



Northern Ireland
Assembly

Committee for Regional Development

OFFICIAL REPORT (Hansard)

Railway Investment: Translink Briefing

3 October 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Jimmy Spratt (Chairperson)
Mr Seán Lynch (Deputy Chairperson)
Mr John Dallat
Mr Alex Easton
Mr Ross Hussey
Mrs Dolores Kelly
Mr Declan McAleer
Mr Ian McCrea
Mr David McNarry
Mr Cathal Ó hOisín

Witnesses:

Ms Catherine Mason	Translink
Mr Philip O'Neill	Translink

The Chairperson: I welcome Ms Catherine Mason from Translink, who is here to brief the Committee on railway investment. I will take questions on that subject only following the presentation, after which I will leave the session open for other questions, which, I have no doubt, members want to ask.

Let us address the elephant in the room at the start, Catherine. We were disappointed that you did not turn up to the previous meeting. I hope that you had an enjoyable time at the Olympic Games in London. In fact, had you asked us at the time, we would have changed the date in order to facilitate you. Unfortunately, we were not asked that question. We were somewhat disappointed with the press release from your people as well.

Having addressed the elephant in the room, I invite you to give your briefing, after which members will have an opportunity to ask questions.

Ms Catherine Mason (Translink): Thank you for the invitation. It is important to address the investment and the performance of Northern Ireland Railways (NIR). It is an outstanding railway, and Northern Ireland should be justifiably proud of the position that the railway holds, not only in a UK context but in an all-island context and across Europe. Northern Ireland Railways is recognised now as a foremost railway operation.

It is a transformation that is only a decade old. There are people round this table who, I believe, were actively involved in our save our railways campaign, and I thank them for their work. That allows us now to be in a position where a substantial investment has been made; about £430 million has been invested in railways over the past decade. The latest manifestation of that is the delivery of 20 new

Class 4000 trains. We are pretty close to having the Adelaide train maintenance facility up and running, and we have many platform extensions to be able to accommodate six-car sets. We really are a leading railway across the world.

With regard to trend in passenger numbers, we have nearly doubled in size over the past 10 years. Passenger numbers are now some 10.7 million, which is a substantial number.

With regard to public investment in the railways, a great deal of ongoing revenue investment has been made, but, on a per passenger basis, that is a diminishing trend, which shows the benefits of efficiencies.

It is also a very punctual railway. It has not always been that way, but it is now. Punctuality is the cornerstone of good customer service delivery. People recognise that and compare our punctuality with that of other railways, and the measurements show that. Therefore, it is hardly surprising that we have seen substantial increases in customer satisfaction; it is an ongoing trend, and it is a line that continues to go up. However, it is not a line that can continue to go up at that angle for ever and ever, but, at the moment, we sit with the highest ever customer satisfaction. That customer satisfaction compares incredibly well with GB, although we do not use exactly the same monitoring mechanisms. However, in the presentation in your packs, I have tried to include areas that we can compare. If we compare availability and comfort of seating, we beat all other regional railways in GB; if we compare cleanliness of stations and trains, we beat substantially every other regional railway in GB; and our staff, on trains and at stations, are very highly regarded and deliver a higher level of satisfaction to our customers than any other regional railway.

I did not include the question on ratings in the presentation. Which? — the national consumer group — asked the same questions across the whole of the UK. The highest-rated railway was the Enterprise service, and the second was Northern Ireland Railways, and they were a couple of points ahead of any other GB operator.

With regard to fares comparisons, we give very good value for money. The perception is that our value for money beats other regional railways, save Merseyrail. Merseyrail makes a substantial investment in subsidising fares — much more so than Northern Ireland. If we make comparisons of fares over all distances, we are better value than trains in GB and, as the distances get longer, that value increases. Therefore, compared to GB or the South, our fares are much lower. The price of some of our weekly and monthly tickets are two-thirds lower than those in GB.

I am sure that funding will be mentioned. A Northern Ireland Assembly briefing paper draws attention to the fact that public transport systems require substantial levels of government support, and that is not only across Europe but across the world. Northern Ireland investment in public transport has traditionally been low. On a per capita basis, England, Scotland, Wales and the Republic of Ireland have been investing at least twice as much as Northern Ireland. Funding has increased, but by nothing like as much as anywhere else. The good thing is that the Assembly notes that that has had a direct impact on passenger numbers, passenger trends and satisfaction. However, it also notes that a reduction in the most recent block grant has resulted in fewer resources being available for public transport. That means that passengers will be faced with increased fares and the possibility of a reduced service. That is what it says in the briefing note.

I will clarify the comment that I put in about the outline business case for public transport reform, which was to compare efficiency gaps versus Northern Ireland's public transport provision versus other public transport provision. An efficiency gap of 2% was identified on the bus side, but there was no efficiency gap on the railway side. That is why the comment is:

"there is little scope for NI Railways to generate further efficiency savings".

Clearly, we continue to work at it. It is not a reflection of complacency; it is a reflection of what has already been achieved.

All that investment leads us to a position where we are moving towards consultation on the introduction of a new timetable, which, because of the level of investment made, has a substantial number of benefits. On the Larne line, we are looking forward to increasing frequency and, on some occasions, operating longer trains. Most Larne line services will go right through to Great Victoria Street station, which gives passengers a great deal of benefit, and there will be Sunday service enhancement.

On the Derry/Londonderry line, we will increase frequency between Belfast and Coleraine by about 50% so that there is an hourly service for passengers. We will improve integration, which offers more flexibility with Goldline services so that there is a combined half-hourly rail service, so you will be able to get either way. That delivery by Goldline will be by new high-quality coaches with wi-fi. I do not know whether any of you have had a chance to travel on the new coaches. They really are super — leather seats as well.

Once we can reopen the line, we are looking to reintroduce a two-hourly service between Coleraine and Derry. Ultimately, when the second phase of investment is made we will be able to move to an hourly service between Belfast and Derry/Londonderry.

All services on the Bangor line will now stop at the Titanic Quarter station. That halt is increasing in popularity, not least because of the new attractions in the Titanic Quarter, and the student population that uses it to get to the college.

The key things to point out about the Lisburn/Portadown line are that we are looking to enhance frequency to Portadown to 20 minutes at the peak. We are also looking to take the 7.35 am train from Newry right through to Carrickfergus, which means that we can get students to the University of Ulster at Jordanstown. We will also have more Enterprise services stopping at Lisburn, and rail services between Lisburn and Bangor will continue to have six trains per hour in the peak and an off-peak frequency of 30 minutes.

The railway is a jewel in the crown. It is an amazing transformation. A huge investment has been made. For everybody who supported that, I thank you. I also draw attention to the fact that that investment has had a substantial outcome for the people of Northern Ireland, who enjoy a very good service on the railways. With this new timetable, many people will find an improved service, and we look forward to continued patronage growth.

The Chairperson: OK, thank you very much indeed. The title of your presentation is 'NI Railways Performance: Summary & Enhanced Timetable Proposal'. Are you suggesting that your key performance indicators (KPIs) are punctuality, availability and comfort of seating, cleanliness of stations and trains, and staff helpfulness in stations and trains? Where are the following key performance indicators recorded: the cost per passenger, which saw a 38% rise between 2006 and 2009 against 23% on Irish Rail; revenue subvention per passenger, which was roughly similar to Irish Rail between 2006 and 2008; and the cost as a percentage of passenger revenue, where Northern Ireland Railways recoups a lower proportion of its costs from passenger revenues, including concessionary fares, than Irish Rail? Receipts per passenger journey fell in 2008 and 2009 by just over 20% against similar GB companies and by 52% against Irish Rail. Where are those key performance indicators? Are the figures relating to the KPIs that are outlined in the document available for the period since 2009, and if so, why were they not provided to the Committee today?

Moreover, in 2007-08, Northern Ireland Railways' fuel costs rose by 52%, while in Irish Rail, they rose by just 12%. The Committee accepts that a small proportion of the difference can be explained by greater economies of scale in Irish Rail. Can you explain the reason for the majority of that difference, and would you agree that it could be indicative of an inefficient service?

Ms Mason: May I ask you to clarify something for me, Chairperson? What numbers are you talking about that finish at 2009? Perhaps I did not explain that those satisfaction numbers that I put in were dated spring 2012. I may have mis-spoken.

The Chairperson: Well, it is the fact that punctuality, seating and stuff like that are being used as KPIs.

Ms Mason: Yes, absolutely. That is why I put them in.

The Chairperson: There is no indication about these other areas.

Ms Mason: Value for money. For instance, the fares comparison in section 6 of the briefing comes from the 2012 review. It is independent research that shows that when it comes to value for money satisfaction versus other regional railways in GB, NIR is at 69% along with Merseyrail and all the others are rated much lower.

The Chairperson: That is customer satisfaction. Where is the cost per passenger?

Ms Mason: Cost per passenger is also going down. Our costs are going down —

The Chairperson: Whereabouts is it?

Ms Mason: The information that I put into the briefing was customer-based. We can certainly provide you with other operational information. I included that information because those figures are the only ones that we can easily compare. Customer satisfaction work is commissioned by the Consumer Council in Northern Ireland every six months, alongside the Department for Regional Development (DRD) and us.

Passenger Focus does the same work in GB, so we can compare, which gives us a tangible benchmark against other operators in GB.

The Chairperson: We want to make the comparison against cost as well; that is what is important. It is not about leather seats, Wi-Fi or all those other things, good and all and comfortable as they are. The customer wants to know that costs are being kept to a minimum.

Ms Mason: Absolutely, which is why what they see is the fares. You will see in section 6 of the briefing document that customer perception of satisfaction with value for money is good. Benchmarked against Irish Rail and GB companies, our fares are substantially lower. The cost that customers actually pay is lower than that paid by customers of GB companies and customers of Irish Rail. What is more, their satisfaction is very good as well.

You are right: cost is very important, because the outcome of that is fares, and the fares are low and the satisfaction is high.

The Chairperson: The customer wants to know about those things and how they compare to other areas, and I think that they should be in the KPIs as well, in light of a £22 million deficit over the next two years. You are already quoted as saying that that could lead to a reduction in services and to increased fares. Joe Public wants to know about that, Catherine. That is what is important to the members of the public who are the customers that you serve.

Ms Mason: To be honest, the research note clearly states that fewer resources are being given to public transport in Northern Ireland. It also draws attention to the fact that it could have an impact on fares and services, and that is the Assembly's own research note.

The Chairperson: The Committee needs to understand why those fares are where they are, and the public is entitled to know that as well.

Ms Mason: The fares are very low.

The Chairperson: The fares are very low? The fares have been increasing.

Ms Mason: They have increased by 3% over the past three years. We held a fares freeze. We do not have an orientation to fares increases.

The Chairperson: With the threat that you have already made that fares will increase again as a result of the £22 million deficit, and that there could be a reduction, do you deny saying that?

Ms Mason: Everybody is saying it. Professor Austin Smith will tell you that if you reduce funding the places where you can get increases from, it would be from the fares or the reduction in services. The Northern Ireland Assembly research note says it. Therefore, it is completely consistent. Would you like me to talk a little bit about funding changes, or did you want —

The Chairperson: I think that the public is entitled to know the cost per passenger with regard to all those things. When you are making a presentation on all the nice things that we have talked about and the comparisons in the graphs that you presented to the Committee, it is important —

Mr Philip O'Neill (Translink): Just to clarify, Chairman, we can show you the trends internally on cost measures, because those are clearly monitored by our department.

The Chairperson: That is important, Philip.

Mr P O'Neill: Absolutely; and if I picked you up correctly, you also want to see how we benchmark, which is also a good indicator. In the benchmarking, you will realise, as well as everybody else, that it is about the comparator, for example, Irish Rail. People look to the other part of the island to see how it does. However, Irish Rail's operating environment is very different. Its network is extensive compared to ours: it has the Dublin Area Rapid Transit — DART, freight and a number of intercity routes. I want to make sure that, when we get you the information, everything is put in context. However, I get your point. You would like to see the internal trends and how we compare with others on those key measures.

The Chairperson: We would like to see those trends, and you picked up exactly what we want to see in relation to that. I do not expect you to give them to us off the top of your head today. However, we would appreciate it if you would get in touch with us on that.

I remind members that we will move to other areas once we have covered the report.

Mr Lynch: Thank you for the presentation. Catherine, you talk about rail being the jewel in the crown. How long is the line in this part of Ireland?

Ms Mason: The railway line?

Mr P O'Neill: It is just over 200 miles.

Mr Lynch: It must be the smallest in the world.

Mr P O'Neill: It is. It is a very small peripheral railway. When we are doing comparisons, we have to make sure that the journeys per capita and such things are factored in. Obviously, it does not extend beyond a small number of counties.

Mr Lynch: Translink has previously given evidence that the new contracts negotiated would remove bad practices and customs that were mentioned earlier, which have presided over it since 1998. Is it not true that the impetus for the new negotiations was the significant investment in new stock, and not any desire to negotiate bad practice and inefficiencies? If you were listening earlier, you will have heard that £30,000 still exists for taxis —

The Chairperson: Seán, we are going to take that in the next stage. Can we stick to the efficiency stuff that Catherine presented to us?

Mr Lynch: I only wanted to know about the length of the railway and fuel costs. Fuel costs rose by 52%, while Irish Rail's fuel costs rose by just 12%. The Committee accepts that a small proportion of the difference can be explained by greater economies of scale. Can you explain the reason for the majority of the difference, and do you agree that it could be indicative of an inefficient service?

Ms Mason: I am not familiar with those numbers. If the Committee could furnish us with the source of those numbers in a bit more detail, we could perhaps respond. I am sorry; I am not familiar with that.

Mr P O'Neill: We use financial instruments, such as hedging, for example.

Ms Mason: It is market price.

Mr Lynch: Yes, but there is a significant difference. We can come back on that.

Ms Mason: If you could come back on that, it would be really helpful.

Mr Dallat: Catherine, you are very welcome. You will not be surprised that I want to ask about the Belfast to Derry line. I welcome the increased number of trains from Coleraine to Belfast. You may have heard me say to the Minister earlier that the last time the number of trains to Derry increased was 1952 under the old Unionist regime. When can we expect an intercity service? I have travelled

reasonably widely, and I know of no other country in Europe in which the two principal cities do not have a decent railway connection.

Ms Mason: As regards what is signed off, John, we are in phase 1 of the renewal work. The line is closed at the moment. What will happen when that line reopens is broadly to reinstate what was there before the line was closed. If we had not closed the line and done the work, we would not have kept the service. The line was at the end of its useful life. This work is being done to keep the line in place.

Phase 2, for which we also have a letter of offer, allows us to do some signalling work and to create a passing loop. That is the work that would allow us to move to the hourly service. The plan, assuming that all the funding stays in place, is that that will happen in 2014-15 with a view to our then being able to increase the service.

However, to increase the service, John, we will need more public service obligations (PSO). If you have a deficit-funded railway — which is what every railway is everywhere — and put out more service, there is a cost to the public purse as well as to the passenger. At the point that the capital and infrastructure is put in place, there needs to be a commensurate increase in the PSO. This is where the Committee can work hard to help to lobby for the infrastructure to be put in place. Once the infrastructure is in place, the revenue funding is also needed.

Mr Dallat: I totally agree. I am sure that the Committee will want to work with Translink. On a positive note, I have the figures for Translink and Iarnród Éireann, and there is no doubt that the NIR figures compare very favourably. Also in favour of our argument is the fact that the number of passengers on the Derry line increased from just over five million to 10 million. We have all the evidence and also the support of every council area that is affected by the line.

I hope that I never again meet a Translink official to be told that a programme was scrapped because of difficulties at Executive level. Northern Ireland can join the developing countries that were behind the Iron Curtain but which now have fantastic rail services. I hope that we will never again have the embarrassment of what happened in the past.

I am sure that the Chairperson would agree with me that, although we may have our differences from time to time, Translink certainly has the Committee's full support in ensuring that this expectation — it is not just an aspiration — will be realised. It is not just about commuter lines, and, of course, the Coleraine to Belfast line is one of those: the one that connects the two cities is also critical.

The Chairperson: Catherine, you will have heard the Minister indicate, in relation to the City of Culture and the 31 March deadline for the completion of the work, that the work is progressing well. Is there any possibility that we will see something happen before 31 March? Can you give us some assurance that that will be the absolute deadline for the completion of the work? We cannot afford for the whole thing to be still running on when there are only two or three months of the City of Culture year left. That is important not just for the Londonderry area but for Northern Ireland plc.

Ms Mason: I agree with you completely, Chairman. It is vital that we work incredibly hard to get it reopened on schedule, exactly as we said. The Minister also indicated that we had a challenging programme ahead of us. The first phase has been completed, but who can tell what the winter will be like? It is far too early to make an assessment, but we continue to press our contractors hard, and they are responding very well to the work. They know the date, we know the date, and understand the importance of it.

The Chairperson: Therefore, you are hopeful that we will get to —

Ms Mason: I would prefer to come back in the new year and have that conversation when we have had a bit more of the winter weather.

The Chairperson: Hopefully, we can have that conversation.

Mr P O'Neill: We get the message very strongly, obviously from the Maiden City as well because we are working in collaboration with them in their arrangements. I think that Catherine is saying that there are a number of key stages and a couple of key milestones in the first phase. We would be better placed to come back to you after those milestones have been completed because you never know. There may be something unforeseen because one of the stages is a significant piece of work over the

Bann bridge. You are never sure until you open it up and find what you have. You just hope that your condition reports and planning hold you in good stead. If you detect a reticence, it is purely because we do not know yet.

So far, the first stage of the first phase has gone extremely well. That is the track safety improvement work. We heard a positive report yesterday, which augurs well.

The Chairperson: The important message is that the pressure is on and that you are keeping the pressure on the contractors to make sure that the work is done.

Ms Mason: Yes.

The Chairperson: We cannot ask for much more than that.

Mr P O'Neill: We have a very experienced team of contractors on the job; they are second to none.

The Chairperson: Yes, I understand.

Mr Ó hOisín: Thanks for the presentation. I suppose that key performance indicators and customer satisfaction are all very well, but people put down their interaction with the service and their own experiences. I can relate my experiences, particularly in relation to rail and bus from the north-west. On the whole, it has probably been less than satisfactory over the years, and I would have used it quite often. The work on the Derry/Coleraine line, though welcome, simply will not significantly improve the timing between Derry and Belfast, which is about two hours and 20 minutes. That will not be significantly reduced. The station in Derry is a glorified hut, for want of a better word, which is far from satisfactory.

The alternative is not great. I could take the 212 service, which is normally fairly packed, and is a poor feeder service if I am coming from Limavady town to take the 212. It is not cheap either; I think that the current rate is £17-odd to Belfast. Those issues will continue to exist even after the new line opens, if it opens before 31 March or soon thereafter.

I did not recognise some of the things that you said, Catherine. You talked about the best infrastructure on these islands and, perhaps, across Europe. Surely, the estimates that came through the trans-European network as regards the Belfast to Dublin connection and what would be required to upgrade the signalling, safety, punctuality and even the timing between the two cities were such that if there was any major fund to be drawn down for that, there would be nothing for anything else. I think that the figure of £10 billion was being talked about at one point.

You certainly did not hide your light under a bushel when extolling the virtues of Translink, but the reality is somewhat different. Would you not agree?

Ms Mason: I try to take it in an objective fashion. The results that I show you are from objective results when we carried out surveys. Some 2,500 surveys go into each six months when we pull the information together. It is independent research jointly commissioned by the Consumer Council, DRD and ourselves. I take on board your personal experiences, but I have to go by the quantitative research results. What I included in the members' information pack were the quantitative research results that show that against other regional railways in the United Kingdom, which is the comparator that we can make, we do very well in all the areas that we can compare where there is a similar question, which is to do with value, punctuality, seating and staff. Cost is very low. All our benchmarking shows that the cost is low when compared with other distances in these islands. I can only go by what people, en masse, in a quantitative form, tell us. We look at anyone who gives us their individual experiences and look to see what we can do to improve it. However, you are not wrong to say that the journey time between Belfast and Derry/Londonderry will not be substantially improved and that to improve the journey time between Belfast and Dublin would need a substantial capital investment. I would applaud any capital investment that was made available, be it through the Executive or through trans-European transport network — TEN-T — funding, to improve that. There is an economic advantage to improving journey times between Belfast and Dublin, and I would definitely applaud anything that we can do to improve that.

Mr Ó hOisín: Do you agree that, given the nature of the network here, the quantity of the research can be significantly skewed and have very little relevance to other parts in the network?

Ms Mason: The research is done across the whole network; it is a well-configured quantitative survey by an independent research agency. It is not even commissioned by us but jointly by the Consumer Council and DRD to be representative of experiences. Inside that, we can look at experiences across different parts of the network, so it is a representative survey.

Mr P O'Neill: If I understand your point, it is that you are asking whether the Northern Ireland population wants a step change in journey times and connectivity in, for example, intercity routes between Dublin and Belfast. I think that the answer to that is yes. On the member's point, as a society, we will have to recognise that that will entail significant investment, much more than anything we have seen to date. You have seen what has happened with the railways in the South. Even when significant investment is made, if the policies are not balanced, you can end up undermining it very quickly by a road network that abstracts passengers off a railway that was hugely successful for several years. You need a holistic or strategic approach, and that is what the Minister is referencing when he talks about the regional transportation strategy (RTS), which is out at the moment.

Mr Ó hOisín: When there is a reduction in rural services, as is anticipated, all that counts for nothing. People cannot connect.

Mr P O'Neill: I want to come back to rural services, because that is a significant challenge and has been recognised as such. Mr Ó hOisín mentioned the very innovative 294 service between Enniskillen and Altnagelvin. That suggests what the future might hold. As you know, our population density is very low; it is less than 50% of that elsewhere in the UK, never mind that of ROI. In some of the districts that you represent, there are 30 or 35 people per square kilometre. That is very difficult, because there are very low levels of demand, but people expect a service. Numerous research papers have shown that we have an extensive bus network. For much of our network, the train is not relevant to people; as you said earlier, it is still a very small railway network. In doing so, we have to try to overcome that in creative or innovative ways. The bus and train are conventional elements of the public transport mix.

The scheme that has been put on for Altnagelvin hospital is excellent, because it has made the linkages between community transport, rural transport and mainstream public transport, or conventional bus services. That is a sign for the future, and we need that co-ordination and collaboration. It also needs that magic bit of funding and, I suppose, political impetus. I am pleased with that service. It operates two days a week, and, within weeks of it starting to operate, there are nearly 50 passengers. They are making journeys that were not being made before, and the service is reaching out to deal with social exclusion. You are right to highlight that rural transport is a challenge for us all, but we have to be real — not rail — in looking at how we tackle it. In some cases, it will be conventional bus services substituted by something else, such as taxis or community transport, or complemented by the likes of door-to-door transport. I hope that that makes sense, Chairperson. That is where the new regional transportation strategy and policy have taken us.

The Chairperson: OK. You are not entirely satisfied, Cathal, but I am not sure that we can push it much further at this point.

Mr P O'Neill: Perhaps it would help if we saw one of those services in action. I am not sure whether anybody from Fermanagh has experienced the scheme, but it is genuinely quite heartening to see the collaboration that has been involved.

Mr McNarry: Let us talk about investment. Given your monopoly situation, in that you are totally reliant on significant public money, which is a matter that is of interest to me, could Translink withstand competition for its contract? Was the purchase of new trains connected to a pay rise for train drivers?

If the Chairman will allow me, I will ask about another matter. Given that you are taking on rapid transit now —

Mr P O'Neill: Oh.

Mr McNarry: You sound surprised.

Mr P O'Neill: I am interested in what you are saying, yes.

Mr McNarry: That is quite amazing. What is your role in Translink?

Mr P O'Neill: It is a provider.

Mr McNarry: Pardon?

Mr P O'Neill: It is a provider and operator.

Mr McNarry: No; what is your role?

Mr P O'Neill: I am the chief operating officer.

The Chairperson: I think that the last two questions are covered in the area that we want to go to, David.

Mr McNarry: I was just trying to ask about investment; that is all.

The Chairperson: Perhaps you could deal with the question about investment, and then we can move on.

Ms Mason: Would you remind me what the investment question was? Did you ask whether we could —

Mr P O'Neill: It was about whether the new trains were linked to the train drivers' pay increases. Is that what you were asking?

Mr McNarry: It was two questions. First, given the monopoly situation and the public money that goes to Translink, could you withstand competition for your contract? Secondly, how connected was the purchase of new trains to the recent pay rise for train drivers?

Ms Mason: DRD most recently benchmarked Translink against other bus operators in the outline business case for public transport reform. The rail network is just not big enough to withstand competition. I am sure that that was not what you were alluding to; I am sure that you were talking about the bus network.

For the buses, the business case showed that the efficiency gap stood at 2%, the cost of which was identified at £3 million. That was in 2009 and early 2010, and, since then, Translink has made savings that have far exceeded that efficiency gap.

Consequently, I have no evidence at this stage to suggest that there is an efficiency gap between this organisation and other potential public transport operators.

Mr McNarry: I am sorry, but just in case you are missing my point, I will say that we are being encouraged to have an entrepreneurial spirit in Northern Ireland. I am not taking credit away from you, but I am always keen to see competition. It seems to me that you are free from that. I am asking you whether you could withstand competition were it permitted and if you had access to a contract?

Ms Mason: I am trying to explain it by saying that the difference between us and other providers is very limited. Consequently, if another provider came in —

Mr McNarry: You cannot explain it. I am talking about commercialism. I am not talking about the difference between you and other providers. I am asking you whether you could withstand competition if it came in your direction.

Ms Mason: I would be content. We provide an absolutely excellent service. Our customer satisfaction says it, our customer numbers are growing and our costs are aligned with those of other operators. There is nothing there to make me think that we are not delivering as well.

If you look across at GB —

Mr McNarry: So, the answer is yes?

Ms Mason: If you look across at GB, particularly on the bus side, you would find that there are vast tracks of rural areas that have no services whatsoever, and satisfaction is substantially more limited. Obviously, the model that is operated in GB outside London is quite different, and there is on-road competition. That is the background that I come from, David.

When I first came here, I benchmarked the services that Translink provides against those that I would have provided as a private sector operator in GB. That showed that between 50% and 100% more service is being provided in Northern Ireland compared with what I would have provided in GB. The operation that I see in Northern Ireland runs as efficiently and effectively as those of other good GB operators. So, I have no doubt that we provide an absolutely outstanding service. What is more, with the customer satisfaction numbers that I showed for the railway, I think that we can make similar comparisons with our customer-satisfaction and passenger-focus rates.

Mr McNarry: I understand that. We keep being told that you have free entry and that nobody can compete with you, so if the answer is, "Yes, I am very satisfied with that", I have never believed it.

Ms Mason: No, at the end of the day, our competition is not another operator; it is a car. When people get up in the morning, very sadly, they do not say, "Let's go on the 22 service." Instead, they say, "I have got to get work, I need to get to school, I want to go shopping." They make a decision about whether they drive the car, go as a passenger in the car, walk, cycle or not go at all. Consequently, our competition is all about the car. We need to provide the sort of service that people will make their chosen option. That is how we see things. So, we are very oriented to customers.

Mr McNarry: I do not really buy in to that, and I do not have the time to tell you why. I am not here to listen to sound bites about cars and things like that. Thank you for the answer to the first part of my question. Will you tell me about the new trains and whether their introduction was connected to pay rises for train drivers?

Mr P O'Neill: The new trains are part of a new trains programme that has a number of elements, such as upgrading stations, lengthening platforms, some new facilities and introducing new technology. That has given us an opportunity as an organisation. Until now, the railway has been a mix of historical legacy-type stuff. You heard some members allude to that, and we are trying to overcome that with the welcome investment that we have received. This was clearly on the horizon. We knew it was coming, and it has given us a chance to further modernise the agreement.

If I picked it up rightly, I heard one member comment that we maybe had not done anything with train drivers' contracts in the past. Certainly, the last big change in the contract happened on the date that was given in the business case — I will need to refresh my memory — but, since then, there have been refinements and alterations. This gave us the opportunity to go in and modernise the contract. There may be opportunities to do that again, because, as the Minister quite rightly said, we are in the process of continuous improvement. Therefore, it does not matter how well we benchmark against others, because internally we want to strive for efficiency. Our role is to keep striving for that.

Mr McNarry: Are you telling me then, Philip, that the purchase of new trains meant that there had to be pay increases for the train drivers?

Mr P O'Neill: I think that it gave us an opportunity to do things that we were not previously able to do with the agreement.

Mr McNarry: Are you saying that if you did not get new trains, the train drivers would not have got a pay increase?

Mr P O'Neill: We would not have been able to implement some of the changes that we made. The new technology in the operating systems on board, such as the train-management system, allow us to do different things. There has also been a change in facilities. For example, the modern facilities in Adelaide, which you may not have had the opportunity to see, has a new maintenance regime —

Mr McNarry: So, it is the upskilling that the train drivers had to do to operate the new trains, which they did not have for the old trains, that brought about the pay increase.

Mr P O'Neill: No, that is only part of it. In fairness, we have been introducing new trains since the early 2000s — we had a phase of new trains before this one — and the drivers have embraced those changes and worked with us. They have never been a barrier to any efficiency. In fairness, for doing more, they have expected more. That is the principle and philosophy that we have adopted. At the previous Committee meeting that I was at, I think that I spoke at length about that.

Mr McNarry: Are they not doing more for fewer hours?

Mr P O'Neill: There are changes —

The Chairperson: We are straying into another area now. So, in fairness to other members, we will not continue. However, we will be coming back to that issue shortly.

Mr McAleer: I want to ask about the Dublin to Portadown line. I have spoken to some of my constituents who are commuters with business in Dublin, so they take the Enterprise service. However, they struggle to get to Dublin before 9.00 am. Obviously, Dublin is the biggest city on this island, and the commuters find that struggle unhelpful. Are there any plans to address that?

Mr P O'Neill: We certainly have plans, and there is a vision for that corridor. I am pleased to say that that is shared by our operating counterparts, Irish Rail/Iarnród Éireann, and by the Dublin Government and our own Government. The difficulties are the things that we continually keep coming back to: timing and funding. Hopefully, Europe will be able to help, although you heard about the challenges that are involved with securing the amount of funding that is required from Europe. Both organisations have signed up in principle to an hourly service, and with that would come earlier arrival times at Dublin. When that is likely to happen is a moot point, to be honest with you.

Mrs D Kelly: Thank you for your presentation. Can I pick up on a couple of issues? I am a supporter of public transport. When I look at your report, I can see that your fares are much cheaper than those in any other region, and I certainly welcome that. Do you have any proposals to increase the number of halts? My colleague mentioned that in the discussion of the preparations for the Derry City of Culture festivities. I also want to know about the Craigavon area, which is in my constituency. What progress has been made on the Minister of Education's review of school transport provision and the impact that that might have on your budget and service delivery?

I have one further question about a local issue, which is the progress of Banbridge bus station.

Ms Mason: The principle of running a railway is that you have to balance the frequency of the stops with the impact that that has on the overall journey length versus the journey length in a car. That is because our real competition is the car. Consequently, we need to ensure that there are not so many halts that it feels more like a stop-start journey, making the journey too slow compared with that in a car. We also need to ensure that it also stops at key places where people will get on. There is a big difference between running buses and rail. For railways, the catchment for any particular station or halt will be much greater than it will be for a bus stop. Therefore, people waiting for a bus will, generally, not walk more than 13 minutes, but train stations will pick up people from a much wider catchment. What is more, people are willing to drive to stations and park their cars, which is why park-and-ride facilities are an essential part of growing and developing the railway network. We have a big focus on unlocking more of the railway's potential. So, the number of halts and where they are positioned is quite a delicate balance, because, if you put in too many, you undermine the whole railway proposition. At the moment, if you were to benchmark the network against others, you would see that the number of halts is quite high.

Mrs D Kelly: There have been demographic changes. We are all familiar with the number of halts in the greater Belfast area, but there is not the same number outside Belfast — whether there has been any change —

Mr P O'Neill: You really come back to the spatial strategy and the Government's big policy goals. On this one, the member is quite right. That is why it is very important that people feed into the regional development strategy, which is the spatial plan. Out of that comes the transportation strategy, which is how we deliver that spatial plan, and out of that comes a mandate from the Department to us to either look at the feasibility of park-and-ride facilities or parkways, which is the area that it is looking at now. The Department is recognising that the magic formula of having a collect-and-connect type concept is a sure-fire winner. In truth, we have a number of schemes on the horizon, but they get their

mandate from being in the RTS, and, in my view, that is the best way to do it. It is a top-down strategy. It has a more strategic approach, after which you make sure that your money and priorities are dealt with and balanced out.

We have a contract with the schools' boards. As part of that contract, we have a contract management forum, which Catherine and I are an integral part of. As part of the arrangements, we have a joint working group that looks at co-ordination and collaboration. I suspect that, when the implications of the revised policy and arrangements become more evident to us, we will be working closely with colleagues in that sector.

Mrs D Kelly: Is there any timescale for that at this stage?

Mr P O'Neill: We are working regularly to maximise the contract. In other words, we are seeking to minimise unit costs, whether that is done through utilisation of our services or the board's own services, which you know it has throughout the Province. That is the key goal. I am only aware of the wider review; I have not yet seen its outworkings. We stand ready to put together the operational plans, if indeed that is what is wanted. At the end of the day, we are contracted to do that work. Although there is close collaboration, the person who is carrying out the contract usually waits for their instructions from the contracting authority.

Ms Mason: The member asked about Banbridge bus station. The economic appraisal for that went to the Department, as planned, in August. We are working through planning, and there is no change in the funding.

Mr Easton: Thank you for your presentation. I am pleased to see that your numbers are up, that your punctuality is up and that your overall satisfaction levels are good. However, your graphs on the availability of seating, comfort of seating, stations, cleanliness of trains, value for money, staff helpfulness and so on seem to show data that are below the levels in the rest of the UK.

Ms Mason: Maybe that is not clear; you have the graph in black and white. The biggest bar with the highest satisfaction rates is us. We are the best.

Mr Easton: So, you are the best in all those categories.

Ms Mason: We are the best, yes.

Mr Easton: That is me happy.

Ms Mason: We are simply the best.

Mr Easton: That is good.

The Chairperson: Let us move on to other issues. We will discuss the business case that has been presented to the Committee. I ask the Committee staff to supply Ms Mason and Mr O'Neill with a copy. For the Hansard report, can you tell us whether that is the entire document that was provided to the Department?

Mr P O'Neill: I will just skim through it quickly to make sure. Yes, it is.

The Chairperson: Is it the entire document that went to the Department?

Mr P O'Neill: It is.

The Chairperson: Thank you for that. I will start by asking about a number of issues in the business case. By the way, we had to wait for three-and-a-half months to get sight of it; we got sight of it only late yesterday. Where affordability is concerned, we understand that there was no departmental ministerial approval for the business case. You will have heard the Minister say clearly earlier that he did not interfere with or take any part in any of the decision-making. He said that it was entirely a matter between Translink and the trade unions and that there was no ministerial or departmental involvement. Is that the case?

Mr P O'Neill: Yes, the Department was broadly content.

The Chairperson: Section C of the business case deals with affordability and departmental ministerial approval. There are a number of issues on that. Reduction in levels of staff absence is listed as a benefit, but what is the level of sickness absence in Translink? It seems that a very small reduction in sick pay of around only £2,000 is anticipated, and I wonder how, in an agreement with a trade union, you can indicate that there would be a reduction in sickness levels. How, in any sense, could a trade union guarantee that someone would not be sick in the future? It sounds as though it is clutching at straws to try to add something in.

I should say that I have a number of issues to discuss.

Mr P O'Neill: I will take note of them.

The Chairperson: We will go through them systematically. The business case mentions that a benefit will be an "improvement in working practices". What does that mean? The business case does not explain it. How did officials in the Department understand what was meant by "improvement in working practices"? A further benefit to be listed is:

"Transitional arrangements for the introduction of the new timetable and associated re-allocation of staff to Depots."

What is that, and what exactly happened there? The next paragraph, just below "Benefits", states:

"In addition to approved pay awards".

Is the Committee to believe that another pay award is already on the table and that it has been agreed? Are we also to believe that, in addition, we have a process that leads to an increase of £3,382 in salaries, finishing with a figure of £36,050 in 2013-14?

Where the overall savings are concerned, reducing the headcount of 143 existing train drivers to the 128 coming on track means that you have 15 people to shed. Is there a redundancy or associated cost to that, and why is it not in the business case? You do not just get rid of 15 people with no consequences.

Mr P O'Neill: I think that I can explain that one very quickly for you.

The Chairperson: OK. In the non-monetary benefits section of the business case, the paragraph entitled "Economy", states:

"A new Contract will assist in delivering an improved train service to Northern Ireland which in turn will incentivise passenger growth".

How do you make that claim? What figures or business case do you have to prove that that is the case? It seems that, in the non-monetary benefits section, you were perhaps clutching at straws to find things to present.

Under the section on safety, the document states:

"A new Contract will provide a positive safety impact through its contribution to an increased modal shift to rail which improves safety to travel."

What figures, background or statistics do you have for making that claim in the business case?

Under "Business Continuity", the document states:

"A new Contract provides enhanced flexibility during disruption to ensure service continuity."

That does not really explain it. The document continues:

"Furthermore the agreement will mitigate future business risk of industrial action."

So, the unions have agreed with you that they will never go on strike again or do anything like that.

Mr P O'Neill: OK, I take your point.

The Chairperson: Well, it is in your business case, Philip, so you need to explain to Joe Public that there will be no more strikes from this day on and that, with this new contract, you will never have train drivers on strike again and that that has been agreed. That was damn good negotiation on your part, I have to say. Those are some of the issues. Quite frankly, I think that you have been clutching at straws with some of these comments.

We got confirmation about some expenses from the Department today. The question came about, Philip, quite frankly, because of your salary, which I think is some place at £140,000-odd a year. Your salary is in the public domain, as is Catherine's, because of your annual report. It showed that you had £10,000 of benefits. I think that it showed, Catherine, that you had £1,000 of benefits and that that is down to medical insurance, which many companies have. What we find, and what I find, to be quite galling is that there is a £9,000 car allowance to you, Philip, regardless of whether you do one mile or the 20,000 miles. In this Assembly, that would equate to 20,000 miles. That is a lot of miles around Northern Ireland in a year.

Mr McNarry: Particularly if you do not go by bus or train.

The Chairperson: You also have the added benefit of free bus and rail travel, let me add. I think that that is also built in for your families.

Today, however, the Department reluctantly, at the very last hour, told us:

"Translink has confirmed that other members of the Executive group are also eligible for cars."

I assume that that executive group comprises the six people in the top tier of your organisation right down to your PR man, all of whom, we have clearly established at your own and the Department's admission, are on salaries that are in excess of £100,000 a year.

The Department has not given us figures, so I am asking you to confirm them. The Department continued:

"Translink has informed the Department that excluding the Chief Executive and Chief Operating Officer there are six members of the Executive group."

I understood that there were only six members of the executive group. You might tell us who the other six are who are receiving this benefit.

"Three have Company cars but the others have equivalent benefits."

I assume that the equivalent benefits means £9,000 a year, whether you turn a wheel or not, or whether you do one mile or 20,000 miles. That is a heck of a lot of money from the public purse in the present economic situation in Northern Ireland.

Your top executive tier personnel are receiving salaries that are in excess, I suggest, of £1 million a year. I say that on the basis of the two salaries that have been indicated. The other four, or maybe now it is six, salaries are over £100,000. Added to that, you have pension and all the other benefits. I am suggesting that that figure is in excess of £1 million out of the public purse.

We have a right to ask questions about that to justify that, on top of those salaries and the fringe benefits of free bus and train transport, people are getting an additional £9,000 whether they turn a wheel or not. How do you justify that to the public, who are your customers and who, you are suggesting, may face increased fares and reduced services, while you have got yourself, or are sleepwalking — or whatever it is, maybe you will tell us — into a £2 million deficit?

Mr P O'Neill: OK, Chairperson. Are you happy enough to go through the railway contract first?

The Chairperson: Yes, absolutely.

Mr P O'Neill: Thank you for your questions. I will provide the Committee Clerk with the precise figures on sickness absence after the meeting, if you do not mind.

The Chairperson: That is fair enough.

Mr P O'Neill: I have a figure in my head, but I would not want to give you the wrong one. However, it is very low; it is certainly below 5%, and I think that it has gone below 4%. That is quite remarkable when you consider the level of shift work that our train drivers do.

The Chairperson: That is fair enough. We will get those figures from you after the meeting.

Mr P O'Neill: The amount of anticipated saving is quite low, because we start from a low base. The business plan also reflects that we have put new arrangements in, and I am very conscious that, although you are seeing a business plan, a train drivers' contract document is behind it. I am not sure whether you have seen that or wish to see it.

Either way, as you will know, working arrangements in our industry — or practices, as you referred to them — are enshrined in the terms and conditions of the contract. They have a significant effect or influence on the cost, in particular, of the use of staff.

I will take you to the second point, but please pull me up if I have jumped ahead. The arrangements are described in section C of the briefing paper. I appreciate that you do not have the contract in front of you, but I will give you a little synopsis of it.

These arrangements would include us being able to reassign work on a much shorter time frame than normal. We would also be able to allocate people to public holiday weekend work, because the railway is clearly now a 24/7 business and we anticipate that that will not change in the future. Notice periods for putting up rosters or duty changes will be shortened, and maximum duty content will be increased. That is where you start to get your flexibility from. A lot of this sounds very complex, so I apologise, but it reflects the multifaceted nature of the business. I was just trying to pick out a couple of areas there.

In regard to flexibility of signing on, that means that there will be no additional time paid. Most of us in our business will be allocated a base, and I heard one member asking why people would not go to another location. People need to know where they have to sign on and sign off. In our business, which is very heavily regulated, that is a very important activity, because not only are you signing on so that we know where you are but you have to pick up your briefings, any safety-related information and anything that has happened since you last reported. We are saying to our crews that they will be assigned a geographical area and they will be expected to turn up there. In the past, there may have been a need for taxis because of disruption, typically due to security alerts, and we had to move people around. We anticipate that there will still be a need for that because we do not think that we are out of that environment yet, but we believe that we will reduce the cost of that because of the new flexible agreement that we have put in place.

There will also be more flexibility either side of working shifts, and you referred to disruption, which I will come back to later. As you would expect, most of us have, in our terms and conditions, hours of work and a time when we would reasonably be expected to finish. Overtime has always been voluntary, but, in our business, if a train is disrupted and is sitting in Portadown station and it will take another hour to get to its end destination, we would expect the full flexibility from our crews. We mostly get that, but we have built in a guarantee for the organisation and for the train crew for a level of time that they will give. That detail is contained in the agreement.

Train drivers work contract hours, so we require them to work a certain number of hours a year as part of that contract. Train crew are based at a number of operating centres, and, while we model everything on our timetable, things can change because of different exigencies or work patterns. As you will know, Northern Ireland has become quite an event location, and there has been a need for additional work. I am not going to name locations, but we have found that, in the past, a crew based in a certain location has not run down the number of hours that others have, and, rather than pay overtime, we have asked that crew to come down and completely use up the hours. Therefore, we see that as a good productivity measure that benefits everybody. Hopefully, that deals with some of the work practices.

The Chairperson: You specifically mentioned overtime. I assume that there was a degree of built-in overtime. Is that correct?

Mr P O'Neill: There is contractual overtime, which attracts a premium payment.

The Chairperson: Is the figure of £450,000 in the existing contract reduced to £200,000 in the new contract? Is that for built-in overtime, but, on top of that, there may be additional overtime in respect of exigencies of duty?

Mr P O'Neill: There would be an element of that as well, of course, because you can never cover absolutely everything. That is what the business case has to do. It has to be robust. Our crews typically work three or four shifts a day. Some work at night, and some work a late shift. Therefore, there is a premium payment, but we have consolidated some of that element. In your time and mine, there might have been double time for working at weekends. That is no longer the case. It is a much lower level of premium.

The Chairperson: Are you telling me that there is no longer double time?

Mr P O'Neill: I would have to check the contract, but I do not think it applies in any circumstance. There is a higher premium for a public holiday, for example. I would need to read that section in the contract.

The Chairperson: Is it something like time and a third, time and a half and double time?

Mr P O'Neill: It is in the order of time and a quarter and time and a third. That is typically the payment.

The Chairperson: Is there still an element of built-in overtime?

Mr P O'Neill: There is an anticipation of a level of overtime.

The Chairperson: Up to the tune of about £200,000?

Mr P O'Neill: Yes. It is not a huge number of staff. These people have to go through very rigorous medicals. If, for example, it is a small train crew base with about 10 drivers, and, if there was something unforeseen and one or two drivers unfortunately came down with an ailment, all of a sudden, your staff numbers would be significantly reduced. So you might need to cover that. Clearly, there is flexibility within the arrangements to ask staff located elsewhere to go to that site, and you would work up the hours using them.

The Chairperson: What would you estimate that additional overtime to be on a yearly basis? You must have some idea of the present overtime payments for non-built-in stuff.

Mr P O'Neill: We do, and that is what we have modelled this on.

The Chairperson: Is that included in the £200,000 as well?

Mr P O'Neill: The £200,000 is us setting our budget figure for what we believe the overtime level is likely to be. Clearly, we will try to get that down to the absolute minimum and, therefore, it is a further efficiency. However, it would be rather naive, particularly in an industry that works 24/7 with early, middle, late and, sometimes, night shifts to facilitate engineering work, to think that you would not have a level of overtime requirements. However, the key point, as you can see, is that it is significantly reduced.

You asked about 143 drivers verses 128. The new contract, because of this flexibility, requires 128 drivers. In other words, there is no need to recruit 15 further drivers. If we did not modernise the agreement — if we did not have the agreement that we have secured now — we would have had to recruit 15 additional drivers. That is the 143. It is not as if there are 143 drivers now and, therefore, some would have to be made redundant. There is no redundancy as part of this. I am sorry if that was not clear.

The Chairperson: But there are 143 drivers now.

Mr P O'Neill: No, there are 128.

The Chairperson: Why is it in the business case then?

Mr P O'Neill: Because we are doing more with the same. That is the productivity element. You are looking at that option. You are actually able to do this work —

Ms Mason: Perhaps I will explain. Basically, at the moment, we have 128 drivers on some terms and conditions. If those terms and conditions did not change, we would need 143 drivers to deliver the new timetable coming up. By building in those flexibilities, we have been able to deliver the new timetable with the same number of drivers.

The Chairperson: Under your heading "Existing contracts" it says "143".

Mr P O'Neill: You would need 143 drivers using the existing contracts. It is to do a like-for-like comparison between the new contract and the existing contract.

The Chairperson: I honestly do not think that that is very clear. I am surprised that the Department of Finance and Personnel (DFP) and others are not asking questions about that.

Mr P O'Neill: With respect, it follows the guidelines that we have to use.

The Chairperson: With respect, I do not think that it is very clear, and, quite frankly, it does not fall within the DFP guidelines either. Did you not —

Mr P O'Neill: I cannot comment on it. They are not —

The Chairperson: It is your business case, Philip, or Catherine's business case. Let us nail that to the mast.

Mr P O'Neill: Absolutely, and we provided in the format and pro forma —

The Chairperson: No, you do not, because you would have heard me read out a whole rake of things on which I do not think the Department or the Minister answered very satisfactorily. You have not provided a full statement-of-need analysis; you have not provided a high-level affordability analysis; you have not provided assessment of other options; you have not provided a value-for-money assessment; you have not provided detailed cash projections, including costs and revenues; and you have not provided a benefits realisation plan. Those are all requirements for a business case under DFP guidance. I assume that you used DFP guidance to prepare this case.

Ms Mason: And we have prepared it for DRD, which was satisfied, as was DFP. I cannot really comment on DFP's view on it.

Mr P O'Neill: I think that someone else needs to comment on that. As far as we are concerned, it does meet all those. All that information is in the business case that you read out.

The Chairperson: I have to say that that is very questionable, but I have put the question to you, and it is now on the public record.

Mr P O'Neill: I think, Chair, that you asked about additional payments. I am sorry if I am going too slowly, but —

The Chairperson: Additional payments. Can we move to the car allowances, because that is a major issue?

Ms Mason: It appears to me that some questions have been answered at different times and you have a number of things brought together. Just to be clear, not all executives in the executive committee earn over £100,000. The question was asked: how many executives earned over

£100,000, and that was to the end of 2011. It includes Philip, who, as you know, earns over £100,000, and it also includes an executive who is no longer in the organisation and who has not been replaced. Just so that you are clear when adding up all the numbers —

The Chairperson: So, what you are telling me, Catherine, is that the information that the Department supplied to us, which the Department said came from you folk, is untrue.

Ms Mason: No, it was true at the time. At the time of asking the question —

The Chairperson: So, it was true three or four weeks ago?

Ms Mason: As far as I am aware, the answer to the question about how many earned over £100,000 was, at the end of 2011, six. That included Philip and an executive who is no longer with us and who has not been replaced. That number would be five, including Philip. I would make it six, which means that there are two executives who do not earn over £100,000. So, just to clarify the numbers, there are two executives who do not earn over £100,000. That is to make sure that we are clear on that.

The Chairperson: Can you just clarify for me the numbers you have in the executive team?

Ms Mason: We have eight, including me.

The Chairperson: But you do not deny that six of them are on £100,000-plus?

Ms Mason: Yes, that would be right. In terms of the way that benefit is in the accounts, it is the taxable benefit. So, Philip has a car —

The Chairperson: But all benefits are taxable.

Ms Mason: Yes, exactly.

The Chairperson: Do not let us try to justify £9,000 a year —

Ms Mason: It is not like a mileage allowance; it is not like your mileage allowance, for instance. It is a taxable benefit based on his CO2 from his car, and then he pays tax on that £9,000. Your mileage allowance is different. It is not equivalent to being able to say whether he does one mile or does not do one mile. So, in the way that it has to go into the statutory accounts, that is his taxable benefit. It is the way that it would be on his P11D, as opposed to mileage expenditure.

The Chairperson: Just answer this: does he, or does he not, get, and do the other people that have been referred to, get £9,000 a year for a car allowance? Yes or no?

Ms Mason: No. They do not all get £9,000 for car allowances. Does everybody get either a car or a car allowance? Yes, they do.

The Chairperson: What is the car allowance? What is the equivalent value of the car? As chief executive, you should know that.

Ms Mason: It is about £23,000.

Mr P O'Neill: The value of the car? I think that you are right. Yes, it is. It is the cost of a Ford Mondeo, whatever that costs.

The Chairperson: So, some have a car, which you are telling us costs £3,000 a year. What do the others have, and why the difference? Why is Philip's travel different from your other executives?

Ms Mason: Philip is the chief operating officer. Philip takes a huge amount of safety —

The Chairperson: So, because you are the chief, you get more money?

Ms Mason: No; Philip was employed through an open competition, and he was, in good faith, offered a contract that he accepted, and it included a car or a car allowance. It was an open competition advertised across all of these islands, and he was the individual who best fitted our needs, and he was offered a contract that included, in his terms and conditions, a car or a car allowance.

The Chairperson: This is at a time when you are facing considerable deficits in the organisation. In trying to justify your £9,000 car allowance, the Department can and does challenge the provision of any discretionary benefits, such as bonuses. This made me laugh when I read this line from the Department:

"No senior executive in Translink has received a bonus since 2008/2009. Bonuses could range up to 15% of basic pay."

Well, there are very few people getting bonuses in this day and age and in this current economic situation. Are you telling me that officials in Translink or you, as the chief executive, or you, Philip, as the chief operating officer, have had a 15% bonus on top of your salary at any point?

Ms Mason: When we were all offered our positions, the packages were put to us. It was an open competition, and the terms and conditions included bonuses and the offer of bonuses.

The Chairperson: That is not the question that I asked you. I ask you whether, in the past, you have been paid a 15% bonus.

Ms Mason: Yes.

The Chairperson: Do you think that that would be acceptable to the public at this point in time? Would you accept a 15% bonus if the Department were to offer it to you tomorrow?

Ms Mason: The important thing is that it is not really for us to judge. The fact is that they were offered in our terms and conditions, which include a base salary, bonus and the car or car allowance. The really important thing is what we do in our roles. You can see what we have been achieving with regard to how public transport in Northern Ireland is transforming, in what the customer is getting and how satisfied the customer is with what is being delivered.

The Chairperson: You almost sound to me as if you are trying to justify a 15% bonus at the minute. The question was that, given the economic situation and the position that the Northern Ireland public are in at this minute, do you think it would be acceptable that any chief executive or senior executive of any organisation would get a 15% bonus on top of a £200,000 salary?

Ms Mason: I do not think that that is likely to be needed to be contemplated in the near future.

The Chairperson: No, thankfully not, because this Committee would be speaking loudly and clearly against it. I can assure you of that. Just one final point to get on the record: does the executive group use free travel as well as cars or their equivalent?

Ms Mason: It is really important that we ensure that people use transport in the best way possible. I would encourage everybody to use public transport when you can and the car when you have to. There are times when you have to use the car, which is why some people have a car. We would also use public transport. A lot of the executives would use public transport. That is really good because, much like Cathal was saying, it is really important that we experience what using public transport is like. So, I would always encourage our executives to do that.

The Chairperson: So, it is good: free travel on the trains and buses and nine grand a year on the car.

Mr Lynch: There is not much left, [*Laughter.*] unless we are going to stay here until 2.00 pm. I want to come back to a point, which I think Alex raised when the Minister was in, about getting rid of some bad practices. There is still £30,000 for taxi fares. How can that be justified, particularly when you represent a public transport company?

Mr P O'Neill: Although that may appear to be a big figure, in the overall sum, it is quite small in the budget for train crews. There are guidelines on the use of taxis. There are occasions when the decision may be that the cost of the disruption, the inconvenience to passengers and even the cost of getting the work covered is better justified by the use of a taxi. They would be used most during security alerts when we have to get crews onto other services or they get cancelled. With our loadings, services could have 300 or 400 passengers. The last thing we want to do is cancel trains because we cannot get a train crew from one side of Belfast to the other in a hurry. That is the simple answer.

Having looked at other comparable train operating companies, I do not believe that anyone else does differently. Taxis are part of the transport mix. We have contracts with them and watch and monitor those assiduously. As you can see, we set ourselves a target to make sure we can reduce it, and we are confident that we can do that. Hopefully, that sets in context why we need them. We do need that option.

Mr Lynch: Is it one taxi firm, and does that go out to contract?

Mr P O'Neill: Yes, it goes out to contract. It is not necessarily one firm, because train crews are based around the Province.

Mr Lynch: With a fleet of new trains entering service, your labour costs increased by £288,000 up to 2008.

Mr P O'Neill: Is that in the business case?

Mr Lynch: If you have a new fleet of trains, where would the labour costs come in?

Mr P O'Neill: That is nothing to do with the maintenance of trains. That is to do with getting them in for maintenance. Some of that work would previously have been done by train drivers. Now, we are focussing train drivers on delivering passenger services, and we have upskilled and trained some engineering staff, usually technicians or ancillary grades, to bring the train from a point within the confines or boundary of the depot into the running sheds and put it into the allotted places for work to be carried out. They will then bring the train back out and present it ready for passenger service.

The Chairperson: Train drivers did that in the past; is that right?

Mr P O'Neill: In the past, train drivers largely did that. We believe that this is an opportunity for further flexibility and to use and upskill other grades.

Mr McNarry: It really should not be like this. This is like attending the dentist for me. I have been going through root canal treatment, and it has been bloody hell. It is just as bad listening to this, because it is not clear. I really would like it to be clear, and part of the frustration is that it is an ongoing saga with Translink. We do not have time to go through it all, but if you read all the stuff that we were told in the past and what we are hearing now, you really are not deserving of support, and I mean that in a constructive way.

If Translink, and not the holding company, really was a company, I would have no problems with executives' pay and perks such as I have heard about today. No problems whatsoever. They were given on merit and performance; that is what you are telling us. They are written into your contract. And good on you that you got that contract. The interesting thing that we are not discussing today, and I hope that we will come back to it, is this: who gave you such a contract? Where did the contract arise from that all those things would be in? They seem quite comparable in many ways with what the golden boys and girls in the Civil Service get here, and they do not get quizzed on that as much as you, I can tell you.

If I was a director in a private company, which I used to be, and, although it would not happen, if I was in front of this Committee, I would tell them to get lost with such questions. However, you have to understand that the amount of public money that is put into Translink demands this scrutiny so that we can tell our constituents what we think and know.

Your responses will be very interesting when read them in Hansard, and I appreciate what you are saying and give you credit for the customer satisfaction attainments. However, my constituents ask

me about the questions that the Chairman put to you. Those questions are of public interest, and I support them. I say that in the hope that, perhaps, you may find a way to respond to questions in a manner that has no tricks. We just want answers, and, in getting those answers, we may be able to help. There are times when I think that you do not help yourselves.

(The Deputy Chairperson [Mr Lynch] in the Chair)

Let us turn to your balance sheet, which shows me two things. First, survival without more millions of pounds of public money is unlikely. That is partly why I asked you earlier about competition. However, your survival can be eased by fare increases and reduced services. Can you give me just a heads-up answer: in the situation that you are in, and within this mysterious piece of paper that is the business plan, what are you currently projecting for fare increases and reduced services, and when, for instance, can my constituents in Strangford, and, I am sure, everyone everywhere else, expect to hear about fare increases and reduced services?

Ms Mason: OK; let us start with exactly what happened with funding. It was not exactly the way the Chairman said, and it is a shame that he had to leave at this moment. He described as preferential the treatment of public transport versus other areas. I will start by describing it as differential. Buses in Northern Ireland face a funding cut of 23% next year. I do not think you will find very many other bodies in Northern Ireland where there is such a precipitous cut in funding.

Mr McNarry: If the Chairman will indulge me, can I interrupt you? Buses in Northern Ireland face a 23% cut; what does that mean?

Ms Mason: OK, that means that, at the moment, funding for buses is just slightly shy of £40 million per annum and next year will be just slightly more than £30 million per annum. That means that the share of funds that are going into public transport in Northern Ireland, as a share of all transport, is diminishing. Therefore, rather than preferential treatment, we have been given differential treatment, and Northern Ireland is investing less in public transport now than it was before.

There are two sources for that funding for 2013-14. Two thirds of the funding comes for concessionary fares. That is a pass-through benefit. The Assembly decides who gets a concession, and we administer the scheme and get a proportion of the revenue back. The idea is that, if people can travel for free, they will make more journeys. Two thirds of the funding is on the concessionary scheme. The concessionary —

Mr McNarry: Sorry to interrupt you. Constituents will say that you are chancers because you do not charge correctly on concessionary fares, because you fiddle them. How is that reported back in your balance sheets?

Ms Mason: Inevitably, David, I am going to tell you that we absolutely do not fiddle them.

Mr McNarry: I am glad to hear that. I am telling you what I am told.

Ms Mason: I know. We have ticket machines, and we can see what tickets people buy and when they go out and come back. We can match them to see whether they went out and came back. Your constituents may be getting confused by the fact that we have fare stages, so the same fare applies over a number of stops.

Two thirds of our funding comes from concessionary fares. The Assembly chose not to change the concessionary fare benefit to customers but chose to reduce arbitrarily the amount of money that goes into concessionary fares. Consequently, two thirds of our funding comes from concessionary fares, and concessionary fares are being reduced in terms of the funding but not in terms of the eligibility or the benefit being given.

The other one third of our funding comes from the fuel duty rebate, under which we get part of the fuel duty rebated. Since the autumn of 2008, as the Chancellor has put up fuel duty, our rebate has not changed. Consequently, we are paying more of that. Those two do not actually add into the revenue, because fuel duty is a net off the cost. However, if I add both of those together, it gives us a funding level of 23%. Were I a private sector operator in GB, I would get 43%. That is why I know that we could face competition. I would get concessions, a fuel duty rebate and a subsidy. In GB, an average of 20% of my funding would come from running subsidised services. In some places, it would be more

than that, and in a region such as Northern Ireland, it would be more than that. Ironically, I get less public money running a public sector company in Northern Ireland than I did when I ran a private sector company in GB.

On bus services, the funding is dropping by nearly £10 million, or 23%, overnight as base funding in 2013-14. If we were to continue to run the same level of service, it would cause us to have a deficit. The talk of deficit is about what would happen if you were to run the same level of service. Inevitably, David, as you know, if your income is going to change, you have to make changes. We are in the process of working with DRD on exactly what can be done on funding. We in Northern Ireland have —

Mr McNarry: Do you understand our nervousness? Our nervousness is based on the fact that we have looked at your business plan. It shows the deficit of millions of pounds that the Chairman referred to —

Ms Mason: That is that transfer-through of that number.

Mr McNarry: We then have this nice wee statement: "We are working on it".

Ms Mason: Clearly, there will come a time when we will want to come back to the Committee. The Department and we will want to talk about that.

(The Chairperson [Mr Spratt] in the Chair)

On railways, the situation is slightly different, because it is a deficit funding situation. All railways are a deficit funding situation. On the railways, we get public service obligation (PSO) funding when we have concessionary fares. PSO on concessionary fares into 2013-14 is not cut, but we have a 20% increase in fleet, which is clearly a substantial increase in our costs. We want to deliver more train miles, and we want to increase our number of passengers. Our challenge on the railways is slightly different in that we are not being cut, but the effect is the same. An economic appraisal was put together when the new trains were ordered —

Mr McNarry: The Chairman is going to close me down, so can I bring you to —

Ms Mason: Do you want me to come to see you to talk to you in more detail?

Mr McNarry: That would be lovely. I look forward to that, yes. I am not being facetious; it would be very nice.

Ms Mason: I am more than happy to do that.

Mr McNarry: I want to nail this down: you are telling us that you are currently working with the Department on how to deal with your deficit. I want to know whether part of that will result in increased fares and reduced services.

Ms Mason: The options that we are looking at will include consideration of fares and services. At the moment, however, it is too early to tell what it would be and what it might look like. I would like to come back to you at the earliest opportunity to do that.

Mr McNarry: That would be great, Chairperson, because we really need to know —

The Chairperson: I think that you need to come back to the Committee on that.

Ms Mason: I have said that, as soon as we have worked through with the Department, we would want to come back to the Committee.

The Chairperson: We will not be friendly towards fare rises or reductions in services. I think that you have already picked that up.

Ms Mason: Frankly, Chairperson, I would not want to put through rises if I do not have to. That is not the game that we are in.

Mr Ó hOisín: The proper questions have been asked today about the business plan. I want to go back to the midsummer meeting, which many of us gave up our time to attend and at which I raised a number of questions.

The first question was about the HR department, which, I was told, was a single department. Yet, when I rang the HR department I was asked whether I wanted to speak to the rail or the bus section, so I am still not clear about that.

Secondly, I want to back up the earlier assertions about the executive group's remuneration, which is not insubstantial. The main worry for most of the staff, which is shared by wider constituencies, is the management:staff ratio. Last time round, I asked about it in comparison with similar-sized companies across the water or elsewhere. There is a perception that those management:staff ratios are disproportionate, not only at senior management level but at middle management level, and that is not justifiable.

In fairness, in real terms, the 23% cut in funding will mean the closure of depots and compulsory redundancies sometime down the line in the five-year plan. What is the management:staff ratio in comparison with other companies?

Mr P O'Neill: We have one HR department. That is part of the organisation's philosophy. Many years ago, when the organisations merged, we put a shared service together that gave us huge economies of scale.

I am here long enough to remember when the railway company and Ulsterbus had their own boards, senior management teams, HR departments, IT, finance and planning functions. Now, we have one HR department. The fact that someone answered the phone in that way to you is a matter of assignment. Roles and responsibilities are assigned within the department, and we have what we call business partners who deal primarily with either bus or rail matters, but they are all part of the same team and they are able to multitask.

Ms Mason: The Chartered Institute of Personnel and Development (CIPD) benchmarking for HR says that there should be one per 100 people. We have 24 people in our HR team for nearly 4,000 staff. We have one of the best HR:staff ratios that you will find anywhere, and it would benchmark incredibly well.

If you were ringing in to enquire about a job, the person on the line would ask you whether you want a job in the bus division or the rail division. If you had a general query, you would be asked whether it was a bus or a rail query.

Mr P O'Neill: Or because of data protection, staff files or personnel issues. The philosophy is of having a shared service throughout in order to drive out inefficiencies and minimise overhead costs.

Ms Mason: That would be the same for all our overhead departments. Finance has one finance department, IT has one IT department, HR has one HR department and marketing has one marketing department. It is all completely consolidated. You would not be able to see, in the non-operational parts of the business, exactly which part of the organisation was which, to the extent that, come the year end, people have to identify how many hours they are doing on each part of the business so that we can appropriately charge them to each P and L.

Mr Ó hOisín: The second, more important, part of my question was about the management:staff ratio.

Ms Mason: That is why I started by talking about HR, where we can benchmark it very easily. The HR ratios show that we are running at about half the level that we ought to be running at.

Mr McAleer: I just want to follow up on Cathal's comments. I understand from information that we received in August that the performance and efficiency delivery unit (PEDU) had been called in to assist Translink in identifying efficiencies. I understand that the HR department cost in the region of £2 million for 2011-12. The HR department has a workforce of 24, which equates to roughly £80,000 a head. Can you explain that to us, and is that good value for money?

Ms Mason: That includes advertising for jobs and things like that. It is not just salary costs; it is all the associated costs. Occupational health would be in there, along with all of our well-being programmes. We have a huge staff well-being programme. We invest very heavily in the well-being of our employees. Therefore, staff costs would be a proportion of that, obviously. All of the HR team would be very pleased if they were being paid £80,000, but it includes a lot of other things apart from staff costs.

The Chairperson: With regard to the questions that Cathal and Declan asked, can you provide us with some details in writing?

Mr McAleer: A breakdown would be very helpful.

Mr Ó hOisín: And a comparison.

The Chairperson: That would clarify the situation, because it includes a number of other things.

Mr Dallat: I have just three short questions. I preface my questions by saying that I have the utmost respect and admiration for your train drivers and bus drivers. I say that as a former teacher, because I know that they brought children to school in all kinds of weather, protected and looked after them and saw them safely off the buses and, I know for certain, saved lives.

I am probably using the same statistics as other people. The operating costs per bus passenger journey for Metro is £1.28, whereas the English PT areas are 86p. Can you explain that?

Ms Mason: You have a set of information that I do not have, John. If you wanted to provide us with the information and send us the question, we would probably be better placed to reply.

Mr Dallat: I am happy enough to do that, Chairperson, with your agreement.

The Chairperson: Yes, if it is done through the Committee Clerk.

Mr Dallat: I just wanted some comparisons. Earlier on, I noted that the comparative figures for the trains against those from Iarnród Éireann were very good.

Ms Mason: Yes. I am pleased that you did that. However, if I am going to be asked a detailed question, it would be really helpful to have the same document.

Mr Dallat: Finally, chief executive, there are 143 train drivers. How many of them are women?

Ms Mason: There are 128 train drivers, and not enough of them are women, John.

Mr Dallat: Catherine, I would have thought that you have a real responsibility to do something about that.

Mr P O'Neill: Thanks, John; you are really digging me into a very big hole here.

Ms Mason: You are absolutely right. I may have made a slightly facetious comment back to you. Taking it as a whole, you would find about 10% of women in transport. It is relatively low. If we look across everywhere, we are no better and no worse. John, I think that there is a really important role for women in transport. They are an important asset to the organisation and should be encouraged all the time, I agree.

Mr Dallat: Finally, there are eight members in your own executive. How many of them are women?

Ms Mason: I am the only woman in that as well, John.

Mr Dallat: It must be an awful life.

Ms Mason: Trying to keep these boys in order sometimes —

The Chairperson: OK. Finally, finally, thank you.

Finally, Philip, just before you leave, I noticed that you danced around and did not answer one of my questions, which I thought that I would keep to the end.

Mr P O'Neill: I apologise, Chair.

The Chairperson: It comes under the heading "Non-Monetary Benefits", where it states:

"Furthermore the agreement will mitigate future business risk of industrial action."

So, no more strikes from train drivers, no more strikes in Translink?

Mr P O'Neill: It means service disruption, such as security alerts and signal failures.

The Chairperson: That is not what it says.

Mr P O'Neill: You have the ability for train crews to stay on and work the extra hours. There is a contractual commitment there to do that.

The Chairperson: Well, that is not what it says. It says:

"Furthermore the agreement will mitigate future business risk of industrial action."

So, no more strikes —

Mr P O'Neill: There is no doubt that, as regards employee relations, it will certainly do its bit for industrial harmony and stabilisation. I know your background, so do not be asking me about that one. I wish I could. I think that the relationships and the morale is good, and I think that the troops certainly appreciate the investment, the support and the interest that they get from groups such as this and the wider Executive.

The Chairperson: Actually, I was going to congratulate you on getting that deal with the trade unions.

Mr McNarry: I am sure that the trade unions are delighted.

Mr P O'Neill: I am not sure that what I got that was good. I think that you flatter us.

The Chairperson: Thank you very much indeed for the presentation. I know that some difficult areas have been covered. However, I am delighted that you are going to come along now without holding the hands of the Department. I know that, on some occasions, that will need to happen, but, on the whole, we would like to see Translink on its own, the same as Northern Ireland Water and the other organisations. I think that you have welcomed the fact that you are happy enough to do that. We welcome that very positive step. We want to work positively with you. The Committee wants to work positively on transport, new structures, rapid transit and all of the other areas that we are pretty well sold on. We want to work with the Department in co-operation as well. However, that does not stop us asking the difficult questions. Thank you for your frankness today and for coming to the Committee, which has been a fairly lengthy session.

Ms Mason: I am sorry about that, Chairman.

The Chairperson: No, thank you for that. We knew that it would be a lengthy session today. We had the ministerial presentation, and we have still two presentations to hear, and we are a bit behind time now. Thank you both very much.