



Northern Ireland
Assembly

**COMMITTEE FOR
REGIONAL DEVELOPMENT**

OFFICIAL REPORT
(Hansard)

**Performance against Business Plan, PSA
Targets and Efficiency Delivery Plans**

23 June 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Miss Michelle McIlveen (Deputy Chairperson)

Mr Cathal Boylan

Mr Willie Clarke

Mr Danny Kinahan

Mr Billy Leonard

Mr Ian McCrea

Mr Conall McDevitt

Witnesses:

Ms Doreen Brown)

Mr Stewart Matthews) Department for Regional Development

Dr Andrew Murray)

Ms Lian Patterson)

Mr Paul Priestly)

The Deputy Chairperson (Ms McIlveen):

We move to our first briefing, which is on the Department's performance against its business plan, PSA targets and efficiency delivery plans. Officials will provide a synopsis of papers that are contained in members' packs. I welcome Paul Priestly, Lian Patterson, Doreen Brown, Stewart Matthews and Andrew Murray. You have 10 minutes to brief the Committee, after which members will ask questions.

Mr Paul Priestly (Department for Regional Development):

We are here to brief the Committee on the Department's performance against our 2009-10 PSA and business plan targets and our efficiency delivery plan. At the outset, I want to say that I am pleased by the Department's performance and struck by the significance of our achievements during the past year, some of which have made a difference to people's lives in Northern Ireland.

For example, we completed the £20 million improvement scheme on the M2, which included widening sections of both carriageways and replacing the Hightown, Collin and Longlands bridges. Those works will improve journey times for traffic between Belfast, Antrim, the Port of Larne and Belfast International Airport. We completed works to improve four junctions on the A1 Belfast to Dublin Road at a cost of £16 million. Those were at Hillsborough, Banbridge, Dromore and Loughbrickland. The introduction of two flyovers and two underpasses will enhance safety and assist side-road traffic to join the main road. We have made exceptional progress on the A1 Beechill to Cloghogue scheme, with completion anticipated in summer 2010.

We have completed construction of a new £14.6 million railway station at Newry. The new station provides a modern, attractive facility for passengers with many new amenities, including the provision of 300 parking spaces for use by rail passengers. We have completed the project to extend the life of the Ballymena to Coleraine rail track.

Northern Ireland Water's £160 million Belfast sewers project was officially opened on 19 May 2010. It represents a major scheme to upgrade part of the sewerage network in Belfast. The project will improve water quality in the Lagan and Blackstaff rivers. It will reduce the risk of flooding in inner-city Belfast. It also incorporates the rehabilitation and upgrading of the sewer network to ensure compliance with European environmental standards.

Over the course of year, some £210 million of capital engineering projects were delivered by Northern Ireland Water, of which 44 commenced with high-priority waste-water treatment works. Improvements were made to the water mains infrastructure in a number of areas throughout Northern Ireland. During 2009-10, over 350 kilometres of new or replacement water mains were laid, as well as over 70 kilometres of sewers. The official opening of the public-private partnership drinking water project, Project Alpha, facilities in September 2009, at which a number of Committee members were present, celebrated the first anniversary of the full operation of the new treatment plants that have the capacity to deliver up to 50% of Northern Ireland

Water's demand in the next 23 years.

Finally, the waste-water project, Project Omega, put a further four waste-water treatment facilities into operation. By the end of the year, the waste-water sludge-disposal service element also entered operation, including the construction phase of the 25-year contract for waste-water services. As a result of all of that investment, Northern Ireland Water now produces the best ever drinking-water quality in Northern Ireland.

With regard to our performance against PSA and business plan targets, of the 18 PSA targets, one has been substantially achieved and a further 11 are on track for achievement. Unfortunately, three face delay; two are not likely to be achieved; and one has not been achieved. Of the Department's 79 business plan targets, 62, or 78%, were substantially achieved or are on track for achievement, and 17 face delay. The Department will continue to monitor the remaining 17 delayed targets until they have been completed.

Turning to the efficiency delivery plan, I am pleased to report that we have achieved our 2009-10 target of £28.1 million. That is in addition to £32.4 million that was achieved in 2008-09. We are confident that 2010-11 efficiencies will be met with the exception of one, which relates to asset disposals for the Northern Ireland Transport Holding Company (NITHCo). The downturn in the property market means that original estimates were optimistic. The report before you reflects the position at the end of March 2010. It was planned to deliver £3.6 million through asset disposals in 2010-11. However, members will be aware from last week's meeting that the Transport Holding Company's corporate plan has now been agreed. It confirms that asset disposals are now expected to be reduced to £1.5 million in 2010-11. At present, it is planned to manage the shortfall within the existing rail programme, which will not impact on front-line services.

As I said, I believe that the Department has achieved good performance against its targets. We are happy to take members' questions.

The Deputy Chairperson:

Given current budgetary constraints — we will have a separate session on that subject after you leave — for PSA targets that you have achieved or are on track to achieve, is there a possibility that the savings will be reallocated?

Ms Lian Patterson (Department for Regional Development):

Preparing for Budget 2010 is one of the processes that we are undertaking at the moment. As we go through that work in detail, we will engage with the Committee now and over the summer. As part of the process, it is important to get our priorities right for the next three years, because — you are absolutely right — we are working within a much constrained financial set-up. We want to preserve and protect the PSA objectives, which are Executive targets, by feeding into the generation of wealth for the economy and by meeting our targets against historical, pre-PSA targets.

In summary, for the PSA period that we are examining, there is nothing to indicate that we will be knocked off course from our PSA targets for this year, which is the last year of that cycle. Given that we are three months into the second year of a three-year cycle, the picture that you have is likely to be accurate. However, it is important for the Budget 2010 period that we take stock of what we are doing with our money and that we put it to best use and take tough decisions to ensure that we meet the key priorities for the Department and the economy.

The Deputy Chairperson:

We received correspondence about the fact that the proposed harbours Bill has been pulled. Why did that happen?

Ms Doreen Brown (Department for Regional Development):

The Minister considered seeking Executive approval to put the draft Bill out to public consultation, but he concluded that there would not be enough time to process the Bill during the remaining lifetime of the Assembly. Therefore, he withdrew the Executive paper. Another factor affecting his thinking on the matter is the fact that we still do not have a definitive statement from the Office for National Statistics (ONS) on whether the provisions in the Bill would have the desired effect, namely that the ports would lose public corporation status. In light of that continuing uncertainty, and due to time constraints, the Minister decided not to proceed.

The Deputy Chairperson:

Clearly, there has been a cost to the Department in developing and drafting the legislation and in bringing it forward for consultation. Do you know what those costs were?

Ms D Brown:

I do not have a figure for those costs, because we did not set up a specific Bill team to take forward that piece of legislation. That was part of the day-to-day work of a small seaports branch in the Department, which does other things as well. Obviously, time was involved on behalf of the legislative draftsmen, and we could cost that if you wish. However, we do not consider that the draft legislation will be of no value in the future. When the time comes for it to be processed, we hope that that work will serve us.

The Deputy Chairperson:

Bearing in mind the competitive nature of ports, particularly if they wish to expand or develop, are there any material consequences of not moving forward with the legislation at this stage?

Mr Priestly:

We are not in a better or a worse position than we were. We still have to wait for a decision from the Office for National Statistics about whether the policy changes that we intend to make will be sufficient for it to change its classification of the port. If we do not get a positive decision, the legislation will be worthless in any case. Therefore, we have not gained anything and we have not lost anything. We plan to bring forward the draft legislation during the next Assembly mandate. In the interim, we hope to get a decision, one way or the other, from ONS. Meanwhile, the ports continue to operate and to produce a profit, so they are not being hindered.

The Deputy Chairperson:

What will happen if the ports need to borrow money in the interim?

Ms D Brown:

Public expenditure cover would have to be made available to cover those borrowings. I would like to make two points: first, we do not view that as an imminent danger; we are not aware that ports have short-term plans for substantial borrowing. Belfast port has some longer-term plans, but it also has reserves on which to draw.

Mr Priestly:

The annual report and accounts for Belfast port were published in the past fortnight and showed that it has more than £15 million of reserves.

Ms D Brown:

Further to that, if we believed that there was a danger of more borrowing being required, we would want to discuss the position with DFP. We know the position taken in GB on borrowing by trust ports, where public corporation status means that there is no requirement for their borrowings to be covered from public expenditure. Therefore, we want to explore with DFP what seems to be a difference in approach in GB and here.

Mr Leonard:

So many issues are interrelated. Last week, we were talking about raising bus and train fares, and I said that the system was creaking. I was reminded of that when the witnesses talked about priorities for the next three years. Your submission to members includes a map with a vast swathe of red. There is nothing new in my saying that the greens, the ambers and all the rest are on A-roads, key transport corridors and the like. Do not get me wrong, A-roads are essential; however, that vast swathe of red, with a system that is creaking, is classed as “other roads”. There has been a feeling over the past two or three years that, in advance of the now-aborted RPA, work was not being done on roads that were to be dished off to councils.

Even if there is some transfer of powers, which is a whole other debate that will, doubtless, take an eternity, no real form of RPA will happen. Meanwhile, there are real worries about the sometimes disastrous standard of roads other than the A-class roads and motorways. Given the planned budget constraints, will PSA targets be artificially fixed? How on earth are we going to get back to a reasonable level of planning, never mind the longer term?

Mr Priestly:

I will lead and Dr Andrew Murray will deal with the detail. First, the Executive made a policy decision that investment in this Budget period would be in the strategic road network. Historically, the investment in maintaining the network that we have — the other roads — has been underfunded and made up, in-year, from moneys that become free. This year, we got £15 million. We do not think that that is sustainable. The work that we are doing in preparation for the next spending review includes asking whether that priority should change. Should we say: we have got investment in the strategic road network, let us complete that, but rebalance it —

Mr Leonard:

Pardon my interruption. It is actively indicated in your submission that the priorities will change

to some degree to reflect, and to try to work against, the big band of red that is on display to members.

Mr Priestly:

That is certainly our intention.

Mr Leonard:

Is that definitely one of the key priorities on which the Department is working?

Mr Priestly:

It is what the Minister wants to do. We cannot let the network that we have continue to deteriorate. We provided the Committee with the review conducted for the Department by independent expert Professor Martin Snaith, which showed that the backlog of underinvestment is now £700 million. Professor Snaith told me that that figure was rising by £180,000 a day.

Dr Andrew Murray (Department for Regional Development):

I would add only that, of the two aspects of road maintenance covered in those two sub-targets, the trunk road target is one that we think is reasonable. It is reasonable to have 70% of the trunk road network with more than five years' remaining life. We are happy with that. Therefore, we put sufficient funding into trunk road maintenance to ensure that we meet that target, as far as we can. The remainder of the money then goes to achieving the 30% best-practice target. We are not happy that our target is so low, but we are trying to achieve it. There are some comments that indicate that we may achieve that target because of last year's money. The target is only 30% of best practice, and, as the permanent secretary pointed out, the backlog will continue to grow at a rapid rate, even if we achieve that target.

Mr Leonard:

It is a catch-22 situation, and we have talked about the idea of concentrating on roads in Committee. Road users make more than 90% of their journeys on the roads that I referred to. However, there is a balance to be struck, and, following on from last week, are you going to lower the PSA target for public transport?

Mr Priestly:

We face a difficult situation, going forward. The Executive need to make decisions about

priorities as they see them. That will determine the budget that comes to the Department. We have already said that we recognise the difficulty with the structural maintenance of the road network, and, going forward, we have to put more investment into that. We would like to be in a position to put more investment into public transport. In a situation in which it is likely that our budget will reduce, that will require very difficult decisions about the balance between investment in roads and investment in public transport. However, if we were to have more sustainable transport arrangements here, skewing that investment more towards investment in public transport is the right thing to do in policy terms, and it is what the Minister would like to do. However, in an era of financial constraint, the challenge is that our budget is likely to reduce, so how quickly can that be done?

Mr Kinahan:

Thank you for the presentation. You indicated that you want to carry on with the roads programme and completing more things that you had planned, yet you indicated that we need to spend more money on maintenance and more on getting off the roads, namely sustainable transport and other things. Therefore, you seem to be giving us a mixed message. I know that the feeling in this Committee is that we should perhaps look at parking some of the major road expenses and putting the money into a different set of targets, which allows more for maintenance of roads and starts developing the alternatives, rather than just keep building the big roads.

Mr Priestly:

I do not think that there is a difference between us. I said that in this Budget period, the Executive decided that the vast majority — 80% — of the investment available would go into the strategic road network. That is what we are doing in this Budget period. However, for the next Budget period, the Executive and our Minister must decide what the priorities should be. We can see the case for greater investment in sustainable transport and in roads structural maintenance, but making those changes will require very difficult choices. That is what I said, and you identified what the choices will be.

Mr Kinahan:

OK.

Mr Boylan:

Thank you very much for your presentation. Roads maintenance has been a big issue for the

Committee over the past three years. You mentioned the Budget, but it is all about prioritising. I want to go through some figures. What percentage is the motorway and trunk network in terms of the whole network throughout the North?

Dr Murray:

I do not have the exact figure.

Mr Boylan:

Is it around 30% or 40%?

Dr Murray:

It is less than that.

Mr Boylan:

The rest of those roads are rural or minor roads. That makes up the biggest percentage of our network. Although you talked about the harsh winter that we had and the condition of the roads, there is another factor too, which is the warm weather. I hope that we have a lot of warm weather over the next couple of months, but that also has an effect on the roads, especially on the patches, as they are easily lifted. I know that the Committee will support me on that issue. We need to prioritise the moneys for road maintenance for the other 70% of the network. You say that you have achieved 70%, but that is 70% of the 30% of the total network, and that must be looked at. I will not labour the point because my colleague has mentioned it already.

PSA 15 states:

“water industry reduces percentage of households experiencing unplanned and un-warned interruptions in water supply in excess”.

That target has not been achieved, although it may be minimal. It is being blamed on the harsh weather conditions, and that is fine. However, NIW must bring the infrastructure up to standard, and that is not happening. How often does NIW report, and how is it getting on with its infrastructure, especially in the rural areas? Can you answer that and give us updates on the position regarding the infrastructure. I am talking specifically about the rural areas. The targets set to deal with urban areas are there, and they should have been achieved, or nearly achieved. The money has been ring-fenced for that. Apart from that, we are getting there with the infrastructure, but we have still a wee bit to go, and we need to keep concentrating.

Ms Patterson:

You are right: it is getting there. There has been a huge investment in this spending review period in water and waste water infrastructure, and we are starting to see the benefits of that. That specific target will not be impacted, regardless of infrastructure, because that target has been missed due to the prolonged cold spell. If a pipe freezes, you have to wait until it melts and the weather was totally unprecedented this year. Therefore, we may need to look at the length of that target. We may move into a climate of longer winters. Nevertheless, the target was just missed, but no matter what NIW did and what the infrastructure was like, I do not think that the target could have been met.

Mr Boylan:

I disagree. Some of the pipes still out there are more susceptible to that type of weather. I agree about the weather conditions, but it is an infrastructural point.

Mr Priestly:

I will come at it from a slightly different direction. Again, priorities were set before the investment was to be made in further infrastructure for this Budget period. Without doubt, the majority of the investment has gone into water-treatment plants, waste-water treatment plants and the replacement of some trunk mains. That was right. If we had not made that investment, we would have caused an infraction under EU law. Undoubtedly, we need to keep on with the drive to improve the water mains. However, irrespective of the amount of work that we put in there, we will still be susceptible. We have one of the longest networks of water mains with a rural dispersal —

Mr Boylan:

I agree with you, Paul, and I am sorry to interrupt you, but those big targets are set out in the plans. We need to look at them, just like road maintenance.

Mr McDevitt:

Does the Department still consider the regional transportation strategy to be a foundation stone in policy terms?

Mr Priestly:

We consider both the regional development strategy and the regional transportation strategy as foundation stones for the policies that we build. We are in the process of reviewing and updating both of those documents.

Mr McDevitt:

The regional transportation strategy envisaged that, over the decade from 2002, 35% of all transport investment would be made in public transport.

Mr Priestly:

Yes.

Mr McDevitt:

But that has not happened.

Mr Priestly:

The Executive came along and said that the balance would be 80:20.

Mr McDevitt:

From a corporate point of view, that has not happened.

Ms D Brown:

It happened in the early years. It happened until the investment strategy was developed by the Executive. The balance then shifted more in favour of capital investment in roads than capital investment in public transport.

Mr McDevitt:

Our foundation stone says that we should be prioritising. A 35% investment in public transport is heavy by any international benchmark. We should be prioritising public transport. Nevertheless, the political direction that you have received is to deprioritise it.

Mr Priestly:

No; I would say that the Executive came along and set their priorities.

Mr McDevitt:

The effect of that, and the political direction that you have received, is to deprioritise public transport.

Mr Priestly:

No; I would not say that it is deprioritising public transport.

Mr McDevitt:

How would you describe it?

Mr Priestly:

The Executive decided that that was how the investment should be made, and that is how I would describe it.

Mr McDevitt:

OK. So, as a matter of fact, the RTS said 35% and the Executive said 80:20.

Mr Priestly:

That is correct.

Mr McDevitt:

So we lost nearly one third of the proposed investment in public transport when the Executive came along.

Ms D Brown:

That was in practical terms. The investment strategy looked at capital, not revenue, so it did not impact adversely on the balance of revenue going into public transport. It was simply on the capital investment.

Mr McDevitt:

Average bus speeds in the greater Belfast area are slower today than in 2002, when the regional transportation strategy envisaged that they would be 15% faster by now.

Dr Murray:

With regard to funding, the regional transportation strategy looked at measures that were affordable within a certain funding package, and that is where the initial split in funding came from. When the investment strategy was published, it indicated that additional money should be put into transport. The priority was that that additional money would be put into upgrading the road network.

Mr McDevitt:

With the greatest respect, Dr Murray, the regional transportation strategy, as far as I can read it, says that you should be investing 35% of what you have available to you in the future in the next decade in public transport. It was a strategic decision to say that we will put over a third of all funds available to us into public transport.

If the envelope grows, you just continue with the proportional breakdown. You do not recalibrate. According to the basic matrix, average bus speeds in Belfast were to have increased by 15% during the regional transportation strategy period. In fact, they are slower now than in 2002.

Ms D Brown:

That is one of the issues that has to be addressed through our sustainable travel and transport policies, which will be embedded in the new RTS.

Mr McDevitt:

Not a single PSA relates to sustainability in a direct sense.

Ms D Brown:

That is why we are revising the regional transportation strategy to take account of the emerging policy context of sustainability in travel and transport.

Mr McDevitt:

But, Ms Brown, in 2002 you, or your colleagues, wrote a really good document — I have to congratulate those behind it — that identified the need to make that investment at that point. Nor is it unrelated to the investment in secondary roads, because they are all connected. You are now saying that it is an emerging policy?

Ms D Brown:

The increasing emphasis on sustainability is something that is emerging.

Mr McDevitt:

But sustainability was at the heart of the regional transportation strategy.

Ms D Brown:

I would dispute that. When that document was produced, I do not think that sustainability in transport truly was to the forefront of thinking in the way that it is now.

Mr McDevitt:

Perhaps it was serendipity, because, had the investment been made in the way intended, you would have a much more sustainable transport infrastructure today than the one you enjoy.

Ms D Brown:

There is room for further investment, absolutely, in public transport to achieve greater sustainability. That will not necessarily be achieved by capital investment, which is what the investment strategy was all about. There is a need for revenue investment as well.

Mr McDevitt:

Maybe rapid transit would help.

Ms D Brown:

Rapid transit is very much moving forward.

Mr McDevitt:

Or the quality bus corridors, which do not cost a huge amount.

Ms D Brown:

The quality bus corridors strategy is being reviewed, and that will come through in the revised regional transportation strategy.

Mr McDevitt:

Or getting around to awarding the contract for Cairnshill.

Ms D Brown:

We expect to tender for that service in a couple of weeks' time.

Mr McDevitt:

We discussed an efficiencies report by the DFP Committee in the Assembly on Monday night, and they found that the PSA targets were proving a very inadequate measure of efficiency in the system.

Mr Priestly:

My starting point would be that the PSA targets are not intended to be a measure of efficiency. They are intended to be a measure of the outcomes that the Department is intended to achieve, and is given a budget to achieve. Our task is to deliver those —

Mr McDevitt:

So efficiency is the relationship: the function between input — budget resource expenditure — and output, and the PSA is a critical element of that.

Mr Priestly:

In terms of the outputs and outcomes that we are intended to achieve.

Mr McDevitt:

So, looking to the next Programme for Government and CSR period, you think that we should stick to that model, that it is perfectly adequate and fit for purpose?

Mr Priestly:

No, I do not. As I said, we have been undertaking work for the past six to nine months, looking at how our priorities should change, putting more investment in sustainable transport arrangements and road structural maintenance, where we should put our money, and then build a new set of more meaningful PSAs around that.

Mr W Clarke:

You have answered the question that I was going to ask. I echo what other members have said about structural maintenance of roads. It is one of the biggest issues that I have to deal with as a representative of a largely rural constituency. Everyone I meet talks about the condition of the roads. The Minister comes from a rural area, so he understands the problem.

It is all very well to aspire to put more money into public transport, but the buses have to run on the roads. We need to get that message across. The public cannot tolerate paying the money that they spend on road tax, as well as other taxes, while they have to travel on inferior roads. Cars are damaged, not just by potholes, but continually, over months and years, and people have to spend more money on them. I do not believe that that is being taken into account. When a person takes a car to a mechanic, he or she may discover that not only are the car's shocks in need of repair, but the price of the repair is shocking.

There is a need to change priorities, and I welcome what you are saying. We need to work together on that. The Committee is at one with the Department on those matters and we need to bring more pressure to bear on the Executive. We intend to table a motion on this subject in the Assembly after the recess.

Mr Boylan talked about missing targets in relation to the water supply. The cold weather may be to blame, but the water supply infrastructure is poor, and it will get worse as time goes by. The situation is similar to that experienced by NIE customers. The electricity infrastructure is very weak, and when a storm occurs it shuts down. The same happens in freezing weather conditions, and we are going to experience that a lot more. Laurence MacKenzie, who spoke to the Committee, has seen what is needed to improve that infrastructure. I take it that we are in safe hands in that regard. When he appeared before the Committee, I made the same point that we need to invest further, both in keeping water supply pressures up and ensuring that people are not left without a water supply. I just wanted to reinforce what other members said.

Mr Leonard:

The Minister was carrying out a review or a check on rural water connections. A survey was being taken and various schemes were to be incorporated. At what stage is that review, and will it lead to a target for more connections?

Ms Patterson:

I will have to come back to you on that. I do not have the details of that work. It has been ongoing and it has taken another step forward, but I would prefer to come back to you with the facts.

Mr Leonard:

I appreciate that, because it is an important issue.

The Deputy Chairperson:

In your conversation with Mr McDevitt, you mentioned that you have been working for the past six to nine months on the changing priorities and budgets and so on. When will you come to the Committee to consult on those changing priorities?

Mr Priestly:

At present, that is up in the air, because we have not been given any sense of direction from DFP about what the budgetary parameters are likely to be. We are planning to have a workshop with the Minister within the next six weeks, at which, hopefully, he will take some decisions about where the priorities should lie. There is nothing at present that we could sensibly bring to the Committee, but I can give a commitment that, once we have some preliminary thinking done, we will be happy to share it with the Committee.

The Deputy Chairperson:

The Committee's concern is that we may be presented with a fait accompli, rather than being involved in the consultation process.

Mr Priestly:

No.

Ms Patterson:

A bottom-up approach is being recommended for the Budget 2010 process in which we start with a blank sheet of paper, fill it up with commitments, and then work our priorities around it. It is worth pointing out that the difficulty for DRD, if we proceed on a bottom-up basis, is that the nature of our schemes — big roads and water infrastructure schemes — are heavily capital dependent.

A lot of what we have is already contractually committed. The difficulty for us, and something we want to bring to you early, is the breakdown of that. We have to start from the bottom up by building in our contractually committed amount. We then need to assess how much we have to play with in making the decisions as to what to put into structural maintenance to top it up, or how much into public transport to top that up, in order to make the shifts that we, and you, want us to make. It is important that we bring you that analysis at an early stage, to show you the breakdown and show you what the budget will look like. That would better inform decisions.

The Deputy Chairperson:

That would be very useful. I appreciate you giving us your time this morning.

Mr Boylan:

You have already told us that there will be nothing there.

Mr Priestly:

It is important that you recognise the difficulties of the Department. It continues to do good work.

Mr McDevitt:

My intervention will be brief. It is about reprioritisation. In your corporate plan, you remind us of the investment strategy sub-pillar for roads and transport infrastructure. In it, you anticipate that, between 2011 and 2018, there will be an additional £400 million investment in roads infrastructure, and no increase in public transport infrastructure, beyond what is anticipated in the investment strategy. Are you saying to us that that is now off the table and we are looking at a fundamental remodeling, or are we tinkering around the edges of this?

Mr Priestly:

The investment strategy figures for beyond this Budget strategy were always understood as indicative. You are as aware of what is going on in the public expenditure system as well as us. In looking to the next Budget period, the Minister has strategic choices to make as to where to put that investment. That is what we are considering at the moment.

Mr McDevitt:

So those figures are off the table?

Mr Priestly:

They are purely indicative.

Mr Kinahan:

I wish to follow on from something that Lian said. The long-term contracts were agreed before we hit the economic crisis. Are such contracts now written in such a way that, in future, you can have, not a get-out clause but a means to park things, change things and have a little more control?

Mr Priestly:

The starting point for looking at the Department is that, within the departmental family we have four big PPPs, which are 25-year contractual commitments, two in water — Alpha and Omega — and two in Roads Service — DBF01 and DBF02. They consume an awful lot of our budget. They are 25-year commitments, and to get out of them would be hugely expensive. We would not do it.

In future contracts, for example in some of the roads schemes, there are cut-off points. We are agreeing contracts wherein there is no commitment to build a scheme, but where we want to work with a contractor to look at the issues and get the design sorted out. Then there will be a separate stage at which a decision is taken as to whether the contract goes forward.

The Deputy Chairperson:

Thank you once again. No doubt we will see you early in the next session.