that. Very briefly, we engaged a specialist design team.

**Mr Dallat:** How much did you pay it?

**Mr P O'Neill:** I can check this. I think that it was probably about £120,000.

**Mr Dallat:** Do you ever think about asking for your money back?

**Mr P O'Neill:** With respect to the member, I think that the work that they did was very sound.

**The Chairperson (Mr Clarke):** Seriously?

**Mr P O'Neill:** We have to put this in context.

**The Chairperson (Mr Clarke):** I am putting it into the context that, from memory, they estimated a 25% increase, and it turned out to be about a 200% increase, or am I talking about the wrong people here?

**Mr P O'Neill:** There are a couple of levels here. First, in the signalling design of phase 2, the information required to inform the appraisal was done by Scott Wilson, a team of specialist signalling designers. It came up with a feasibility study with a range of options that was then given to KPMG, which was responsible for doing what you would characterise as the business case. It pulled all of that information together. That is the 2010 appraisal.

**The Chairperson (Mr Clarke):** Who did the work on the increasing number of passengers?

**Mr P O'Neill:** That was done by a company called Booz Allen Hamilton.

**The Chairperson (Mr Clarke):** How much was it paid?

**Mr P O'Neill:** I do not have that information to hand.

**The Chairperson (Mr Clarke):** How much approximately?

**Mr P O'Neill:** I would not like even to hazard a guess, Chair. I really do not know.

**The Chairperson (Mr Clarke):** So, you never thought that this question would come up today either, Philip?

**Mr P O'Neill:** No, but may I make a wider point? If there are questions that you wish to ask, I am happy for you to give them to us in advance, and we will have the answers on the day.

**The Chairperson (Mr Clarke):** Sorry, John, I am cutting in on you again.

**Mr Dallat:** That is OK.

**The Chairperson (Mr Clarke):** I am struggling here. We are having an inquiry. That company featured the last day, and we did not get into the facts. I am struggling, Philip, with the fact that, in the knowledge that a question may be asked about how much that company was paid, you have not come prepared. Did you — this was John's point — ask for your money back?

**Mr P O'Neill:** Could you indulge me for just a second? I will put the context —

**The Chairperson (Mr Clarke):** I could.

**Mr P O'Neill:** Thank you, Chair. Booz Allen Hamilton was engaged back in 2004-5 as part of what members will remember as a strategic review of the railway. At that stage, it, in collaboration with Northern Ireland Railways, built a passenger demand model. At a high level, passenger demand models look only at the relationship between service levels and fares and various other economic factors. It built a model, and that served us very well for developing the early stages of the 23 new trains that we bought, but there was a wider programme. After that, in 2006-7, it was commissioned to do further work, which was to validate work that we were doing on the second tranche of new trains. That —

**The Chairperson (Mr Clarke):** We are getting —

**Mr P O'Neill:** No —

**The Chairperson (Mr Clarke):** Let me explain something to you, Philip. You are trying to take us into an area that we are not supposed to be in. If it worked OK, I am not particularly interested; I am



interested in what went wrong after you commissioned it to do a piece of work. From my memory, you paid it for coming up with a 25% increase in passenger numbers, but the increase was, I think, over 200%. I want to drill into who commissioned it, how much it was paid and whether there was any clawback for its mistake.

**Mr P O'Neill:** That second commission — the Booz Allen Hamilton study — was by the Department. Its objective was to validate the numbers going forward, and because —

**The Chairperson (Mr Clarke):** It got that horribly wrong.

**Mr P O'Neill:** I will try to finish my point.

**The Chairperson (Mr Clarke):** Well, speed it up, if you can.

**Mr P O'Neill:** I will do my best. It is quite a complex area, and I am just trying to set it out. Booz Allen Hamilton took the modelling that we had done earlier, because it had worked. Northern Ireland Railways is quite a complex organisation, and the lines perform very differently. The Derry line, in its own way, is unique: it has a number of markets. You will agree that it is quite a long section. It has a market to Belfast and a market outside Belfast. This morning, for example, I got on at Mossley West. Passengers travel to Ballymena and then get off; others get on at Ballymena and off at Ballymoney; and some go up to Coleraine. That is a different market from the Belfast to Derry market. It was asked to look at that.

The forecast had to factor in a number of inputs. Booz Allen Hamilton looked back at the performance of the railway — they had a couple of years' data — and then had to project. To be able to do that, they took into consideration the macroeconomics as well as the new service proposition: new trains, a new timetable and marketing activity. They also had to take into account some wider factors. At that stage, they were guided by what is called in the industry the 'Passenger Demand Forecasting Handbook'. Booz Allen Hamilton is a well-established global company, so it would be well aware of other markets. In fairness to them, for the first couple of years of their modelling, what they projected was absolutely spot on, but their modelling was going forward into 2035. A short time later, they were seeing growth in GB of maybe 4% —

**The Chairperson (Mr Clarke):** Philip —

**Mr P O'Neill:** — ROI —

**The Chairperson (Mr Clarke):** Can we shorten this a wee bit?

**Mr P O'Neill:** OK. The context is that Booz Allen Hamilton recognised that the rail travel market and the number of trips per passenger in Northern Ireland were very different from what it saw in GB and other markets. There is a lot of history there, such as socio-economic stuff, which we can go into, but you are pushing me on. The long and short —

**The Chairperson (Mr Clarke):** They got it wrong.

**Mr P O'Neill:** — of it is that they made a projection, and the market here has grossly outperformed —

**The Chairperson (Mr Clarke):** Remind me of by how far they got it wrong.

**Mr P O'Neill:** I think that "wrong" is the wrong way to characterise it, Chair.

**The Chairperson (Mr Clarke):** Well, it is not right.

**Mr P O'Neill:** It is a very positive side. If it had underperformed —

**The Chairperson (Mr Clarke):** To me, it is not positive to pay someone — you cannot tell us how much it was — any money to come up with a 25% increase when the actual increase was about, from memory, 200%. If you are going to tell me today, Philip, that that is not wrong, that you can stand over that and that you think that that is value for money, that reflects very badly on your position in the organisation.

**Mr P O'Neill:** In fairness to them, when they input to —

**The Chairperson (Mr Clarke):** No. Let us not be fair. How much did they project?

**Mr P O'Neill:** In doing their work, they work with facts. Their model takes inputs —

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

**Mr P O'Neill:** If they could —

**The Chairperson (Mr Clarke):** Philip, straight question: what did they project?

**Mr P O'Neill:** They projected a 25% increase.

**The Chairperson (Mr Clarke):** What was the actual increase?

**Mr P O'Neill:** At the moment, the increase is about 185% since 1994.

**The Chairperson (Mr Clarke):** Do you not accept that that is wrong?

**Mr P O'Neill:** That level of performance is simply unheard of anywhere. I have not seen a case study anywhere else —

**The Chairperson (Mr Clarke):** Do you think that Translink got value for money in commissioning that company?

**Mr P O'Neill:** At that time —

**The Chairperson (Mr Clarke):** Yes or no?

**Mr P O'Neill:** Well, they were commissioned first by the Department. That is not meant to be an excuse. We are involved with that, but —

**The Chairperson (Mr Clarke):** So, the Department got it wrong.

**Mr P O'Neill:** The point to make here is about the knowledge that they had at the time to do that model. For the first two years afterwards, the model was sound. Then, major events started to happen, and the latent demand, which most people recognised was here but had been untapped, began to show itself as people started to use the railway. We started to see more leisure journeys, and there was a huge increase in student travel. There were things that we could not —

**The Chairperson (Mr Clarke):** Can we accept that they got it wrong?

**Mr P O'Neill:** If we had said to them, "You should input this", they would have asked, "Where's your evidence for it?".

**The Chairperson (Mr Clarke):** Philip, was it right or wrong?

**Mr P O'Neill:** In retrospect —

**The Chairperson (Mr Clarke):** It was wrong.

**Mr P O'Neill:** — their forecast was wrong, yes.

**The Chairperson (Mr Clarke):** Thank you. John.

**Mr Dallat:** Chairperson —

**The Chairperson (Mr Clarke):** That was a long way to get an answer.

**Mr P O'Neill:** I was just trying to set the context, Chair.

**Mr Dallat:** With your permission, I want to remind Mr O'Neill of the board's primary responsibilities and to know whether he accepts them. Was the board responsible for determining the group's strategic objectives and policies for the upgrade? If so, where is the evidence that it did that?

**Mr P O'Neill:** Yes, it is responsible. The overarching strategy sits with the Department. Clearly, the Department's strategy for the railway is to invest. It is all set out in the regional transportation strategy (RTS). It is Translink's role to implement the various objectives. This, the enhancing of railway services, was one such measure.

**Mr Dallat:** Did it monitor progress towards achieving the objectives and policies in relation to the upgrade?

**Mr P O'Neill:** I believe that it has done that very assiduously.

**Mr Dallat:** Can you provide the evidence that it did?

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

**Mr Dallat:** Can you explain why, then, it went off to Booz Allen Hamilton and paid a pile of money to get statistics that were all wrong?

**Mr P O'Neill:** When we are doing economic appraisals — the process that Clive outlined — they go through our organisation and get enormous scrutiny from our core department and its economists. Then, they go to DFP, which runs a slide rule over them as well. Generally speaking, you have to have empirical evidence, which tends to come from independent expertise. I will put it colloquially: it certainly would not take my word for the growth. If I had said, "There's going to be 200% growth because I feel that there's likely to be the City of Culture in 2013" —

**Mr Dallat:** OK. We have been through all that. Did it constructively challenge and monitor the performance of the group in relation to the upgrade of the Belfast-Derry railway?

**Mr P O'Neill:** Yes. It is monitored at a particular subcommittee of the board.

**Mr Dallat:** Chairperson, it would be fantastic if we could get even a shred of evidence. I go back to the costings that you did not seem to understand. They were based on the costings of the Bleach Green to Antrim relay in 2000. You engaged a specialist firm called Arup.

**Mr P O'Neill:** Arup is our project manager.

**Mr Dallat:** Who is Arup, and how much did you pay it?

**Mr P O'Neill:** I do not have the figures here for Arup, but —

**Mr Dallat:** Philip, you are not doing very well.

**Mr P O'Neill:** Sorry?

**Mr Dallat:** You are not doing very well this morning.

**Mr P O'Neill:** If you could give me some of these questions in advance, I could bring the numbers with me, but there would be huge folders to bring. The numbers are there, and we can get them for you. It is not a problem.

**The Chairperson (Mr Clarke):** I have said this already: let us get back to the previous line of questioning on the company — I forget its name — that got it so horribly wrong.

**Mr P O'Neill:** Booz Allen Hamilton.

**The Chairperson (Mr Clarke):** Did you think for one minute that it was not going to feature today and that you should not bring a paper on it? There is a defence for not being across some very old stuff that may not be connected. However, no harm to you, Philip, but, as for the stuff connected to this railway line, you should be absolutely across your brief. That line of questioning featured the last day, so let me tell you now: after today's meeting, go and get that information and forward it to the Committee.

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

**The Chairperson (Mr Clarke):** I am disappointed that you do not have it today. I knew before I came today that, if I did not ask about it, one of the other members would pursue that line of questioning. I do not work for Translink, but I knew that it was going to feature.

**Mr Dallat:** Finally, Philip, are you prepared, at this hearing, to defend your board's fitness for purpose?

**Mr P O'Neill:** I have been on the board for a considerable number of years, and the board challenges me personally on major projects and various strategic objectives. The board members are very supportive and strong advocates for the organisation. Look at the board's track record on delivery. I accept that this project has not gone the way any of us would have wished —

**Mr Dallat:** No, definitely not.

**Mr P O'Neill:** — but I emphasise that the board has learned lessons from, for example, the Bangor line, and that is why it took a very big decision in not proceeding with the tender that came in, and it has been proven right to do so. The board moved very quickly, as you would expect from procurement, to respond and get a revised strategy in place. The board did that, it believed, in conjunction with, and with the clear understanding of, others. That is where we sit today. The commitment of the board is and has always been to deliver the project.

**Mr Dallat:** Let me put this on record: I listened to more than 60 people last night, and people have no confidence in your board whatsoever. My advice is that, when you go back to talk to them, tell them that they are not fit for purpose and should go.

**Mr Ó hOisín:** This inquiry came off the back of a ministerial statement on 3 November and our meeting of 12 November, when we asked for specific details. It is now 28 January, and I do not think that we are one iota further forward. We have been given a timeline this morning that, on the face of it, makes a good headline, but how meaningful is it in terms of costings? Are we still looking at what was referred to back then as a conceptual estimate of the funding and moneys spent? How much of that conceptual estimate is contingency — the margin of error that you can basically do anything with? It was £6.6 million the last time we were told about it. I think that the Minister referred to it back then as guesstimates, fag-packet economics and whatnot. I am not convinced that we are much further forward. After hearing from all the consultants and so on, there was a reference to statistically meaningful conclusions. I am sorry, but I am not at a statistically meaningful conclusion today.

Like other members and the staff, I came down yesterday on the train, and we consulted stakeholders and passengers. It was very useful, but, like others, I think that all this is meaningless unless we have the figures in front of us, and we do not. There was a group here last night from the west of Ireland, and we were talking about European funding. However, we do not have a business case that would enable us to look to European funding. That is the major source of funding. You cannot wash your hands of it and say that that is a departmental responsibility. It has to be about the delivery. I do not actually have any questions because there are no answers.

**The Chairperson (Mr Clarke):** Clive, can I ask you a question?

**Mr Bradberry:** Yes.

**The Chairperson (Mr Clarke):** This follows on from what Cathal said. When asked a question in September 2013 about costs — the last time there was a hiccup — you said that this would cost nothing more. Do you remember that?

**Mr Bradberry:** Unfortunately, no, I do not remember that.

**The Chairperson (Mr Clarke):** We will get you a copy of that Hansard.

**Mr Bradberry:** I am not questioning it.

**The Chairperson (Mr Clarke):** You are on record suggesting that the procurement process would cost nothing more. Are you prepared to stand over that suggestion and say that, as we go forward, the estimate, whatever it is, will not increase any further?

**Mr Bradberry:** I think that the question related to the procurement process.

**The Chairperson (Mr Clarke):** So you remember the question now.

**Mr Bradberry:** I am assuming that the question was in relation to the procurement process as opposed to the basic estimates for the works to be carried out. We believed that, going forward, the procurement process would not materially add any costs on to the project.

**The Chairperson (Mr Clarke):** What do you consider "materially"? Is £20 million material?

**Mr Bradberry:** Yes, £20 million is, but that is not because of the procurement process. That is because —

**The Chairperson (Mr Clarke):** What was it then?

**Mr Bradberry:** All these estimates came from the original combined project, when we had the two studies done, one to cover the civil engineering elements, which is the track and the structures, and one to cover the signalling. From those two studies our cost consultants put together a budget of about £75 million for an overall scheme as one big project. We all know the history of that: it did not go ahead. It got delayed, and there was not the funding. Then in 2011 the City of Culture came and everybody suddenly asked us what we could do. Towards the end of that year, after having said that we were going to do track safety improvement works to keep the line going as best we could, we looked at the project again and said, "Well, actually, if we divided it up into three elements, we could deliver the first element and get it going". At that time, our focus was on dividing up to get phase 1 going, so that we had something for the City of Culture. With hindsight, we did not focus enough on dividing out the costs for phase 2. The uncoupling of the scheme from one big project to three smaller projects brings additional costs, and we did not allow sufficient contingency for a signalling scheme running by itself and not within a wider scheme. John referred to the Bleach Green to Whitehead project. It was based on our experience of that combined track, structures and signalling project that we came up with our original contingency for the budget for this project. If you separate out the signalling, you should really allow a greater contingency. At the time, with our focus on phase 1, we did not do that.

**Mr Ó hOisín:** I hear what is being said, and I love languages, but I am trying to get a translation of this. Reference class estimating should be undertaken, which:

*"is a forecasting tool, used to predict the outcome of a planned action, based on actual outcomes of similar actions taken in the past ... requires access to credible, empirical data for a sufficient number of projects within the reference class to make statistically meaningful conclusions."*

That is what we are hearing today again. We are three months older and not much wiser.

**Mr Byrne:** This has been a sorry saga, which has been very damaging to the growing hope that this railway line would be upgraded. However, in spite of the bad handling by Translink, passenger numbers have grown, which I think means it is imperative that we get on with the project. As an observer from Omagh looking at what has happened here, it appears that there was reluctance to upgrade this railway line for a long time; it is political pressure over the last 10 years that has led to a concentration and focus on it. What is Translink going to do now to get this delivered? There has been such a litany of bad advice on the technical and business sides. Has the business case now improved or not? Is it imperative that this be delivered to allow the passengers who want to use it a fit-for-purpose service?

**Mr Strahan:** I covered some of that in my opening statement, and I will not cover it all again. I will just give you some of the headlines on ensuring that this project is delivered. Since we last met, the economic appraisal has been updated and we have received authority from DRD and DFP to go to procurement stage, so we are now in the procurement phase of this project. We carried out a pre-qualification process before Christmas, as well as soft market testing in order to generate interest in the project. The invitation to tender is in the marketplace, and tenderers are currently filling that in. That is expected with us in March. We then expect to appoint a contractor by the end of April, although that is obviously dependent on the tenders we receive. We are still on schedule for delivering this project substantially complete by the end of 2016.

**Mr Byrne:** I appreciate what David has said. Can he give a commitment, however, that there is going to be complete concentration on making sure that the sequence he has outlined is adhered to and delivered? The way this has been handled up until now has been sloppy. Can he give a commitment that this time it will be handled professionally to deliver the project?

**Mr Strahan:** We have taken — indeed, I personally have taken — a whole range of measures to strengthen the governance of this project and ensure that it is delivered as outlined. We have changed the chair of the project board. It is now chaired by a board director. There is monthly reporting to our executive team, to our board and through to the Department in respect of delivery of the project. It is our full commitment to deliver. We are, however — and I know this will not be welcome — dependent on the tender process to appoint a supplier. We will not know until March, when we have received the tenders, the number of firms interested in the project, the prices they are bidding and so on. However, we are absolutely committed to ensuring that this project is progressed and delivered. It is our full intention — certainly, it is my full intention.

**Mr Dallat:** Chairperson, may I cut across Joe, if he does not mind? What I have heard sounds to me like a very sensible, pragmatic approach. Are you saying that none of that was in place before you took up your post very recently?

**Mr Strahan:** I am not saying that. However, we have put in place more formal mechanisms for reporting, and reporting is happening more frequently. While I was not there at the time, I do believe there was reporting, but now it is much more formal and regular.

**Mr Dallat:** For the purpose of our inquiries, are we hearing that what was in place was less than adequate — in other words, substandard?

**Mr Strahan:** We accept that it could have been better. That is what the various recommendations from the reports have identified. So we accept that, and that is why we have strengthened our governance for this project.

**Mr Byrne:** The proof of the pudding is in the eating. Let us get the green light flashing, and let us get the project moving. We have to hear of a more determined approach, and I am pleased at what David has said.

**The Chairperson (Mr Clarke):** I have just one point to make. I concur with Joe. You make the point that you are not really going to know until procurement is complete. In a sense, however, you have nearly predetermined the outcome — or the Minister has — by putting a figure out there and indicating how much it is going to cost. You could nearly accuse the Minister of disadvantaging the Department by declaring his hand. He certainly would not be a very good poker player, because he has told the market how much to bid for this project. Do you agree or disagree with that?

**Mr P O'Neill:** A project of this size has to go into the European Journal. As part of that, you have to give an indicative budget figure, so a figure had to be given anyway. But because it is made up of a number of elements, and we are focusing, quite rightly, on the signalling side — there is also civil engineering — I do not think that should jeopardise it.

**The Chairperson (Mr Clarke):** You see it coming under £40 million.

**Mr P O'Neill:** We all hope that we come in within the budget. When the tenders come in, they still have to go into the reappraisal and be approved, so there is another step. Also, time is a factor. We have to look at the quality of the bids as well, because the Department and the Minister in particular have expressed the desire for this project to be substantially complete by the end of 2016.

**The Chairperson (Mr Clarke):** There is one other thing strikes me about all of this. I go back to John's questions a few moments ago about trying to get some partnership going with the South of Ireland. I do not mean to be disrespectful to the people of Londonderry, but if it had not been for the City of Culture and the safety of the line, there probably would never have been the opportunity of getting a new line. In the past, David — I hope you are going to change it — the culture was to run it down and let it go until it breaks, and then not fix it. I think you, Clive, in one of your answers talked about the City of Culture almost as an excuse. The City of Culture should never have been an excuse to upgrade any railway line. We are trying to convert people to getting out of their cars and using public transport. I used this line during the summer, and it was actually scary to sit in the train coming past Downhill. I can understand why people would not have used it. You cannot blame the Department for the underinvestment, because from what I have heard today, Translink's foresight in the past, even up to your taking post — it is no reflection on you, David, because I am taking confidence from what you have said today — has just been haphazard. What Clive said about the City of Culture is scandalous. An organisation like Translink that has the backing of public money to drive the organisation forward had to wait until the railway track was unsafe and we got a large event to Northern Ireland, instead of investing in the future and continuing to invest, given that they were actually spending someone else's money. I am bewildered by it.

**Mr McAleer:** Following on from what you are saying, Chairperson, I looked at the Hansard record of the meeting in November 2014, when reference was made to Booz Allen Hamilton being:

*" a well-respected and renowned industry consultant in that area".*

I gather that the difficulties with phase 2 were because it got the forecast wrong. What explanation has it given for getting that wrong? Has any explanation been provided?

**Mr P O'Neill:** The most recent work was done back in 2007. We have not gone back; what we do now is we take the information that we have since then, and we revise our projections. That is what we have done. Again, I stress that the railway offer that was on this line, and which was articulated by the Chair, was characterised by old trains that were unreliable. The timetable was not as attractive as it is now. There was not the same investment in rolling stock, infrastructure or marketing activity, and we have benefited greatly as an economy and, particularly, with some of the big events that came. I am always going to sound as if I am defending the forecasters, but in inputting into their model, they would — *[Interruption.]*

**Mr Dallat:** Apologies.

**Mr P O'Neill:** It is probably more interesting than listening to me anyway.

That is where we are. The positive thing is that we have this base, although I have to stress that we are still building on it. That was the strategy that the Department adopted in looking at the railways back when it had its railway review. We go back to the days when, if people used the service on some of the lesser-used lines, it gave them confidence. There are obviously decisions and choices to be made about scarce resource, and we are in that situation again. Thankfully, the railway is performing very well and government is now investing in it. That was not always the case.

**The Chairperson (Mr Clarke):** *[Inaudible.]* actually try to tap into European money. That is the point that we are trying to keep making here.

**Mr McAleer:** It would be interesting to find out. Again, I quote from Hansard:

*"passenger numbers had increased very significantly from those previously forecast by a well-respected and renowned industry consultant in that area: Booz Allen Hamilton."*

I still need an explanation of that.

**Mr P O'Neill:** The short answer to that is that if Booz Allen Hamilton had come out with the forecast that they have come out with now, someone would have said, "What basis do you make that on?". The Treasury produces guide books; it is outwith any parameters that it would have had, and it is way beyond anything that we have seen in any other railway market, albeit some of us knew that Northern Ireland underperformed against GB and ROI. However, that was not surprising, because they were

investing in their railways to a much higher and greater extent. The journey times and frequency now have improved enormously from those days.

Booz Allen Hamilton could only plug in the data that they were given which, of course, included economic data. The gross value added (GVA) in Northern Ireland back then was different from what it has been subsequently. There is a whole range of factors that go into that demand forecasting. Again, it sounds like I am making excuses for it, but forecasting is not an exact science. However, it is the basis on which we plan to. I accept that had we known where we are now with hindsight, we would have made different choices or decisions about where we put the passing loop, which would have affected the estimates that we put forward. However, we have tried to respond as quickly as we could to those events. That is what we continue to do to get this project up and running.

**Mr Moutray:** I am unique in that I am the only member who is not from the west. I forgot that the Chairperson is from Antrim, which is almost in the west. *[Laughter.]* However, I am in full support of what my colleagues say, and I do not think that the populace of the north-west have been well-served over this past few years. David, I accept that you are just into your post and you have a challenging role, but would it not have been beneficial to have the chairman of the board here today?

**Some Members:** Hear, hear.

**Mr Strahan:** The chairman of the board was present at the previous meeting. I mistakenly understood that this was to be a more detailed session. Clive was not present at the last meeting, so we have brought Clive along on this occasion, being more into the detail. The chairman is open and available; he is certainly not hiding. He is more than willing to meet the Committee. He attended on 12 November and answered questions on that date.

**Mr Moutray:** I appreciate that, but given that the chair of the board has been a non-executive member since 2008 and chair since 2011, right through this whole debacle, I would have thought that he was central and would have wanted to be here. I am disappointed that he is not. This is a serious issue. I just want to leave that with you.

**The Chairperson (Mr Clarke):** To expand that point, given that he has been the head of the organisation during the period of time that we are talking about, it might have been an opportunity for him to see how abysmally his organisation has been run under his command, and we would have been quite happy to remind him of that as well, David. If you wanted to take that back, I am sure that members would be content.

**Mr Lynch:** As somebody who is trying to get a line to Enniskillen, I do not have much confidence in that, even though there were lines there before, Philip. However, can you expand on the lessons that have been learned?

**Mr P O'Neill:** You have heard the group chief executive talk about strengthening governance and communications. From my point of view, we are keen to make sure that, whenever there is any change event, everybody is absolutely clear and there is a clear understanding of what the implications of that are. I could characterise this as being a very challenging project. If you think about it, at any one time, because of the regrettable condition of the line section, which at one stage had very severe temporary speed restrictions and there was a very real risk that the current service pattern would be reduced further, the project team, albeit supplemented by other industry specialists, was dealing with a whole range of projects. It was doing the track safety improvement work, which was absolutely essential to keep the eight services a day running. In parallel with that, it was doing the upgrade of the line through the permanent way. It was replacing bridges — Pottagh burn being a massive bridge at the Bar Mouth — and it was doing the whole upgrade of the Banbridge project. All of those were big projects in their own right, and all with significant challenges in terms of procurement and tendering, and all running in parallel.

With regard to the final phase of the project, once you disaggregate it, you make it very complex. With regard to a lesson that I have learned, looking back, there were two variables that, quite rightly, were non-negotiable — time and the budget. A budget envelope was given and, in the straitened times that the Government find themselves in, we were keen to make sure that we aligned to that. For most of it, we did. We were on time; in fact, we were before time, Clive, and under budget. We were working with a fairly small team, because we are a small regional railway. Whilst we had the capability, the people in that team know what they are doing. I know that you do not have the benefit of PAR, but it points to the fact that those people have been outstanding. There is no criticism of the competence of



the people. As an organisation, when we do that type of project, we have to make sure that we have the capacity; we have to increase the number of people to be able to make sure that we can run all of those projects in parallel. As you can see, they are all overlapping as you go forward.

**The Chairperson (Mr Clarke):** Philip, take your halo off for a second. You should have come up on the train last night with these folks and told the members of the public your position in Translink and tried to take the polished halo approach with them. I do not think that it would have washed. I was not on the train, but I do not think that it would have washed. Do not put yourselves on a pedestal. This is a failure, and you are part of an organisation that has failed miserably. This project should have been delivered by now. We are now talking about opening up more documents to see whether we can get it and that it will still be — pardon the pun — on track. I am not going to sit here and let you come across — you may be professional, and I am not taking away from the professionalisms within the organisation, but you have failed. Do not tell me today that you can take something at £20 million and take it to £40 million, and you want us to give you a big round of applause and a pat on the back.

**Mr P O'Neill:** I certainly was not trying to characterise it as that.

**The Chairperson (Mr Clarke):** That is how it comes across.

**Mr Ó hOisín:** Chair, I was on that train last night, and I was in the room last night. All the concerns that were brought up last night on the train and in here have not been addressed this morning.

**The Chairperson (Mr Clarke):** That is right. It is disappointing, Philip. Again, there are figures that you should have had with you today, and there are questions that have not been answered. David, I trust that you have a note of those and that you will make sure that we get that information. However, Philip, I am looking directly at you. The questions were levelled at you; you were trying to take the questions, but you could not answer them. Wherever the professionalism is in the organisation, I suggest that you go back and look for it and get us some more answers so that we can get to the bottom of this. Definitely do not give yourself a pat on the back today.

Thank you for coming, David. I trust that the commitments that you have given to us today, given that you are new in the post, will be delivered and that we do not have to revisit this organisation and the debacle of this work. I look forward now to bringing forward the departmental officials, given that Philip has put so much blame on them, to hear what they have to say. Thank you.