



**Northern Ireland
Assembly**

**COMMITTEE FOR
REGIONAL DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

Public Transport Reform

14 April 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Fred Cobain (Chairperson)
Miss Michelle McIlveen (Deputy Chairperson)
Mr Cathal Boylan
Mr Willie Clarke
Mr Tommy Gallagher
Mr Billy Leonard
Mr Trevor Lunn
Mr George Robinson

Witnesses:

Mrs Doreen Brown)
Mr Sean Johnston) Department for Regional Development
Mr Brian White)

The Chairperson of the Committee for Regional Development (Mr Cobain):

We move to the departmental response to the Committee's comments on the public consultation. I remind members and visitors to switch off mobile phones completely, as this meeting will be recorded by Hansard staff and mobile phones interfere with the recording equipment.

Members' packs contain copies of the Committee's comments on the Department's briefing on the outcome of the public consultation, a response from the Department for Regional Development on the points that the Committee raised on 24 March and a letter from the Department on the final review of the EQIA on the public transport reform proposals and the

changes arising from the public consultation.

Before we proceed, I ask Doreen Brown to introduce her colleagues.

Mrs Doreen Brown (Department for Regional Development):

I am from the regional planning transportation division; I am accompanied by Brian White from public transport reform and Sean Johnston, who is the project manager.

The Department has responded to the Committee's letter of 24 March. In your letter, you made comments that were generally supportive of the proposals, but with some questions.

We do not intend to recap the whole letter but want instead to pick up on the Committee's queries as we go through it. We have distributed some slides that set out the main points that we will cover.

The Committee was interested to know what had taken place at the Minister's meeting with the trades unions, and our letter sets out the key points arising from that meeting with Peter Bunting of ICTU and the representatives of Translink unions. The Minister sought to reassure the unions that the legislation does not include any provisions to privatise Translink; he also told the unions that the contracts awarded directly to Translink will cover most of its existing business. Competition will apply only to new services, such as the rapid transit system that is coming into operation in Belfast and the park-and-ride schemes that are being developed.

The Minister stressed that the aim is to grow public transport and thus make the cake bigger, thereby enabling the private sector to become involved in new services and Translink to keep its existing services. The unions had expressed concern about the proposed involvement of councils in local public transport planning. However, the Minister emphasised the importance of putting public transport at the heart of community planning, which will be a function of the new councils following the review of public administration.

The Chairperson:

Whenever it may happen.

Mrs D Brown:

The unions were also worried about job losses. Nonetheless, they seemed to accept that greater efficiency in public transport services was important for the future; in fact, they highlighted areas where they thought that improved efficiencies should be introduced. They pointed to the flexibility that the unions had already shown when Translink developed the Metro service in Belfast. It was agreed that there will be continuing discussions between the Minister and his officials and the unions at key stages of the reform of public transport.

The Committee also picked up on the proposed role for the Consumer Council, including the need for the council to improve its engagement across the Province, as it was felt that the Consumer Council was perhaps Belfast-centric. The Consumer Council is part of our stakeholder forum, and we will be working closely with it to develop its role.

The next point is the provision of information for disabled people, which the Committee raised with us on several occasions. We have now identified a system that provides auditory information for disabled customers using public transport and which can be added to the equipment that has already been installed in buses. We are working with IMTAC, which is our advisory body, to agree an approach to piloting and evaluating the use of the new system. We are also picking that up in our planned information on the communications technology study. We will keep the Committee informed about that, because we know that members are very interested in it.

The next point is about the move from capital to revenue funding for bus services, which is a potentially complex area, given the current economic climate. In preparing for the forthcoming spending review, we have begun to examine the options for a switch from capital to revenue funding; they include: Translink borrowing the funding, a greater subsidy being put in place for uneconomic routes or the savings made from Translink efficiencies being used to contribute towards the cost of bus replacement. However, it is more likely that a combination of those actions will be chosen. We need to explore that in detail and carefully consider the options with DFP. Obviously, our Minister will want to consider the pros and cons of the various options. We will brief the Committee on our approach to the spending review and on that issue in due course. However, we cannot move from capital funding until there is some way of substituting it, whether from revenue funding that comes entirely from the public purse or through a combination of other

options.

The next area on which the Committee picked up was the costs and benefits of the reforms, and we agree that clarity is important. The costs of the public transport agency are set out in the letter that we sent to the Committee and are fairly clear. If any new costs, such as ICT, arise, there will need to be separate business cases and justifications of cost and benefit.

Translink's efficiency savings were stated in the original outline business case (OBC) as £12.8 million over five years. However, that was seen as a starting point, not necessarily a definitive or final target. Translink's efficiency will be an ongoing consideration rather than a one-off event; it will not be settled once and for all in the OBC or in the review of it. The focus on efficiency will be needed to try to keep fare increases to a minimum and to enable us to comply with EU regulation 1370/2007, which means that we have to demonstrate that we are not over-compensating an in-house supplier of transport services such as Translink.

Since the original OBC was completed last summer, we have worked with Translink to ensure that when the review comes along, the missing pieces of information from the last OBC will be included as required. We have also just finished a review of the financial health of Translink in the context of 2010-11, in which its corporate business plan is being produced. That will provide useful information that will also feed into the review of the OBC.

The Committee was interested in the timing of the further work on the OBC. I think that the Committee's preference would be to have clarity on costs and benefits — having the OBC review completed — before a public transport reform Bill is introduced in the Assembly. However, that will create problems if we are to meet the timetable for legislation. We need to ensure that the OBC review is based on the most up-to-date information, which means financial data from the 2009-2010 financial year. We will not have the 2009-2010 accounts for Translink until June, so there is no way that we could start the OBC review before then. However, rather than leave the start of the review until September, we propose to bring it forward to July; therefore, instead of the review not being completed until the end of December, we could have it completed by the end of October. That would ensure that the information was available during the Committee Stage of any public transport reform Bill.

The Committee also asked about the equality impact assessment (EQIA). We sent it to the

Committee so that members could see the changes that have been made to it as a result of the public consultation. There were not too many changes. They included an explanation of the balance of analysis in the EQIA between staff who would be affected and the effect on the wider community, and a commitment that proposals by the agency that affect transport services to the public would be subject to screening and analysis.

The EQIA has additional information on staffing profiles to show gender by grade. It also recognises the importance of public transport services to disabled and older people and confirmation that the agency will be fully committed to implementing the regional transportation strategy and the accessible transport strategy. It is intended that the final EQIA will be published at the same time as the consultation report.

That takes us to the next steps and what happens from here on in. The Department has circulated a draft policy memorandum to Ministers and we hope to receive Executive agreement to draft a public transport reform Bill. As members know, the intention is that such a Bill will combine the legislative requirements for public transport reform with what is required to enable rapid transit to be put in place because of the overlap between the requirements of what were, initially, to be two separate pieces of legislation. If a public transport reform Bill is to be enacted during the mandate of the present Assembly, it will need to be introduced in June 2010.

Those are all the comments that we propose to make.

The Chairperson:

Doreen, there are a couple of matters on which we need more clarification. I become concerned when Departments rely on making efficiencies to serve me or someone else. Everybody can plan efficiencies, but whether they come to fruition is another issue. I am always concerned about plans to create savings using efficiencies.

In particular, I am concerned about the issue involving the Minister, the trade unions and efficiency savings. If I gauged what you said correctly, the trade unions are content that there will be no job losses and that all the pressures will be relieved as a result of efficiency savings. Is that what you said?

Mrs D Brown:

Obviously, the unions do not want job losses, and they put that point to a number of Ministers.

The Chairperson:

I know what the trade unions want, but what is the Department's position?

Mrs D Brown:

The Department will not guarantee that there will be no job losses. Even in the past year, there were some job losses in Translink as a result of good housekeeping to trim uneconomic services and develop better services. Translink and the Minister discussed the matter fully with the unions, and they accepted that. Job losses would not be the ideal situation for the unions, but we cannot guarantee that under no circumstances would jobs be lost.

The Chairperson:

I was talking about the specific talks between the Minister and the trade unions.

Mrs D Brown:

The Minister did not give any guarantees.

The Chairperson:

There is, therefore, no agreement between the Minister and the unions on that matter. There are two positions, but no agreement.

Mrs D Brown:

That is a fair way to put it. We did not detect out and out opposition from the unions.

The Chairperson:

You will not detect that until the unions see what you intend to do.

Mrs D Brown:

They have seen the details in the consultation, to which they responded.

The Chairperson:

We will probably revisit the matter as the situation develops.

Before turning to other members, I have a couple of further questions. My main concern has always been to ensure that public transport was open to everyone. I have raised that issue with you on a number of occasions. Will there be an integrated ticketing system?

Mrs D Brown:

Yes, the Department is taking forward a project in which Translink is the lead operator, although other operators and the team that is planning the rapid transit system for Belfast are also involved. Funding will always be an issue, but we want to ensure that an integrated ticketing system is introduced.

The Chairperson:

I want to make a point to you, Doreen, without equivocation. The Committee has raised the issue of public transport being open to everyone on a number of occasions. An integrated ticketing system could prove to be even more of a deterrent to open access. In the past, issues involving individuals with various disabilities were not addressed. It is difficult enough to address those issues now, but if an integrated ticketing system does not do so from the start, those people will become even more disadvantaged. It is not a matter of money: those matters simply must be tackled. There is no sense in introducing a new integrated ticketing system that does not allow free access for people with disabilities. It is not a matter of conducting some sort of pilot scheme. We do not want that. As soon as the system is introduced, everybody must have access to it.

Mrs D Brown:

Any integrated ticketing system will have to be designed to ensure that everyone is able to access it properly.

The Chairperson:

May I write that down?

Mrs D Brown:

You may certainly write that down. Any proposed integrated ticketing scheme would have to have an equality impact assessment carried out on it.

The Chairperson:

We must have public transport for people with disabilities and for those who are disadvantaged. We could go through the issues all day, but the equality impact studies during the earlier development of public transport must have been well off cue. When a blind person attempts to seek information in a bus station, the situation is dreadful, and very few older buses have audio facilities. However, I do not want to go through all that now. All I am saying is that I am glad that you are giving us an assurance that those matters will be sorted out.

Mrs D Brown:

Absolutely. Examples of integrated ticketing systems exist around the world, and they are not introduced to deter people from accessing public transport.

The Chairperson:

That will all be in the Hansard report.

Mrs D Brown:

Yes, and I am totally relaxed about that.

The Chairperson:

That is good. I want to ask you about the outline business case and the forthcoming legislation. We must have the information before we go through Committee Stage of the public transport reform Bill. We will not go through Committee Stage unless we have that information.

Mrs D Brown:

That is why we are bringing forward the review of the outline business case as far as we can.

The Chairperson:

My point is that the Bill will not proceed to Committee Stage unless we have the information in front of us. I make that point now so that it will be recorded in the Hansard report.

Mr Leonard:

This is my first meeting, but not my first reference to lesser-used routes. There are many other issues, but I am sure that we will cover them between us. A balance must be achieved on lesser-used routes. If most of them are to remain in the public sector, there is a responsibility to be

faced. You mentioned overcompensation as a factor, but we do not want a situation in which Belfast-centrism continues and rural routes are neglected.

The Chairperson:

Swap one for the other.

Mr Leonard:

Given the situation with regard to the move from capital to revenue funding and the other factors that you mentioned, how will rural routes be protected? The feeling in many rural areas is that there is no such thing as rural proofing; it is a term, but not a reality. I would love to hear you drill that down. I know that there is more information to come, but can we start to drill down on how we will protect the lesser-used routes?

Mrs D Brown:

Very few bus routes make money. The commuter routes around Belfast may make money, and any profit cross-subsidises the lesser-used routes. We envisage that that arrangement will continue. We will not merely issue contracts for commercial routes and cease to operate any route that does not wash its own face. There will be a continuing process, and, if we manage to get revenue funding, we will cost a particular route. If it is profitable, we would not have to subsidise it, and, in fact, we might take back some profit. However, if a particular route is unprofitable, we will provide the subsidy. The idea is that the public transport agency will be responsible for ensuring a proper public transport network that spans urban and rural areas and combines commercial routes with those that are socially necessary.

Mr Leonard:

How flexible will that cross-subsidising formula be?

Mrs D Brown:

It depends on the form of the contract. The simplest way would be to tender for a route to ascertain how much it would cost for Translink or a competitor to operate it. If satisfied that the figures were not padded and reflected the true costs and, perhaps, an element for replacement of capital asset, we would provide the required amount of money for that route. It is more likely that we would do that for a cluster of routes, which would be a combination of commercial and non-commercial routes, for which the cross-subsidy would be built into the contract.

Mr Leonard:

Will that be drilled down in the information that is still to come, because we do not want the rural service to be affected?

Mr Sean Johnston (Department for Regional Development):

As part of the pre-consultation process, we had extensive discussions with the Rural Development Council and the Rural Community Network to ensure that our rural proofing met their needs, and their input was extremely useful.

Mr Brian White (Department for Regional Development):

It is worth pointing out that we subsidise a number of services, particularly in rural areas. The rural transport fund provides a direct subsidy.

The Chairperson:

We are aware of that.

Mr White:

In that regard, the arrangements that we propose should make it easier to ensure that some of the specialist services, which are provided to people who have difficulty of access, integrate better with the mainstream services.

The Chairperson:

Access is a major issue for the Committee. There is no sense in providing mainstream services if we cannot get people to the point of access. We want to talk to some of the district councils about the community transport issue, because they could, perhaps, play a role. We talked about that before.

Mr W Clarke:

Thank you for your presentation. Will the pilot on the provision of auditory information for disabled users be carried out over a set period, and will it include rural areas?

Mr White:

We do not yet have a set period for the pilot.

Mr W Clarke:

Do you have a rough idea?

Mr White:

I do not. Issues remain in connection with ensuring that we have sufficient resources to run it. It has not yet been decided when and where the pilot will take place.

Mr W Clarke:

Will rural areas be included in the pilot?

Mr White:

That has not been decided, but I understand your point.

Mr W Clarke:

There is no point in running a pilot scheme only in an urban area, given that it would have a major impact for disabled people in rural areas, in which there may also be more difficulties.

Mr White:

I understand that point.

Mr W Clarke:

It does not seem that the Department understood that point originally.

Mr White:

Your point about the need to ensure that a pilot scheme is a proper trial is well made and understood. However, we have not decided where the pilot will take place.

Mrs D Brown:

The Department is still in discussion with the Inclusive Mobility and Transport Advisory Committee (Imtac) about the matter and will take its views on board. We will keep in mind Mr Clarke's view that a pilot scheme must be trialled in the right number of areas for it to be a proper pilot.

Mr G Robinson:

My first point is about access to bus stations, particularly at weekends. I am not sure how other areas of Northern Ireland are affected, but in my area the bus station closes on Friday night and does not reopen until Monday morning. That is absolutely ridiculous, because passengers are at that bus station over the weekend, particularly on a Saturday when the Goldline service, for example, calls there. People are left waiting, and that is a problem, particularly during the winter months, that must be addressed urgently. I have been contacted by customers who simply cannot believe that there is no access to the bus station, particularly on Saturdays, but also on Sundays.

My second point concerns private transport operators using bus stations. I do not disagree with that idea; I am glad to see it. However, will that not create some conflict, because they will also be picking up passengers?

Mrs D Brown:

The private sector users that we propose will have access to bus stations will be those operating routes that are judged to be part of the public transport network. A key part of the proposals` is that the system will be regulated and not a free-for-all. Different operators will have different routes, and they will not be allowed to chase each other's passengers. Therefore, it should be a planned and controlled system, in which it is known which routes operate in and out of each bus station. The bus station managers would provide space for buses coming in and out, regardless of who operates them.

There may still be a degree of suspicion on the part of Translink and its staff. They remain a bit worried about the idea of cherry-picking or some operator coming in and taking over Translink business. However, that could not happen in the regulated system that is at the heart of the Department's proposals.

Mr Johnston:

That system is, of course, the norm elsewhere. There are multiple operators in bus stations in other jurisdictions. We are unique in seeming to have only one operator.

Mr Gallagher:

Who will be the employer of those staff who transfer from DRD to the new agency? Furthermore, do you foresee difficulties should any staff members wish to transfer back to DRD?

Mrs D Brown:

They will still be DRD staff, because the agency will be part of DRD, in the same way as Roads Service. At the moment, DRD staff who are in what we call “the core” will transfer within DRD to an agency, but they will still be employed by DRD. They will have a right to move to and from the agency for career development purposes, and so forth, in the same way as Roads Service staff do at present.

Miss McIlveen:

Thank you for your presentation. You mentioned that in order to allay certain concerns of the trade unions, the Minister stated that he hoped that public transport would grow and that there would be a larger cake to divide. Were any anticipated percentages for that growth over a projected period given to the trade unions?

Mr Johnston:

No. That is part of the regional transportation strategy and its sustainability. The Department has work to do before the volumes become known. However, the departmental targets, which were met in the previous round of public service agreements, envisage growth. Up to now, those targets have been met, but the trick will be to get more people to use public transport in general.

I suppose that, in the next spending round, the Department of Finance and Personnel and others will demand some figures, and I suspect that we will need to sort that out then. The trade unions accept and agree that public transport must expand and that they must play their part in that.

Miss McIlveen:

You also mentioned the unions’ concern about councils being involved in local transport planning. I am aware of the response that they received, but were they content with that?

Mr Johnston:

The unions’ initial stance on the involvement of councils was to question what the councils would know about the process. However, the Minister explained that councils will take on community planning responsibilities and public transport could become a key element of that. It is, therefore, not be so out of kilter to have them involved. As members probably know, many councillors are

approached about local transport issues, and, therefore, the councils' involvement makes sense. By the end of the meeting, the unions were reassured that the councils' involvement made sense in light of their new planning responsibilities.

Mrs D Brown:

Also, the consultation will not only involve the councils, although that will be an important part of developing proposals for local public transport arrangements. The agency will also consult other local interests, including those who provide rural community transport. Translink, as a provider of local services, will also be consulted, and thus the voice of the unions will get through. A range of local interests will have to be consulted during the planning of local public transport reform.

Miss McIlveen:

At the end of your meeting with the trade unions, were you satisfied that their concerns had been allayed? When further details of the legislation and the Bill itself become available, are the trade unions likely to raise further concerns?

Mr Johnston:

The meeting was very positive. At the end of it, the unions went away feeling that many of their concerns had been understood. They seemed to have been under the impression that the direct award would be only for a small amount of their business and would not include most of what Translink does now. They were reassured by the clarification that they received.

I have no doubt that they will express some outstanding concerns, but it was a relatively positive meeting. Although the unions do not like efficiencies, in that they usually mean job losses, they accepted that efficiencies are part of the way of the world these days. There is no getting away from them, and, inevitably, they mean some tightening of belts. There is no easy answer, and there is no magic wand that can make organisations more efficient without some reductions. If some routes are rationalised, and so on, there will inevitably be some job changes and losses, and some people will transfer elsewhere and not be replaced.

Compulsory redundancies were not on the agenda. At the end of the meeting, the unions made suggestions about how efficiencies could be made, which indicated that they were reasonably comfortable with the concept. They pointed out that they had been extremely flexible

during the introduction of the Metro service a few years ago.

The Chairperson:

Doreen, I want to ask you about EU regulation 1370. The Committee took the view that revenue was probably the best way to judge efficiency and effectiveness, but a capital element seems to have been introduced.

Mrs D Brown:

That is to do with the move from capital to revenue. That would be the most transparent method of funding.

The Chairperson:

Yes, but are you saying that we will not achieve a total transition from capital to revenue, or did I misunderstand you?

Mrs D Brown:

It will still be our aim to effect a total transition.

The Chairperson:

However, you will not totally achieve that. Does saying that it is your “aim” mean that you will not do it?

Mrs D Brown:

If we can get the revenue and money from the spending review to replace the capital, that would be fine.

The Chairperson:

Is that likely?

Mrs D Brown:

Until we enter the spending review —

The Chairperson:

Could it be a mixture of the two?

Mrs D Brown:

It could, but that would be far from ideal. We may even have to stay with capital funding for a further period. We will not know until we see how much money is available in the spending review, so we cannot call that one.

The Chairperson:

Will it be less than what we have now?

Mrs D Brown:

We are all waiting to see what the finances will be like. We will seek to ensure that we do not give up anything. We will not give up capital unless we get revenue.

The Chairperson:

The point that I am making is that no one on this planet thinks that we will get more money in the next financial year.

Mrs D Brown:

It would be a case of swapping money, in that we would be giving back the capital to get revenue.

The Chairperson:

Yes, I understand, but we will not be in that position.

Mrs D Brown:

If we are not in that position, all that we can do is hold on to our capital until we are in a position to get the revenue.

The Chairperson:

For ever and ever? *[Laughter.]*

Mrs D Brown:

I do not have a financial crystal ball.

Mr G Robinson:

Recently, new buses were introduced in Coleraine, and I want to congratulate the Department for using a local coachbuilder. I will not mention names; everyone knows who it is. Given the harsh economic times that we are in at the moment, that is a step forward.

The Chairperson:

OK. Thank you very much.

Mrs D Brown:

Thank you.