



Northern Ireland
Assembly

Committee for Regional Development

OFFICIAL REPORT (Hansard)

Inquiry into Comprehensive Transport
Delivery Structures: Briefing from Professor
Austin Smyth

8 May 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

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

Witnesses:

Professor Austin Smyth

The Chairperson: I welcome Professor Austin Smyth, the director of the centre for sustainable communities at the University of Hertfordshire. Please make a short presentation then leave yourself open for questions.

Professor Austin Smyth: Thank you for the invitation. As you can tell from my accent, I come from this part of the world, and although I am the director of the centre for sustainable communities at the University of Hertfordshire, I live here and commute from here to England every week. However, much of my career has been spent in Northern Ireland, over 30 years of which has been spent in the transport sector, be it in academia, the industry or as a consultant and adviser to government.

My interest in making this submission is primarily driven by concerns about the future of public transport in Northern Ireland, bearing in mind the constraints that are inevitably going to apply to public expenditure generally. I have made a quite lengthy submission already, and just last week, I put together a summary of that submission. I do not propose to rehearse the entire document, but I will make some summary points.

The Committee has set itself an ambitious target to address about five different objectives that all relate to the future delivery of transport infrastructure, systems and operations in Northern Ireland. On the question of the legal status of the Northern Ireland Transport Holding Company and the relationship with the Department for Regional Development (DRD), the submission emphasises that our arrangements here are markedly different from those in the rest of the UK in general and more closely mirror those that apply in the Republic of Ireland. That has an important bearing on the future of transport, given the constraints on public spending.

At the same time, on the basis of evidence of best practice in this sector, the current arrangements raise issues concerning the overall effectiveness and efficiency of the delivery of public services as well as constraints on innovation and opportunities for leadership to be demonstrated by the transport operators themselves. Such concerns stem from the degree of day-to-day operating independence that is enjoyed by public transport in Northern Ireland, and that raises its head again regarding the ongoing reforms that are being put through the legislative process. I will come back to that at the end.

On policy objectives, my observation is that, generally, the UK as a whole has maintained a single transport strategy of sorts. However, differences between different parts of the United Kingdom are emerging and have been evident for some time. The priorities of policymakers — be they in Northern Ireland, Scotland, Wales or, indeed, England — tend to be rather different, depending on where you are coming from. Here, we have a very big concern about job creation and job retention. That is not such a big issue where I spend most of my week, central London, where jobs are not the issue and the environment is a much bigger concern along with issues about housing and so on.

For most of the post-war period, Northern Ireland policy on public transport has also tended to echo that of the Republic, so we have tended to follow a very similar model. It is one that is largely driven by state control and state regulation. When we look at a comparative analysis of the costs and subsidies, we find that that needs to take into account the structure of the industry. In other words, much of the spending here comes through capital grant, whereas, in the rest of the UK, it comes through revenue and current spend, and much of it does not even appear on the public balance sheet, particularly in the case of Network Rail.

On the issues that this Committee has set itself, it is important to recognise that transport spending has risen quite considerably in recent years. The gap between Northern Ireland and the rest of the UK on a per capita basis has closed markedly in the past few years. However, most of that gap is attributed to significant growth in spending on roads. We now spend twice the amount per head of population on roads as is spent in England. We spend considerably less per head on public transport than any other part of the UK or, indeed, the Republic of Ireland. I have presented some figures to back up that, and I have also been in touch with your technical support people here in the Assembly about some of the figures that you were previously presented with.

My big concern arises from the fact that public transport's share of the cake, as it were, is projected to fall by about 50% under the current spending programmes that were agreed with DRD a little more than a year or so ago. So, it has gone down from roughly 30% that was earmarked in the regional transport strategy of the early years of the previous decade to approximately 14% or 15% in the budget that was been agreed. Quality public transport is a prerequisite for the Department and, indeed, for Northern Ireland as a whole to achieve its economic and social objectives. It affords choices in addition to providing essential mobility for people without private cars. There are a large number of those people in the population.

Coming back to the issues of the structures: the overall aims of the public transport reforms, as they are currently being implemented, are to underpin the regional transport strategy that we have just referred to; to provide safe and high-quality public transport; to comply with EU regulations; to encourage the greater use of public transport; and, finally, to maximise the cost-effectiveness of what is on offer. In that process, the pace of reform has been extremely slow and can possibly be described as glacial. The whole process goes back for more than a decade. The original plans had been to devolve responsibility to the super-councils, as they were called. That was changed, and it was decided that transport should remain the responsibility of DRD. More significantly, in the meantime, DRD is now to be both regulator and also provide rural services. The original intention had been to create an arm's-length body that would have been given some degree of independence from government. That is the important point when it comes to what public transport is likely to achieve in the future. My concerns relate to the fact that the current arrangements, as they are now envisaged, are likely to stifle opportunities for innovation and development, and, effectively, public transport then simply becomes a delivery arm of a Department of government.

I have put forward some specific proposals in the submission, but you might wish to ask me questions about those. Thank you very much.

The Chairperson: Thank you, Professor Smyth. You highlighted the high level of capital investment in our infrastructure over the past number of years. Do you think that that imbalance could be rectified by bringing Roads Service and policy into the hybrid that is Transport Northern Ireland? Secondly, would you say that the Department has user-centred transport policies?

Professor Smyth: I think that it is possible for such a body to offer to realise those objectives. My problem is that the historical balance in the Department has generally been to reflect technical experience and skills in the areas of roads rather than public transport.

The Chairperson: What about the user-centred transport policies?

Professor Smyth: I am not quite clear what that means. Is that a specific phrase that is used in the documentation?

The Chairperson: I suppose that "user-friendly" might be a better way of describing it. Are the transport policies in the Department user-friendly?

Professor Smyth: My biggest concern is that they will be driven more widely by budgetary concerns in the Executive rather than reflecting the needs or interests of consumers.

Mr Lynch: I have two quick questions, Austin. In the "Selected Observations" section of your paper, you mentioned limited competition. What did you mean by that? You also said that the current structures stifle innovation. Will you elaborate on that, please?

Professor Smyth: I will explain what I mean by limited competition. The evidence from best practice in western Europe and further afield is that you get the best of both worlds if you have what amounts to a tendering process for a complete network or parts of a network that is regulated by a public body such as the DRD. In that, the delivery of roads services is offered to the private sector, which works to a specification set by the public authority to reflect the interests of the wider population. Increasingly, that is fairly typical in Europe and, indeed, the London model is based on that practice.

Will you remind me what your second question was?

Mr Lynch: If I am quoting you right, you said that the current structure stifles innovation.

Professor Smyth: If you were to look at the history of public transport in Northern Ireland, you would see that quite a lot of money has been devoted to it in recent times. There are examples of where very little has happened on the ground. For instance, there is quite a bit of controversy at present over the bus priority measures that are being implemented in Belfast by the Department. Whether you think that those are right or wrong, they have been on the cards for decade. At the same time, Dublin has delivered the Luas light rail system.

Another example is the Derry railway line. The reason why that has been revamped, certainly between Coleraine and Londonderry, reflects much more the activities of organisations such as Into the West than those of Translink. It has reflected public opinion that has made itself felt through elected representatives and other organisations. It is very unlikely that that would have happened without that intervention.

Lastly, I would refer to the neglect that is evident in the cross-border rail service. Very little money has gone into that service for over 15 years, and the trains are now slower than they were in the 1990s.

Mr Ó hOisín: And there was me thinking that the improvements to the Derry to Coleraine line were due to increased political lobbying rather than anything else.

Professor Smyth: It was a combination.

Mr Ó hOisín: Possibly, yes. Professor, you have rightly identified the commonalities that exist in transport provision North and South. I just wonder whether, in the post-RPA world, you see any increased role for, or devolution of transport responsibilities to, local authorities.

Professor Smyth: I concur with the view that the policy aspects of it should be kept at the level of regional government and DRD. If you devolved it to local authorities, you would get Balkanisation of policy: every authority would want its place in the sun, as it were. With limited funds, that is not possible. It is more sensible to plan a transport system on a strategic basis.

Mr Ó hOisín: The main thing that has exercised us in recent times has been the lack of integration within the transport system, particularly at departmental level. I do not know how best you would see that advanced. How could we achieve better integration of transport?

Professor Smyth: I think that the profile of skills within the Department needs to change. There needs to be a much greater emphasis on skills that relate to the planning and delivery of public transport, as distinct from the very effective way in which roads are planned and delivered. That is one aspect of it within the Department. However, at the same time, there needs to be a degree of independence or opportunities for the transport operators to show initiative and leadership and to be able to take forward things that would be to the benefit of this society.

Mr Dickson: Thank you for your presentation, much of which has been music to many ears around this table. Are we playing catch-up on a lack of investment in roads, or are we failing public transport in Northern Ireland? That is my first question.

You made a reference to opportunities that may be lost, or even for public authorities to procure services in line of a contract, but then to let private contractors deliver that in their own smart and innovative ways. Are we missing an opportunity with the Belfast rapid transit project in not taking that on as the preferred delivery model, rather than just simply handing it over to Translink for a further disaster?

Professor Smyth: Let me deal with the second question first. With the Belfast rapid transit proposals, it was originally envisaged that they were being offered to tender at the delivery of that scheme. The problem is that it is a relatively small scheme and it is bus-based. Such schemes do not tend to attract the private sector because of the sheer scale of the investment that is involved. There are various other models. It does not have to be offered entirely to the private sector. There are various models that apply in countries such as the Netherlands or France, where you have private sector management contracts offered, as opposed to having both the assets and the staff within the private sector.

Mr Dickson: As a brief aside, let me say that I have already put that question on management contracts and, indeed, employee contracts to Translink. I asked how different they would be from the current template contract used by Translink. The Translink officials had not a clue. They could not see the vision in that.

Professor Smyth: I cannot comment on the Translink contract, as I am not privy to it. What I would say is that Translink's quality of service, as monitored by various independent bodies and, indeed, by organisations such as Which? comes out extremely favourably. The quality of staff is second to none. In fact, I experience both on a weekly basis. I have to juggle with private sector bus companies near the University of Hertfordshire, where there is a choice of three buses, but you cannot use the same ticket on any one of them. That is what you get with full deregulation and privatisation. However, on the matter of those management contracts, that is maybe something worth exploring, because it gives an incentive to bring in marketing and business development expertise and so on while safeguarding both the assets and the staff's own interests.

I return to your first question about roads. We do very well for roads in Northern Ireland, notwithstanding what is often said. Our road infrastructure, despite recent attempts, is among the best in the UK — let us put it that way. In more recent times, we have been compared unfavourably with the Republic of Ireland, but we are being compared with new motorway schemes there have been built without what I would describe as a comprehensive investment appraisal. Almost none of those motorways would be built under UK investment appraisal criteria.

The side effect of that is that the Republic of Ireland is building up a liability of asset maintenance, and so on. However, it has also seriously damaged public transport. Irish Rail is in real trouble, partly because of the lavishness of the investment in roads in the Republic. I say that by way of background information.

Mr Dickson: To complete the question, is the balance of investment by DRD failing public transport in Northern Ireland?

Professor Smyth: I think that we are failing through balance of investment. The issue is also about whether the cake is big enough. There are issues of that sort. The current balance will undoubtedly be a deterrent to greater use of public transport.

For example, the road improvements here and in the Republic have helped to lead to a roughly 20% reduction in ridership on the cross-border rail service. That service, I would say, is in great difficulty. Its problems mirror those that applied to the Derry line in recent decades.

Let me give you one other example. Fifty years ago, you could travel between Belfast and Derry by train in one hour and 50 minutes. Despite the spending, the journey now takes well over two hours. That is hardly progress.

Mr McNarry: Is it quicker to go to Londonderry than it is to Derry?

Your written briefing is extremely useful, Professor. The people who run transport here tell us that they cover profitable and non-profitable routes and that any competitors that would be introduced would be interested only in profitable journeys. In your paper, on the subject of competition, you say that there are opportunities to operate in a limited competition regime here. Can you expand on that briefly? Can you recommend an off-the-shelf model for us to look at?

Professor Smyth: I will go back to Mr Dickson's questions. At one time, consideration was given to the possibility — in fact, it was recommended in the early documentation — of putting the Belfast rapid-transit system out to tender. In other words, the entire operation would have been given to whoever provided the best value for money, be it Translink or a private sector company. Competition between the private sector and the public sector is not beyond the possibilities here.

To come back to your specific questions, however, it would be possible, for example, to put the entire Translink operation out to a management contract, as I said before, by retaining the staffing and the assets in the public sector —

Mr McNarry: May I interrupt you and ask, given the salaries that Translink pays to its executives, would that still be feasible in a private management concept?

Professor Smyth: Whether those packages could be sustained would come out in the wash in a competitive tendering process. I cannot comment specifically on personal packages. The issues are more to do with protecting the network. The crucial thing is the coherence of the network.

If you had a free-for-all, you would have the sort of problem that I face every day in Hertfordshire, which I just mentioned. I go from the university, where there are three different bus companies, but if I buy a return ticket, I cannot come back on certain buses. It is a nightmare, and that is what would happen with a free-for-all here.

Translink is correct to say that the best routes would be cherry-picked by a private operator. That is the nature of the beast.

Mr McNarry: You say also that franchising can be effective in solving the need for efficiency measures. Can you go into that in a bit more detail? Have you any thoughts on who could be the franchiser? Could Translink operate a franchise here?

Professor Smyth: Translink could operate a franchise. In fact, there are various models of that sort throughout Europe. You could split the whole managerial side from the delivery side. You could have all sorts of possible combinations, and various countries have implemented those things.

A franchise is what applies to the Luas tram system in Dublin, and it is very effective. People do not see it as a private sector operation. It has been run by Veolia for a period. That contract was won under competitive tender, with the specifications for quality of service set out by the state, not by the private operator. Therefore, it is all perfectly possible to do that.

One obvious example was the Republic's Minister for Transport, Tourism and Sport's comment earlier this year — or late last year — that he would welcome approaches from companies to run the cross-border rail service as a franchise. Legislation at European level provides for that. I am not saying that that is the best thing that could happen, but the current decline and lack of interest by both jurisdictions in that service is of great concern.

Mr McNarry: You mentioned rapid transit. I do not think that that went out to what I would call competitive tender.

Professor Smyth: You mean in Belfast?

Mr McNarry: Yes.

Professor Smyth: No, it has not. The recommendation was dropped.

Mr McNarry: Well, Translink has been awarded the contract.

Professor Smyth: The view was taken by the consultants during the process that the project was of an insufficient scale to attract private sector investment.

Mr McNarry: Could that have been franchised?

Professor Smyth: It could have been.

Mr McNarry: But that was not looked at, to the best of your knowledge?

Professor Smyth: I was not privy to the internal workings of the process.

Mr Dickson: There has been no final decision.

Mr McNarry: Translink said last week — you were not here, Mr Dickson — that it has been awarded the rapid-transit contract.

Mr Dickson: That is something that we will have to put questions to the Minister on. It is an issue that we have been raising times without number at the Committee. The consultants that have come to us have indicated what you have said. However, it is news that anybody has come to a final decision or conclusion on the matter.

The Chairperson: It has been known for some time that Translink was taking it on. What the Department said —

Mr Dickson: That is an assumption.

The Chairperson: If I might finish. The Department said that it had been taking soft soundings and that there was nobody interested in it. That was the indication from the Department. You are right: it is an issue that needs to be raised. However, we are not going to have a debate about it.

Mr Dickson: Fair enough. Therefore, it has just been given away.

Mr McNarry: I thank the Professor, because it was very interesting to hear about the opportunities from franchising.

Mrs D Kelly: Thank you for your presentation. You said in your comments earlier, and this has come up in other submissions, that there are issues around the expertise in the Department, which tend to be of a technical nature rather than public policy. If you were given a blank sheet, how would you fix the expertise, setting aside the debates around the budget and the cake not being big enough?

Professor Smyth: I go back to the documentation that was produced by DRD 11 years ago, which was very foresighted. That referred specifically to the separation of Transport Northern Ireland from government. In other words, there would be a degree of independence and separation. If you look across the water to Scotland, Transport Scotland provides a possible model, where it has brought in expertise across the different modes of transport to provide a comprehensive capability that is very much driving what is arguably the most ambitious programme of transport investment, certainly in public transport, in these islands. Transport Scotland is something worth looking at.

Transport Scotland is a body that is not embedded in government. The appointments are made as a public body, but it is at arm's length from government and has that degree of independence to plan for

the future and come up with schemes. I recommend that you look at what is happening in Scotland as being a way forward that might be relevant to here.

Mrs D Kelly: I take it that that is something that we can look at in our research.

I have one further point to make. It is not just about public use and private use. One of the lessons that we have learnt from elsewhere is that attitudinal change is required by the public, and that will take much longer to achieve than investment. What measures should be used, other than the obvious one of better public transport provision? Given the rural nature of much of Northern Ireland and, as you said earlier, the fact that the less profitable routes would be cherry-picked, how would you close that gap?

Professor Smyth: Great progress has been made here on road safety, albeit there has been a blip in recent times. That has been brought about by an attitude change towards things such as drink-driving. There is still an issue with speeding, and so on. An educational process needs to be involved in this, and there also need to be champions for public transport. That is what the place seems to now lack. In Scotland, the issue of the future of the Londonderry railway would not be in any doubt whatsoever, because the politicians would have led the charge to prevent any threats being made. Scotland has managed to secure much greater resources for public transport than here has. As I said, it is well worth looking at what has been happening in Scotland since devolution as a way of seeing how you can bring forward these things. You need champions, and, significantly and somewhat bizarrely, until quite recently it was my view that the railway system in Scotland, although run by the private sector, was in safer hands than the railway system here, because there were contracts that guaranteed its future delivery, its future funding, and so on. There were people in the industry who were willing to put their head above the parapet to champion things. That does not seem to apply here anymore. Yes, quite a bit more money has been spent on public transport here, but where is the investment equivalent to that which was made in the 1990s, for instance, in Northern Ireland? That was done under direct rule.

Mr Lynch: Professor, you mentioned the cherry-picking of profitable lines. We were in the Netherlands, where any bus company that was taking on a profitable line had to take on an unprofitable line. What is your view on that?

Professor Smyth: That is the equivalent of your tendering situation, where you bundle routes together. For instance, it is useful to look at Transport for London, which is an organisation that is very well-endowed with skills and operates in a much bigger place, of course. When Transport for London goes out to tender, it does not go out to tender for individual routes but for groups of routes. You would not have a free-for-all; rather, you would have to provide groups of routes, whether those be geographical or grouped in some other way, to provide an opportunity for the integrity of the system to be retained. I am not in favour of dismembering the network. That would be the road to disaster.

The Chairperson: Professor, your presentation to the Committee has been very helpful, and your paper is extremely helpful for our ongoing report, which I am sure you will see in due course. Thank you very much for your input.

Professor Smyth: If I can be of any further help, please just ask. There is a lot of material there that underpins it.