



Northern Ireland
Assembly

Committee for Regional Development

OFFICIAL REPORT (Hansard)

Coleraine to Londonderry Rail Track Phase 2 Project:
Mr Danny Kennedy MLA, Minister for Regional
Development

12 November 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Trevor Clarke (Chairperson)
Mr Seán Lynch (Deputy Chairperson)
Mr Joe Byrne
Mr John Dallat
Mr Alex Easton
Mr Ross Hussey
Mr David McNarry
Mr Stephen Moutray
Mr Cathal Ó hOisín

Witnesses:

Mr Kennedy	Minister for Regional Development
Mr Ciaran Doran	Department for Regional Development
Mr John McGrath	Department for Regional Development

The Chairperson (Mr Clarke): I thank the Minister and his team. Minister, I know that you have a very busy schedule. I appreciate you fitting us in at such short notice, but this is a pressing issue for many of us. I am still new in this position, and it is disappointing that something like this has come up so soon. Needless to say, you have made yourself available. You understand that we will be carrying out a short inquiry into this matter, so we obviously wanted to hear from you first on how we got to this position. You are aware that members of Translink will be here later this morning. I will hand over to you, Minister.

Mr Kennedy (The Minister for Regional Development): Chairman, thank you very much indeed. I thank you and members for making yourselves available slightly earlier than normal; I am conscious that you have done that. I thank you for giving me the opportunity to brief you in more detail on my statement of 3 November.

I am very disappointed with the latest problems and with how Translink has managed this phase of the project. I remain determined to see it delivered. My focus now is on sorting out a practical and affordable way forward. In the light of questions from MLAs and press comments that have been appearing since 3 November, I will, with your permission, start with some background, if that is helpful. I understand that we are being reported by Hansard, so I think it is important that my background briefing is read into the record for the sake of your inquiry. The presentation lasts for about 12 minutes, but we will work through it as quickly as possible.

Over the past decade, departmental and, indeed, Executive policy has been that we should retain and improve customer experience on the rail network. The most important part of that has been the introduction of new trains and, in 2012, a new rail timetable. Closely linked to that was a desire to maintain and improve services between Coleraine and Londonderry. In 2011, I inherited my budget, which had not provided completely for the overall relay and signalling works that were needed on the Coleraine to Londonderry rail line. I listened to people in the north-west and took immediate steps to rectify that situation.

I asked Translink to split the overall project into three phases, ensuring that it remained a value-for-money solution that could be funded within available capital budgets. Translink produced a revised three-phase project with associated cost estimates. It is important to say that the original cost for a full relay and signalling project was produced in 2010. The three-phase project was estimated at £78 million: £27 million for phase 1; £20 million for phase 2; and £31 million for phase 3. Those phases had completion dates of March 2013, the end of 2015 and 2021 respectively. Translink produced the revised dates and costings in the form of a revised economic appraisal in September 2011.

In October 2011, I made a statement to the Assembly in which I explained that the overall project would be completed in three phases. Phase 1 was completed ahead of time and within budget. Closure of the line between July 2012 and March 2013 enabled that to happen. Phase 1 dealt with immediate safety issues and involved relaying the end sections for the line and bridge works. I officially reopened the line on 22 March 2013. While phase 1 was being completed, plans were being developed to start work on phase 2. Phase 2 involves two main elements: signalling works; and the construction of a passing loop. Its importance is that it allows for a more frequent service between Londonderry and Coleraine. Translink produced a project plan that, if delivered, saw work being completed by late 2015. A Programme for Government target was agreed, including reference to phase 1 and phase 2.

I will move now to the delays in phase 2. Translink's initial procurement strategy combined design and build, aiming to award one contract for both to deliver the speediest completion of phase 2. Translink embarked on a formal procurement in early 2013. The pre-qualification questionnaire and the process for that approach resulted in suitable responses from three separate contracting teams. However, there are a small number of companies in Great Britain that are active in this market, and many have been involved in network rail programmes of work. In early 2013, only one firm submitted a tender.

Given the lack of market interest and in line with good practice, Translink engaged independent advisers to complete a review of the tender submitted. The review concluded that, although the tender was fully compliant, it did not demonstrate value for money due to the high rates quoted and the unusually high markup for any additional work. The bidder would not revise those despite requests from Translink, and in essence the risk was that an open-ended commitment would have to be entered into that would have been very similar to the scenario that arose on the Belfast-to-Bangor track relay some years ago. In the circumstances, Translink officials and its board felt that they could not award a contract for phase 2. A decision was made last year to abandon the original procurement for phase 2. A revised procurement strategy separating design and construction has been put in place with a new end date of late 2016. You will know that I expressed considerable displeasure last September at Translink's failure to adequately consult me before making its decision and instructed Translink to make the project a priority going forward.

I will move on to the developments since last summer. Work has since concentrated on appointing a design team for the signalling element and a contractor to design and build the passing loop element. That has progressed broadly to the revised timetable. The overall design work on the signalling element of phase 2 was completed in the early summer. That produced a revised estimate cost of £35 million, which was notified to my Department based on work by independent advisers to Translink. When that was reported and given the background, I commissioned an independent review overseen by my Department to verify what Translink was saying and to assure myself that its project management was adequate. The terms of reference and logistics for the Cabinet Office project assessment review (PAR) took some time to arrange, but, as I explained on 3 November, it was completed by the end of September and I had agreed its recommendations and conclusions by early October. I then moved to inform the Assembly as soon as practicable thereafter. A PAR is very similar to a gateway review, and it is normal practice to ensure that the release of that type of review is restricted to the responsible project managers.

I can and will share the review's terms of reference with the Committee at this stage. The review was carried out by a three-person team, including two representatives from the approved Cabinet Office list for staff. There is an added complication in that it is still hoped to procure the signalling contractor by

early next year, and the review may contain sensitive information that could distort the procurement. I assure the Committee that I will release the full review report after the procurement is completed.

I will summarise what the review says. The original cost projection was a high-level estimate not backed up by any detailed planning or design work. Translink did not make that clear at the time. The original projection was underestimated at least partly due to failure to build in contingency at an appropriate level for a complex signalling project of that kind. Relying on a single source of cost estimation, even if it is independent and specialist both in the original appraisal and currently, represents a potential vulnerability. That remains an issue. The review recommends that a further review of the latest cost estimate is undertaken and that a figure of £40 million, including an appropriate level of contingency, is more realistic for the overall project. It states that, although this is a significant project in Northern Ireland terms, it is relatively small in national terms, thus suppliers may not see it as particularly attractive. It also states that, based on the information provided to the review team, the Translink decision not to proceed with the single bidder last year was justified.

The review makes recommendations on how to take the project forward, including an immediate engagement with the supplier market to generate interest; a further check on the cost estimate to inform a pre-tender estimate; applying a higher level of contingency to a cost estimate for an updated economic appraisal; using guidance that is in use in the Department for Transport; and reviewing the content of the contract for the signalling element of the project to ensure that it is clear that contractor payments have an upper limit.

Where are we now? A revised economic appraisal has been produced and is being considered. Translink has actively engaged with the supplier market — at least four firms. A pre-qualification questionnaire will issue within days to initiate the procurement. We expect a further estimate of costs to be produced prior to the tenders.

Where accountability is concerned, I have very forcibly expressed my disappointment to the Translink chair about the way that Translink got the original estimate wrong and Translink's failure to cross-check the figure since 2011. The newly appointed Translink chief executive has agreed to produce a comprehensive lessons learned report, including identifying where the blame lies. I expect that report to be on my desk by the end of the year. There will also be lessons for my Department, so I am instigating a lessons learned review in the Department. Those lessons should be learned because of relying on cost estimates that were produced in the early stages of projects and by not ensuring that the initial estimates included adequate contingency and were regularly reviewed throughout the project cycle.

We should also recognise that no taxpayers' money has been wasted. If the costs have increased — only the procurement process will ultimately determine that — we still had the opportunity to take stock before proceeding. Translink got its original estimate for phase 2 badly wrong.

I will finish by summarising the project's current position. There have been no cost overruns, and no taxpayers' money has been wasted. The revised economic appraisal, which continues to establish the project as representing value for money, is awaiting approval. The project is still on target for completion around the end of 2016. I remain totally committed to it. The funding that is required for the project next year will come from my Department's capital budget.

Thank you. I am happy to take questions.

The Chairperson (Mr Clarke): Thank you, Minister, for your words on that. The first thing that strikes me is that you talked about your disappointment at Translink not making you aware of the problems. I think that it is fair to say that the Committee is equally disappointed that neither you nor your Department made the Committee aware once you knew in June this year about the problems. Whilst I appreciate that you gave me and the Deputy Chair an opportunity to meet you prior to you making the statement — I think that it is fair to say that the Committee shares my view — it was very disappointing that we were not brought up to speed prior to the summer recess. It was very much a bolt from the blue.

I will ask a few questions, and I will then open it to the rest of the members. Your language, Minister, suggests that we are trying to blame Translink for everything and that no blame is apportioned to your Department. You made a statement in 2011 in which you said:

"I am aware of previous problems with the Belfast-Bangor line relay, including poor specification and project management, as well as budget overruns, which led, rightly, to criticism by the Public

Accounts Committee. I am determined that that will not happen in this case, and I will task my officials accordingly. — [Official Report, Bound Volume 67, p114, col 2].

In the light of that statement, Minister, I can say that your officials or you have failed. Someone has failed. I want to know what action you, as Minister, are going to take to deal with the failures in your Department and with the officials that are charged with that piece of work.

Mr Kennedy: I omitted in my earlier remarks to welcome your appointment as Chair. I apologise for that, and I wish other new Committee members well in their work here.

I hear what you say about the Committee being disappointed at not having been informed earlier. You will know that the Committee's role is to scrutinise the Department's work. As Minister responsible, I found myself in early summer having to take actions to put in place the PAR, as I indicated, as quickly as possible. In those terms, as Minister responsible, it is not that I was inactive or did not take the appropriate action needed. Obviously, I have continued to do that.

I clearly indicated to you today that, as well as the lessons learned review that the new Translink chief executive will conduct, I intend to have a lessons learned review in my Department to identify whether there were any failings and to address those failings. That is not just for this contract but future contracts, as major contracts relate to the Department. You will know that, as an arm's-length body, Translink has responsibility for the project at executive and board level. That is why I have been so strident; I have not been in any way easy on Translink in the criticisms that I levelled. I am also looking in my Department to see whether important lessons need to be learned and applied.

The Chairperson (Mr Clarke): I appreciate that, Minister, but your statement of 2011 says that we had to learn from lessons in a previous Audit Office report. You have recognised that there are failings in that. I am really trying to press you on the answer to my question. There are failings in your Department as well. You cannot charge your Department to be responsible for something and to prevent something from happening again, recognise that there are failings and not take appropriate action. The other way of framing that is this: do you think that it is appropriate, given your statement in 2011, to go back for a lessons learned review as opposed to taking firm actions against those responsible?

Mr Kennedy: If you consider the actions that I have taken since the problem emerged in the early summer, you will see that I have given it proper and due acceleration. The fact is that a Cabinet Office review, which is a very top-level type of review, was undertaken. We have done that with some speed, and we have accepted the recommendations, and, moving forward, we are applying those recommendations. We are also moving forward with the project, which is equally important. I reassure not only you and Committee members but the wider Assembly and the public, particularly in the north-west, where I am aware there has been considerable concern, that I am dedicated to the project personally to see it being successfully carried through. I am determined that that will be the case. Whilst reviews are being undertaken on failings and mistakes, which have to be addressed, we have to press on and make progress to get the work carried out as quickly as we possibly can. That is also what I am committed to.

The Chairperson (Mr Clarke): The popular thing to do is to support the project. It is irrelevant whether it is in the north-west or the east of the Province. You have had support from your other ministerial colleagues for whatever extra resources you needed to get that line up and ready for the City of Culture. I think that that should be noted. It is popular to say and to be on record today saying that you are committed to seeing this work. However, where the current economic appraisal of the project is concerned, I am led to believe that, in the context of the £22 million estimate, it only scraped through. Given that you are now estimating £40 million, how do you believe that is going to change its economic viability?

Mr Kennedy: The updated economic appraisal is with DFP for consideration, and we await the outcome of that. I do not want to prejudge that in any way, but I think that there is, as you said, widespread political and community support for this. It is also clear that it remains a Programme for Government target that needs to be met. I very much hope that we can resolve any issues over finance and clear the road so that we can go ahead with the project as quickly as possible.

The Chairperson (Mr Clarke): The other thing that you referred to in your opening remarks was the speciality in this market, and you said that only one provider had come forward during the earlier process. Where did the £40 million figure come from, and do you think that it was helpful to put out an

additional figure before you had gone back to the market to price it? Given that it is a small market, it is fair to say that you have given that market an indication of what tenders should come in at, rather than testing it before plucking a figure out of the air.

Mr Kennedy: At one level, you are criticising me for not informing you and for giving you sufficient detail, but now that I am providing detail, or attempting to, you are criticising me for that.

The Chairperson (Mr Clarke): No, I am criticising you because it seems that you have plucked a figure from the air.

Mr Kennedy: No. We are satisfied that the amended figure is more accurate than the original estimate. The failing in this whole case was that the original estimate was so significantly flawed. That was the mistake that needs to be clarified and addressed. We are satisfied that the current estimate of or in and around £40 million is accurate. To safeguard that, we have also said that we will have it reassessed before we finally hit the button to ensure that that is not just an accurate estimate but an accurate cost.

Mr Ó hOisín: Minister, thanks for coming to the meeting. I do not have to rehearse my disappointment about the failure of what is probably the only live infrastructure project in the north-west that was ready to go — or that we thought was ready to go.

I want to ask about the figures. The original estimate was £20 million to £22 million. That was based on a model that was advocated by the Central Procurement Directorate (CPD), which had been used for design and build on previous occasions. The last that the Committee heard was that there was a potential 27% increase, which, depending on who you were talking to, was between £4 million and £6 million. This morning, you quoted a figure of £35 million from the early summer. Where did that figure come from, and when did you know about it?

Mr Kennedy: That new assessment was done on behalf of Translink. That £35 million plus the £5 million contingency obviously gets you to the £40 million. That work had been carried out by early summer, and Translink informed us at that point. Obviously, with the overrun that was indicated, I felt it necessary to instigate the PAR.

Mr Ó hOisín: OK. Does that mean that you and your officials knew about that from the early summer?

Mr Kennedy: Departmental officials were made aware of the potential cost increase on 24 June, and that was subsequently confirmed in late July after a review by the Translink board.

Mr Ó hOisín: It would have made it a lot easier for the Committee if we had some inkling or indication of the difficulties that existed, other than the £4 million to £6 million that had previously been indicated.

Mr Kennedy: With respect, it goes back to our responsibilities. The Committee is charged with the scrutiny of the Department and its arm's-length bodies, including Translink. I am responsible for the day-to-day management of the Department and for taking the important decisions that are necessary in the situations we find ourselves in. I found this to be an unacceptable position, and I wanted to have it checked and a thorough independent forensic review done. That is what I instigated. We moved to inform not only the Committee but the Assembly and the Executive at the appropriate time.

The Chairperson (Mr Clarke): I want to come in on that. Minister, your officials were here in early July. I think that John was here, so maybe he should answer this question. You were here on 2 July, John —

Mr John McGrath (Department for Regional Development): Was it on the business plan, Chair?

The Chairperson (Mr Clarke): You gave a presentation on progress against Programme for Government targets. No reference was made then to the difficulties with the project. Would it not have been good or useful at that time to give the Committee an insight that there may have been a problem? Should there not have been an in depth analysis of that? From what we have recorded, you said nothing about that in your comments and said that everything was on target.

Mr McGrath: The Minister summarised the state of play with the project at the minute. That is not necessarily out of line with the Programme for Government commitment as it stands.

The Chairperson (Mr Clarke): It may not be, but the commitment for the spending for this project takes us up to 2015. I imagine that the £22 million was earmarked for it. When you came here on 2 July, you would have been of the mind that it was starting to drift somewhat from the £22 million. I am sure that the Minister will have to go back and get approval for the additional moneys that need to be found, if, indeed, they can be found, on the basis of the economic appraisal. Why did you not make the Committee aware of that at that time?

Mr McGrath: The Minister just indicated the timetable. In early July, we did not have confirmed information from Translink —

The Chairperson (Mr Clarke): You knew from June that it was starting to drift from £22 million.

Mr McGrath: We had inklings. The Programme for Government target is not necessarily at risk through any of the issues —

The Chairperson (Mr Clarke): John, do you not think that it would have been appropriate to notify the Committee in July when you were here to talk about Programme for Government targets? There has been an awful lot of genuine public interest in the project right up to the City of Culture, and you know that there are Committee members from the north-west who are particularly keen on and interested in it. Would it not have been useful to inform the Committee at that time?

Mr Kennedy: The situation was fluid, and whilst concerns were beginning to be raised, it was important that we waited until the Translink board confirmed them. That confirmation came to us in late July.

I understand the point that you are making about the Committee, but we are charged with running the day-to-day affairs of the Department, and we judged it best to wait for final confirmation from Translink before hitting the panic button.

The Chairperson (Mr Clarke): Just as you are charged with that, we are charged with scrutinising what the Department is doing. I think that it would have been within our role to be notified of that at that time.

Mr Ó hOisín: Chair, you said what I was thinking. Whilst there were no cost overruns, we should have been advised of potential difficulties earlier. I know of your commitment to the project, but there has been a serious adverse effect to it. How will you come out the other end? Have you looked at ring-fencing projects for the project or its delivery or to keep it up with the Programme for Government commitments?

Mr Kennedy: The Chair and the Committee will know about the challenging financial position that we find ourselves in, and particularly next year. This is a Programme for Government commitment. It is also one of my commitments, and the necessary finance will have to be ring-fenced for the project to be carried forward. That is a challenge for the Department and for me, but I have to rise to that challenge. I have no doubt that I will rise to it with the support of the Committee, Executive colleagues, the Assembly in general and public opinion in the north-west, which demands and seeks to demand that the project is carried forward as quickly as possible.

Mr Dallat: Minister, I am tempted to put a very sharp question to you at the beginning. How much longer can you shield Translink?

Mr Kennedy: Chairman, through you, I do not believe that I shield Translink or that I have shielded it in this instance. I have identified failings, instigated pretty powerful reviews and accepted the recommendations. I have also demanded that Translink carry out a lessons learned exercise that should be on my desk before the end of the year. The new group chief executive is well placed to do that, and I am grateful to him for taking that on board. It is not that I am in any way easy or soft on Translink; in fact, my public comments in the House and in the media have not given any comfort to Translink or made things easier for it. Indeed, publicly and privately, I have clearly indicated my displeasure at the course of events. I understand that Translink is with you a little later on. You may wish to test that with its representatives.

Mr Dallat: I have no doubt. To be absolutely fair, we are lucky to be discussing this issue this morning, because, in 2002, your Department wanted to close that line. I was on it as a passenger on Saturday. That train was full of very happy people who desperately want the other line that is needed to give a proper intercity service. This here is a major setback. Like you, I am here a long time, and, on 22 March 2007, the Audit Office published a report in relation to the Bangor to Belfast line, which you made a comment on earlier. I will read a little bit of it. It states:

"There were serious deficiencies in the economic appraisal and the budget was unrealistically low for the project as it was originally specified."

Surely, Minister, that is case of déjà vu. Nothing learned. In the same year, on 5 July, the Public Accounts Committee, of which I was a member and still am, published a report with 17 recommendations. I will not embarrass your Department officials by reading out the 17, but I will read one of them:

"In future, where legitimate, evidence-based concerns regarding the accuracy of cost estimates are highlighted to senior management, the Committee recommends that the Department exerts a more robust challenge, insists on independent validation of key cost estimates, and does not accept unsupported assertions from Translink".

Minister, is it not all round again to the same thing?

Mr Kennedy: I recognise that people like John Dallat and others have campaigned, lobbied, worked very hard and pressed for not only the retention but the upgrade of the Coleraine to Londonderry line, and I pay tribute to you for that and to others who have lobbied on behalf of your constituents in the north-west. I can therefore understand the frustration and the anger that you have, and that anger and frustration is shared by me; let there be no doubt about that. I am, as I will continue to repeat, committed to this, and I have demonstrated that commitment by bringing phase 1 of the project forward on time, within budget and by now addressing the problems in phase 2. I note very carefully what the member said, but, with the Bangor experience of 2002 or whenever, there was no contract, no work had been undertaken and no taxpayers' money had been expended. My understanding of that was that Translink got itself into a contract situation and work started, costs escalated and the thing had to be funded, and that led to the PAC inquiry and all that. I think that lessons have been learned since then, but that does not lessen the impact of the problems around phase 2 at this point. I am addressing those and am determined to address those. Whatever that takes in terms of the review that is being undertaken by the Translink chief executive, I will support the changes and make sure that they are implemented as speedily as possible.

Mr Dallat: I do not doubt the personal commitment of the Minister, and, to be fair and for the record, when Mr Kennedy took over, phase 1 was in jeopardy because the £20 million was taken out of the budget. The Minister put that right. I have very happy memories of travelling on that train to Derry with the Minister in March, and we had high hopes that phase 2 would go ahead without a problem. It has not happened.

I think, Chairperson, you have assessed it right. You said that it does not matter where in Northern Ireland it happens. I understand that statement, but, as Cathal referred to earlier, the ferry service is tied up, the A5 is marooned and the A6 is not moving. It is a car park. I do not want to sound party political here, and I am not being, but I am sure that the Minister must be aware that the west and the north-west have had real bad luck when it comes to transport infrastructure. Even a simple thing like an upgrade of the railway is up the left. We start to ask serious questions about what is happening. I will return again to a question I asked at the beginning. Minister, do you seriously believe that the directors of Translink are fit for purpose?

Mr Kennedy: I am committed to improving and upgrading the transport infrastructure all over Northern Ireland — not just in one area or in different places but all over Northern Ireland, and that clearly includes the north-west area. The member will know of the issues around other projects that he raised. Those are not the focus of our conversation today, but I am committed to the upgrading of our network throughout Northern Ireland. Let me say that without any politics involved in it at all. Let me also say that I have expressed my severe displeasure with Translink's handling of the issue. The review that will be undertaken by the new chief executive will include not only the performance of executives in Translink but the role of the board.

Mr Dallat: That is useful.

Mr Kennedy: The board of Translink has, in my view, a very crucial role. It needs to enjoy the confidence of everyone involved, not least me, that it is fulfilling that role. I am not going to prejudge it. I am not going to attempt to break the law by prejudging anything, but I want the report on my desk by the end of the year. The new chief executive — who is coming in cold, if you like, to Translink from the private sector — is well placed to do it, but part of that role will be to scrutinise the work of the board at member level as well.

Mr Dallat: Thank you very much, Chairperson. I sincerely hope that the outcome will be that we will be able to work with the Minister and the Department and that we can get the project finished.

The Chairperson (Mr Clarke): I think that is the case for us all, John. Before I call David, in terms of the question that John asked you, Minister, I appreciate that no money has been spent between the previous report and today, but there are lessons learned. We will have Translink with us and, I hope, we will be as robust with Translink as we are with you. There were some fine words coming from you officials. One of them, Ciaran, is here today. I will quote what Ciaran said last September:

"What I can say, and I am not sure how much reassurance this will provide to the Committee, I certainly will be getting directly involved in this project going forward in terms of the way in which the project has been handled".

Ciaran, those were your words last September, which was over 12 months ago. How much blame do you accept for the failure of the project, given that you were directly involved from September last year?

Mr Kennedy: I think —

The Chairperson (Mr Clarke): No, I think I would prefer it if Ciaran answered. It is Ciaran's quotation, and I would prefer him to answer.

Mr Kennedy: Yes, I know that, and I am happy to refer to Ciaran in a second, but it is worth saying that the lessons learned review that I am undertaking within the Department may well cover any issues or lessons to be learned by the Department as well. Ciaran, do you want to address that?

Mr Ciaran Doran (Department for Regional Development): All I can say is that I was referring to the delay in the timetable, which arose last summer. That is what I was specifically referring to. What I would say, in terms of my own —

The Chairperson (Mr Clarke): Sorry, the words were "project going forward" as opposed to "timetable".

Mr Doran: Yes, but last summer when we were reporting on the project, it was in relation to the abandonment of the original procurement, which meant that the project was delayed, effectively, for about a year. That is what we were referring to.

The original cost estimate was produced back in 2011 in the form of an economic appraisal. It is my understanding that that was based on the independent advice to Translink. That is where the original figure came from. The Department accepted that figure as a reasonable estimate at that time. That is all that I can really say.

The Chairperson (Mr Clarke): So, the Department did accept the figure.

Mr McNarry: Minister, if it is all right with you, before I ask you a question, I will put a point to Ciaran. Mr Doran, you previously confirmed to me that a budget had been set. When I asked you what that budget was, you would not reveal it to the Committee, because you said that Translink was going to tender. Can you now tell me and the Committee what the budget was?

Mr Doran: The budget for this project?

Mr McNarry: Yes.

Mr Doran: Well, the agreed corporate plan —

Mr McNarry: No, I am not asking you that. I asked you specifically the last time to tell me what the budget was. You told me that you could not reveal it, which meant that you knew it, because Translink was going down the line on it. I am asking you now to tell me that budget figure that you could not reveal to me and the Committee.

Mr Doran: All I can say is that the 2015 — next year's — capital budgets are not preset at this point. However, I can say that the economic appraisal had a figure of —

Mr McNarry: I do not want you to say any of those things, Ciaran. I want you to answer my question. You knew what the budget was when I asked you the question. You told me that you could not reveal it; otherwise, if you did not know it, you would have said that you did not know. But you knew the figure. What was the budget?

Mr Doran: The budget was based on —

Mr McNarry: What was the figure?

Mr Doran: It is the original economic appraisal. The figure that has been —

Mr McNarry: What was that figure?

Mr Doran: It was £20 million to £22 million.

Mr McNarry: OK. So that is the budget.

Mr Doran: That was the original estimate in the economic appraisal.

Mr Kennedy: That was the original estimate.

Mr McNarry: That is the budget.

Mr Kennedy: No, that was the original estimate, Mr McNarry, and it was —

Mr McNarry: So what was the budget, Minister?

Mr Kennedy: The budget has to take account of what the actual costs are. The issue that we are discussing and the issue that we are most concerned about has been the misplaced estimate that was put on this, which amounted to approximately £20 million to £22 million. That was found to be significantly flawed, and that is the situation. With regard to the budget going forward, I have to ask myself what I can now do to afford to build this and to have —

Mr McNarry: What was the difference then between a budget and an estimate? What do you go forward on to your Executive? When you and your officials sit down here, you never talk to us about estimates; you talk to us about budgets. You and I know that there is a difference between an estimate and a budget. So, what is the difference, or what was the difference then between the estimate that you talk about and the budget? I would rather work on a budget than as estimate.

Mr Kennedy: Yes, but the estimate has to be accurate, and that is the failing here. Now that we have a proper estimate in place — a more accurate estimate in place — we are in a better position to move forward in terms of budget, which will be challenging, but, nevertheless, will have to be met.

Mr McNarry: You accept that the next time, and perhaps every time, your officials come here with budgets, we will be wondering whether they are estimates, and we will most certainly be wondering how accurate they are. That is the legacy that is going to be left after this exercise.

Minister, there is a long-lingering view in the Committee that there is still a cosy, cosy departmental relationship with Translink. That has not gone away. It seems to me that it still exists. If it does not rule, I would say it is your officials' thinking. I think they are out of their depth, and that has been illustrated in this latest debacle. My advice is that you heed that view. It is too cosy a relationship. A number of us around the table, including yourself, know what the situation would be if this had been a

completely commercial operation. I cannot see any exemption for your officials. I asked before, and I am asking you this: have you asked for resignations from or removals of Translink personnel?

Mr Kennedy: To address the first point, through you, Chairman, I do not accept that there is a "cosy, cosy" relationship of the terms that you have used. I believe that there is a professional working relationship; I believe that that is the healthy and professional way it should exist. It is an arm's-length body; it is charged with bringing forward projects. When failings of this nature happen, I, and we, need to know the reasons for the failings. We have had robust discussions with Translink at not only board level but at Translink executive level. Translink is in no doubt as to my deep unhappiness with the course of events.

Your latter question was about individuals. As I indicated earlier, I am not prepared to break the law. There is, I think, the question of some kind of due process. I think that that is going to be served by the review that will be undertaken by the group chief executive. I await that with interest, and I will not predetermine the outcome.

Mr McNarry: I thank the Minister for his response. It seems to me that this was a crash that a lot of people knew was going to happen. I appreciate what you are saying about a review, but the review should have kicked in before the crash and prevented the crash. It seems to me that it was clearly preventable.

Minister, I hear what you say, and I appreciate what you are saying, departmentally, and the actions you are taking in respect of a lessons learned review. In the same way, can I ask that that review takes action on your Department's role? I know that you will take cover with the lessons learned review. In the same way that I have asked why there have not been resignations in Translink, I ask why there have not been resignations in your Department over this.

Mr Kennedy: I have indicated that we are undertaking, and I am instigating, a lessons learned review within the Department, which will cover the role of the Department. You will know that my new permanent secretary, Peter May, will take post this coming Monday. I want to finalise the arrangements for that with him. No one is being given cover here; no one will get cover here, within the Department or Translink. I have hidden nothing. I have made clear to the Assembly, the Committee and the wider public the problems that exist in this project, and I have been open, honest and transparent in going forward at the appropriate times. That will continue.

Mr McNarry: Finally, Chairman, I thank you, and I thank you, Minister, for the manner in which you have answered my questions. I do not doubt your honesty or integrity, but I do doubt that among some of the people who serve you.

Mr Kennedy: Mr McNarry, while I am enormously flattered —

Mr McNarry: I am not trying to flatter you.

Mr Kennedy: I know that, but whilst I acknowledge your personal remarks, I defend officials, my Department and the work of my Department, as you would expect me to you, as we seek to proceed and carry this project through to a successful conclusion.

Mr McNarry: Maybe at the end of the review either you or I will be right.

The Chairperson (Mr Clarke): We should have the review before we call out anybody in particular.

Mr McNarry: Within the review, will you consider breaking the hold that Translink has on transport, as a monopoly, in Northern Ireland?

Mr Kennedy: That is a slightly separate issue that we have covered before. In my view, Translink carries out a very important function in providing a public transport service to the people of Northern Ireland. Even with all its failings, I think that it does a remarkably good job in the circumstances, particularly the financial circumstances that it finds itself in. I am not convinced, and have never been convinced, that privatising sections of the public transport network will lead to a better service, particularly for rural constituents, of whom you and I have many. We need to continue to work so that Translink's best results are maximised and it can continue to perform in the circumstances it finds itself.

Mr Lynch: Minister, thanks for coming in. My question is more technical. Most of the other questions about the finances and the estimate for the project have been explored. Is the Department represented on the project board? If so, at what level is it represented?

Mr Kennedy: Transport has representation at what is described as observer level on the Translink board. It is not that individual's role to intervene in the management of the project. It is very much the role of Translink, as an arm's-length body, and the Translink board to oversee that. Ciaran Doran performs that role.

Mr Doran: An individual reports directly to me. I periodically attended the project board in the early summer when the issue was raised. I do not attend it all the time, but I did in the early summer.

Mr Kennedy: There is representation at observer level.

The Chairperson (Mr Clarke): Ciaran, would it be fair to say that you only reacted to something that was going to happen?

Mr Doran: No. There are regular reports on the progress of the project. I think that the project board met monthly.

The Chairperson (Mr Clarke): What intrigued you to go to that particular meeting when this started to fall apart?

Mr Doran: As the Minister said, the project board indicated that there was likely to be an increase in the estimate at the end of June. That was verified by the Translink board towards the end of July. Essentially, that is what happened.

Mr Lynch: Would you say that you took your eye off the ball, Ciaran?

Mr Kennedy: Through you, Chair, I do not think that is a fair or an appropriate comment. The various reviews —

The Chairperson (Mr Clarke): I think that it is a reasonable question. We are in situation in which something is vulnerable. You have been fair with us and have answered the questions that have been directed to you. However, you have brought officials to the meeting. That is a reasonable question, and they should be expected to answer it. I do not think that it is an unreasonable question, and we would prefer to hear from Ciaran.

Mr Kennedy: I am happy for Ciaran to answer that. I respectfully remind you that the lessons learned reviews in Translink and the Department will identify any weaknesses.

The Chairperson (Mr Clarke): The Committee has its own remit and will reach its own findings. The fact that your Department has not kept us informed of the project and its failings would lead to suspicion about what we might find in the review. We have a job to do to get to the bottom of it.

Mr Kennedy: I accept that.

The Chairperson (Mr Clarke): The only way that we can do that is for the officials you have brought here to answer the questions we put to them, as opposed to you answering those questions for them.

Mr Kennedy: I am also interested in receiving the terms of reference of the review or inquiry.

The Chairperson (Mr Clarke): We will send those to you.

Mr Doran: Chair, if I could maybe try to explain. The Minister has explained that the original procurement process for the project was abandoned last summer. I reported to the Committee on that major change to the project. Subsequently —

Mr Kennedy: To be clear: that was summer 2013.

Mr Doran: Yes, last September essentially.

Translink appointed a firm to look at the design that was required for the signalling element of the project. That firm reported on the position in early June, and it was that report that initiated the review of the original estimate. We have been completely open about the position. I became involved when it became clear that there was a change to an estimate of cost that was produced in 2011. That has not changed and the timetable for the project remains as it was reported to the Committee last summer, which is the end of 2016.

Mr Lynch: Finally, I have another technical question. What is the Department's governance role in any major capital project?

Mr Kennedy: Obviously, the Department provides Translink, as an arm's-length body, with funds to carry out projects successfully. That remains the case.

Mr Moutray: Minister, thank you for coming before us. David McNarry covered most of the points that I wanted to raise.

Unfortunately, in my years as an elected representative, I have found Translink to be one of the most unresponsive public bodies that I have worked with. The experience that we had with the previous chief executive, not least in my constituency, bears that out fairly well.

You indicated that you have expressed your displeasure to the chair of Translink about what has happened in the north-west. That is very understandable. Is it the case that the chief executive and the board have been asleep at the wheel for too long and should go? Do you have confidence in them to deliver at this time? I know that a review will be carried out, but do you have confidence in the chief executive — sorry, not the chief executive; there is a new chief executive — do you have confidence in the chairman and the board?

Mr Kennedy: Thank you. I am disappointed that you have described your experience with Translink as unresponsive. I am sure that that is not something that Translink should or could be comfortable with. I am not comfortable that a public representative would feel that. Perhaps we could address that in some shape or form.

I have said what I have said in this presentation and in my statement to the House. There is no doubt that I have expressed my displeasure publicly and privately. However, I will not predict an outcome for the work of the new chief executive, and I will await his report with interest. I have clearly indicated that that report will review the performance of the Translink board in this case.

Mr Moutray: Thank you, Minister, but, with respect, we do not know whether you have confidence in the board to deliver at this time.

Mr Kennedy: The Translink board is charged with continuing to work through the processes to deliver the project. I am satisfied that it is getting on with the work that it is charged with and is making progress on it.

The Chairperson (Mr Clarke): That question is interesting. One of your party colleagues in a question to the Finance Minister in the House — I think it was a Budget debate — said that he believed that it was a case of the tail wagging the dog between Translink and the Department. I think it was Mr Cree who is on record as saying that. He is maybe at variance with your position.

I want to go back to Ciaran —

Mr Kennedy: Let me assure you that there is no tail wagging any dog.

The Chairperson (Mr Clarke): You might want to reaffirm that with Leslie Cree.

Mr Kennedy: I think that is pretty clear, and most fair-minded members will accept that.

The Chairperson (Mr Clarke): Ciaran, returning to the point about the Department's observer status — these tablets are useful sometimes — in September last year, you said:

"From the Department's point of view, we would see an individual's role, essentially, as an observer. We would accept that one of the lessons learned maybe from this issue is that we need to clarify that position, and Translink may not have seen that individual in that position."

There is a mention there of the observer role. You indicated that the role should perhaps be more than that of an observer. When will you reaffirm that, change it from being an observer role and give the person an actual function on the board?

Mr Kennedy: That may well form part of any recommendations arising from the review in the Department.

The Chairperson (Mr Clarke): Minister, that was suggested over 12 months ago, and we might not be where we are today if —

Mr McGrath: I will pick up on that. One of the issues that came out of the PAR was to be clearer about what any departmental person sitting on a project board is there to do, or not to do.

The Chairperson (Mr Clarke): Sorry. Say that again.

Mr McNarry: For God's sake.

Mr McGrath: One of the recommendations in the PAR is to clarify fully what departmental people sitting on project boards are there to do, or not to do.

Mr McNarry: Are you sending somebody to work who does not know what they are going to do?

The Chairperson (Mr Clarke): I will quote Ciaran again from September last year:

"There is no formal written down position for the member in that particular project",

never mind on the board.

We are talking about a review 14 months after that point was highlighted. Ciaran is on record as highlighting it at that particular time. You come here today, John, and tell us that it is going to form part of another review.

Mr McGrath: No, I said that that came out of the PAR that the Minister commissioned.

Mr Kennedy: It is a recommendation from PAR, and I have accepted it.

Mr Doran: There was communication towards the end of last summer that reaffirmed the role of the official attending the project board to observe. Translink and the project manager in Translink are ultimately responsible. That is our clear understanding from last summer.

Mr Easton: In this whole exercise, the first procurement disaster was disappointing, but for it to happen a second time is quite a shambles, to be honest with you. You really should not have that happening in a Department. I just want to drill down on a few issues. The proposed cost went from £22 million to £27 million, and it is now up to £40 million. How much money has been spent on the project so far that we are not getting back?

Mr Kennedy: There is no overspend.

Mr Easton: No, but how much has been spent on the project so far?

Mr Kennedy: We have successfully carried out phase 1 to the cost of —

Mr Doran: Just less than £27 million.

Mr Kennedy: We are now at the point of procurement for phase 2 and finding out how much that will be.

Mr Easton: How much money has been spent so far on the two procurements that have gone wrong?

Mr McGrath: There would have been some expense from the failed procurement last year. I do not have a figure for it. Translink ran a procurement exercise, and only one bidder came forward. The bid was deemed not to represent value for money because it would have got Translink into the same position as happened with the Belfast to Bangor line. Those are events. The Translink board took the right decision to end that procurement process. There would have been some expense involved, but that was unavoidable unless you were going to proceed blindly with the procurement.

Mr Easton: Can we get a figure for that expense?

Mr McGrath: Yes, I am sure that we can get the information. The point is that there has not been a second procurement failure. There is a procurement process on the go.

Mr Easton: It is a bit of a mess.

Mr McGrath: What has happened is that the estimate for it has now been firmed up with the first detailed design work that was done. That will be fed into the procurement process. Nothing has been aborted in the current process as a result.

Mr Easton: OK. The costs are now £40 million.

Mr Kennedy: That is the current estimate. Again, we need to test that just to be sure of it.

Mr Easton: Test away and review away. From where are you going to get the extra money?

Mr Kennedy: That is the challenge for me with the capital budget that will be finalised as a result of the new Budget. It is an Executive priority, and clearly it has both political and public support, so I have to face that challenge.

Mr Easton: OK. Are you getting it from Translink's slush fund or Belfast's port authority?

Mr Kennedy: I think that we need to be careful about using terms such as "slush fund". There is no slush fund.

Mr Easton: The first procurement went wrong, and there has been a substantial increase in cost for the second one. Are the same individuals from the Department and Transport NI who were involved in the first procurement now involved in the second one?

Mr Doran: Departmental officials are not involved in the procurement process —

Mr Easton: I know, but they are on the project board.

Mr Kennedy: That is a matter for Translink. Translink has to carry forward the project.

Mr Easton: Are the same people who were involved in the first mess now involved at the second stage?

Mr Kennedy: The answer is that Translink has to carry forward the project.

Mr Easton: Does it involve the same people?

Mr Kennedy: I imagine that many of the people who were involved will be engaged again.

Mr Easton: Ciaran, do you want to answer that?

Mr Kennedy: No. The important thing is that the review to be undertaken by Translink's new chief executive will identify failings. He may have those addressed either corporately or individually, and I made that clear in the House.

The Chairperson (Mr Clarke): Sorry, may I come in here, Alex? There may be a different way of asking you the same question, Minister. Are you going to ensure that responsible people in your Department will be involved in the next procurement process for the project as opposed to having them stand outside the room?

Mr Kennedy: We will ensure that the project is brought to a successful conclusion, whatever it takes. There are responsibilities. The Translink board and its executive are made up of professional people, and they are expected to bring forward a project of quality, and, of course —

The Chairperson (Mr Clarke): They seem to have an inability to do that.

Mr Kennedy: — at departmental level, we have to ensure that that is the case, and we will continue to do that.

The Chairperson (Mr Clarke): At the same time, they have had that inability in the past and most recently. Will you assure us, Minister, that those involved will be the right officials from your Department and that they will be people who have not been involved before in any way with the process, because I think that the departmental officials failed as well? Given that we have all indicated general support for the project, can you give us an assurance that the right officials will be charged with overseeing it? The words have been said in the past. In 2011, you said that you were going to take a hands-on approach. That does not seem to have happened, because, three years later, it has derailed.

Mr Kennedy: Chairman, that will be one of the benefits of the lessons learned in my Department's review.

The Chairperson (Mr Clarke): The difficulty with your lessons-learned review, Minister, is that it is going to take some months.

Mr Kennedy: No, it is not.

The Chairperson (Mr Clarke): You indicated the end of the year.

Mr Kennedy: It is going to move with speed, and I hope and anticipate that it will also be on my desk by the end of the year.

Mr McGrath: Mr Easton referred to the last procurement as a mess.

The Chairperson (Mr Clarke): A shambles.

Mr McGrath: No, it was not a shambles. It went to market, and there was one bidder. The bid was of such a nature that it could have exposed Translink to an open-ended cost, so it pulled the plug. In the judgement of the Translink board, it made the right decision. In the judgement of the PAR that the Minister commissioned, it made the right decision. It needs to be understood that the market for such projects is not what people might be used to with normal civil engineering projects. There may be only seven or eight firms nationally that could do the work. We are competing against Network Rail doing massive investment. The scale of the contracts that we have is not massive, and there are not any big pipelines of projects. Therefore, it turned out that the market was not that interested in the project that happened last year. That is unfortunate. It is not necessarily a mess of anybody's making.

The Chairperson (Mr Clarke): Those comments are interesting, given the nature of some of the things that the Minister said in his opening remarks about sensitive information. That is why I made the point at an earlier stage in the meeting that it seemed strange that all those things were sensitive, yet someone has now put out a suggested figure of £40 million before you go to the market. As I said previously, John, we have now given an indication to companies in that very small market of where they need to benchmark their price. I think that whoever put that into the public domain before the market was tested was irresponsible.

Mr McGrath: I think, Chair, across government, there are always estimates put on —

The Chairperson (Mr Clarke): There are estimates, but they are normally held until the project is open to tender. They are never published before you go to the market to test it. We have effectively told the market, "If you bid in and around £40 million, you'll be in with a shout". Albeit the estimate was £22 million, I think that the figures should have been reserved until we got to the tender stage.

Mr Kennedy: The important difference is the more realistic estimate. That is a very important point. The £22 million estimate was woefully underestimated.

The Chairperson (Mr Clarke): That may be the case, Minister.

Mr Kennedy: The more accurate estimate, and, importantly, the estimate that is yet to be confirmed through a procurement process, is the estimate that we have indicated.

The Chairperson (Mr Clarke): Whether accurate or otherwise, that remains to be seen. It is probably going to be more accurate given that you have told the market how much you are estimating the cost at. I have been in local government and am relatively new to this place, but I thought that, in procurement, things were costed and figures kept, and then it was tested against the estimate before you opened the tender. We seem to be doing things in reverse. We are telling the market how much to charge, because that is what we are estimating the cost at. What strikes me most about this, Minister, is that we are almost doubling the figure. We are going from £22 million to £40 million. We are telling that very small, limited, specialised market, "Don't be bidding at £22 million. Come in at £40 million, because that is probably more realistic".

Mr McGrath: Chair, the Minister's point is correct. It is important to understand that the major failing in this was that £22 million was a high-level estimate that was not based on any detailed work. The minute that Translink moved to have a separate design contract, and detailed design work was done, figures north of £35 million emerged. In a sense, that is what it would cost. You could not get that work done for £22 million. In fact, contractors would probably laugh at you. It is not unknown to have figures out. When this was presented the first time around as one major project — with phases 1, 2 and 3 together — a figure of £75 million was put on it, and that was general knowledge. It is not unknown to have the figures. You still go to market, and, if it is a competitive market, particularly in building contracts, you do your best to drive it down, because that is how the market works.

The Chairperson (Mr Clarke): Building contracts are somewhat different, because many, many more people will bid. This is a specialist market.

Mr McGrath: I agree. It is a difficult one. As the Minister said, you have to have realistic estimates to base your procurement on; otherwise, firms will not be interested.

The Chairperson (Mr Clarke): I beg to differ.

Mr Easton: I have a wee point to make. Why would somebody say that a project will cost £22 million before having researched the actual costs? It sounds to me as if somebody did that on the back of a cigarette packet. It is crazy.

Mr McGrath: We had not gone to procurement.

Mr Easton: Why say to people that you have a project for £22 million when you do not know what the costs are?

Mr McNarry: It was £22.8 million. *[Laughter.]*

Mr Kennedy: Have you thought about giving those up?

Mr McNarry: Not when you are sitting here and causing me all this hassle.

Mr Kennedy: Alex, it confirms the original flawed estimate. That is what we are addressing.

Mr Easton: How senior was the Department's representative on the project board?

The Chairperson (Mr Clarke): We covered that. It was an observer role.

Mr Easton: How high level was that role?

Mr Doran: I think that we answered that. An individual who reports directly to me sits on the project board, and I have attended the project board on a couple of occasions.

Mr Easton: That is fine. When did Translink first know about the £40 million cost? What month?

Mr Kennedy: We were being made aware of potential cost increases by late June.

Mr Easton: You were?

Mr Kennedy: No, departmental officials.

Mr Easton: When did —

Mr Kennedy: The Translink board subsequently confirmed that in late July. I was then informed, and I moved immediately to instigate the project assessment review. We drew up the terms and conditions for it. That was done by late August. The work of the PAR was undertaken in September and completed by the end of that month. I then had to consider the recommendations and consult with Translink on the way forward. That led us to the statement of 3 November.

Mr Easton: I am happy with what you are saying there, but when did Translink first know? When did it first know about the £40 million cost?

Mr Doran: The end of June's project board meeting was —

Mr Easton: Yes, but it before the project board.

Mr Doran: Yes, but the informed process was to endorse the figure that had been produced by the advisers to Translink's project board. I think that that was done on 29 June or thereabouts. That was based on a report produced by the design consultants who were appointed following the abandonment of the procurement last year. This project is in two parts: one for the signalling and telecoms; and one for the passing loop, or the construction of a part of the track that will allow for trains to pass. That part has been progressing along its timescale. The issue on the current estimate relates to the signalling part of the project.

Mr Easton: I accept all of that. When did the design team know about the £40 million cost and pass it on to Translink?

Mr Doran: It was actually a figure of £35 million, but that has been revised upwards to include a contingency. The design team worked through the implications of its design specification.

Mr Kennedy: The answer to your factual question is that Translink first knew in and around June. Departmental officials were made aware in late June.

Mr Easton: I want to know when —

Mr Kennedy: Translink is best placed to answer that.

Mr Easton: OK. I will keep that in mind. You do not know.

Mr Byrne: Apologies for coming in late. I echo what my colleagues said earlier about wider public concern about the procurement process generally. Given that you are the Minister, that there is a new chief executive of Translink and that a new permanent secretary is taking up post, will you be giving a personal commitment that you want the act to be tightened up to make sure that doubts or concerns over confidence in how government procurement works here will be addressed by DRD?

Mr Kennedy: Absolutely. I want the project to be brought forward as quickly as possible. There is no conspiracy of any kind. People may think or allege that, but there is no political conspiracy to prevent it going forward. I am not interested in that. I am more interested in helping to upgrade properly the

Coleraine to Londonderry line through the three phases. Phase 1 has been successfully completed. Yes, there are problems with phase 2, but I feel confident that we can resolve those problems. That will lead to phase 3. I think that the project has been a success. It has been a success to the users of the rail network, particularly users in the area. The increased numbers and interest confirm that, and I think that that justifies the decision and even the risk that I took in carrying forward the scheme at a time when it perhaps did not enjoy as much popular support.

Mr Byrne: I accept that. Thanks.

Mr Hussey: Good morning, Minister. I have a couple of questions. Is the observer role similar to the role of observers here today, who can turn up and take notes but not participate?

Mr Kennedy: The role of the observer is to note what is happening, note what is in papers, note what recommendations are being tabled at Translink board level and report back on any ongoing issues.

Mr Hussey: I am a little bit concerned. We have to get a realistic figure, and £75 million was considered to be unrealistic. Perhaps I got this wrong, but you mentioned —

Mr McGrath: I was simply making the point that figures have been in the public domain around this from an early stage. There was a £75 million figure for phases 1, 2 and 3 in their entirety when the project was going to be that —

Mr Kennedy: It was costed at about £78 million.

Mr McGrath: All that I was saying is that figures have been the public domain throughout.

Mr Hussey: Those figures are bounced about and changing all the time.

Mr Kennedy: No. It is worth reminding Committee members that £27 million was estimated for phase 1, which came in on budget and on time and was delivered. Therefore, there are accurate estimates that we can stand by. The difficulty in this case, as I have tried to explain consistently, is that the calculation of the estimate for phase 2 was fatally flawed.

Mr Hussey: There is no doubt about that. Mr Easton stole my fag packet reference, and he will pay for that later. Unfortunately, we have seen that in other projects throughout Northern Ireland. For example, DFP put a value of £200 million on land that was worth approximately £2 million, I think, at one stage. Such things seem to happen in our Government. That is totally wrong and has been condemned. You said that you will have the lessons-learned report, and I believe, along with others, that if lessons are learned and somebody is seen to have been totally incompetent, action must be taken. I accept that you will not comment on that because you have to wait until you see the report. I will not be accused of saying "Yes, Minister" by somebody. I accept that that has to be done and must be in the public domain. If somebody has made a total hash here, that person will have to be bounced.

Mr McNarry: *[Inaudible.]*

Mr Kennedy: There is public interest in this. I accept that.

Mr McNarry: Yes, Minister.

Mr Ó hOisín: The period that we are interested in — we got some elucidation on it this morning — is from 24 June to 3 November, which was when we got the ministerial statement. The Minister said this morning that the PAR was initiated in late August and that the work was completed by late September. I will reference an Assembly question for written answer (AQW) from me on the subject on 22 September, which was pursuant to one from April. In the reply to the AQW, there was no reference to any of the moneys, increases or anything else. Why was that, given that the issue was very live?

Mr Kennedy: The Member will know that, as part of my responsibility, we have had to deal with a fluid situation.

Mr Ó hOisín: In fairness, at that point, the PAR would have —

Mr Kennedy: Yes, and at that point it remained fluid as to the recommendations in the PAR report, and I am still identifying and agreeing a way forward with Translink. In my view, there was nothing to be gained by giving part of a story when that story had not been concluded. Some will say that it is not yet concluded, will not be concluded until the various reports are confirmed and will not be finally concluded until the successful completion of the project.

Mr Ó hOisín: Part of that question will be more relevant to Translink, or part of the answer certainly. There is no mention of moneys in the answer to the 22 September question.

Mr Dallat: Minister, to ensure that we do not have a breakdown in communications again in the future and are seen by the wider public as working together, has any thought been given to ensuring that the Committee is kept up to date with what is happening, and pardon the pun, to get the project back on track and, indeed, to ensure that your Department is not kept in the dark either about some things that might be happening in Translink? How do we get an open and transparent approach?

Mr Kennedy: I have indicated that, where we can, we will share the terms of reference of the PAR report. We will share the PAR report in its entirety once the procurement process has been successfully concluded, and we will seek, as I have attempted to be in the House, publicly and here today, to be open and transparent with the Committee. I realise the public and political interest in this and the important role of the Committee as well.

The Chairperson (Mr Clarke): In closing, may I ask you one final question? We will go out to test the market on the costing, and an economic appraisal will come back, which will suggest whether the project is economically viable. Will you continue to support it if the case proves that it is no longer so?

Mr Kennedy: Again, I do not want to second-guess the work of DFP and the business case, but I am committed to the project, because I believe that it benefits public transport and rail users in the area. There are huge benefits. There is not only political support for it but public support, and it will surely remain an Executive priority. I cannot imagine that the Executive will walk away from that priority easily, but I remain very committed to the project.

Mr Dallat: The Minister is very well aware that the evidence that he needs to prove that it is an economically viable project has already been shown by the number of people using the line. There are more passengers than on the Belfast to Dublin line. On Saturday, a representative number of tourists were going to Derry to fill empty beds. It is contributing to the social and economic prosperity of the north-west. Therefore, I have no fears about that.

The Chairperson (Mr Clarke): Personally, I have no fears. The wider issue is that the Minister has made other decisions that the Committee has referred to as "soft touches". We are concerned that this may be the same. You said that there are no conspiracy plans, but some suspicious people out there may think that this is another way of bringing some more money back into your Department for some of the easier projects.

Mr Kennedy: Knowing the people in this room, I could not imagine any degree of cynicism.
[Laughter.]

Mr McNarry: We are very savage in here.

The Chairperson (Mr Clarke): Thank you again, Minister and officials.