



Northern Ireland
Assembly

Committee for Infrastructure

OFFICIAL REPORT (Hansard)

Briefing by Northern Ireland Transport
Holding Company

29 June 2016

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr William Humphrey (Chairperson)
Ms Kellie Armstrong
Mr Alex Easton
Mr Paul Girvan
Mr Declan McAleer
Mr Fra McCann
Mr Eamonn McCann
Mr Daniel McCrossan
Mr Justin McNulty
Mrs Jenny Palmer

Witnesses:

Mr Paddy Anderson	Translink
Mr Chris Conway	Translink

The Chairperson (Mr Humphrey): Good morning, Mr Conway and Mr Anderson. You are welcome to the Committee. I presume that you will make a presentation and will then be happy to take questions from members.

Mr Chris Conway (Translink): Good morning, Chair and members. I will do a short introduction for 10 or 15 minutes. Paddy Anderson is here with me; we will do a quick update on our financials as well. We laid our accounts for last year at Stormont yesterday. I will then open it up to questions.

By way of introduction, I will say that Translink is a public corporation. It is constituted under the Transport Act and adopts the provisions of the Companies Act. Translink is the brand name for what people sometimes term "the Northern Ireland Transport Holding Company" (NITHC), which owns and controls seven private limited companies that make up Translink and the group. It is a market body with a degree of commercial independence, and it is governed by a board of directors. It operates under a public service contract from the Department for Infrastructure (DFI) to run public transport services in Northern Ireland. The way in which Translink is set up is unique: it is a vertically integrated company, so it manages the rail and bus operations and the rail and bus infrastructure. You will probably be aware that, in the UK, for example, those two elements are split, with bus operations and rail operations being run privately while the infrastructure is provided by the Government.

We deliver about 1.6 million passengers every week: people going to work, education, health services and leisure activities. We run 12,500 services every day, and we operate a fleet of 1,400 buses and trains. In total, those vehicles do 44 million miles a year. Fleet maintenance, refurbishment and replacement are very important for us, doing that number of miles every year. We operate and

maintain over 300 miles of rail track, including many bridges, culverts, level crossings and signals that go along with that. We carry 55,000 schoolchildren to school every day. We employ over 3,800 people in local jobs across Northern Ireland. Our main bus and train facilities are fully accessible. Over 200,000 concession passes are active for travel. We are also the leading transport provider for major events. A lot of people enjoyed getting to the fan zones over the last couple of weeks using public transport. Translink also provides the services for the Tall Ships, cruise liners and all of that.

At an overall level, without getting directly into our accounts for last year, Translink's annual revenues are around £200 million, of which approximately 90% is derived from fares. That includes concessionary fares, which account for 20% of fares. The remaining 10% of revenues are from what we call a public service obligation, which is mainly for rail. As you know, most rail operations are not profitable and are run with a public service obligation. Bus services received a fuel duty rebate until 2013-14, which is consistent with private bus operators across the UK and the Republic of Ireland. However, since the removal of that, bus operations, primarily Ulsterbus, have made a significant loss. Those losses are being funded from Translink's reserves. Translink has the reserves to continue to operate in that way for the rest of the 2016-17 financial year. We are working with the Department to find a sustainable financial model going forward.

According to a Northern Ireland Audit Office (NIAO) report, spending on public transport in Northern Ireland is still only 60% of that in England and Wales and 40% of that in Scotland. Translink has made significant cost reductions over the last year, achieving over £5 million of cost reductions in the last financial year. As we look forward, our annual plan has significant further cost reductions built in. This has mostly been in management overheads and back-office activities, although there was a service adjustment last year as well.

We have, however, had some key successes over the last few years. We have had continued fare/passenger growth, primarily in rail, Goldline and Metro, amounting to an increase of around 6% over the last three years. We have also been increasing park-and-ride spaces and now have around 8,000 spaces. We also did a major refurbishment of our Enterprise train. We maintain a 100% accessible fleet, meeting all the Disability Discrimination Act (DDA) requirements so that public transport is accessible to all. We have grown to 1.2 million visits a month on our website and 80,000 followers on social media.

As we look forward, our strategy is consistent with the Programme for Government. It is to grow public transport and grow numbers of public transport passengers. Our vision is to make Translink your first choice for travel, and our mission is to deliver a transformation in public transport, providing integrated services that connect people, enhance the economy and improve the environment. We plan to deliver that through a focus on four key areas. First, operational excellence is what the customer wants: buses and trains that are punctual and reliable. That is part of a continuous improvement programme that we are working on. Secondly, we want customer satisfaction at every touch point, be it when people are buying a ticket, dealing with customer service or just using our services on a day-to-day basis. People want good customer satisfaction, and we have a target to improve that above 85% against our customer satisfaction surveys. Thirdly, we will invest in our fleet and infrastructure. We have flagship projects such as the Belfast and Derry/Londonderry transport hubs as well as the Derry/Londonderry rail investment, the Dublin line investments and continued investment in park-and-ride services, Goldline and quality bus corridors in Belfast. Fourthly, we want to continue to deliver value for money for our customers. We have a continued focus on cost-efficiency in Translink and want to agree a sustainable funding strategy that supports value for money fares and explore options with other key stakeholders to deliver effective rural and town public transport services. We launched the strategy during Bus and Train Week. In addition to receiving very positive feedback from key stakeholders, we received positive feedback from passengers, and, during Bus and Train Week, we were able to carry an additional 40,000 passengers over the equivalent week last year, as well as recording increased bus speeds in Belfast and reduced congestion.

Ultimately, for Translink, growing public transport requires a partnership approach, and I am very committed to working with government, local government and councils, all the key stakeholders in the community and business to support the Programme for Government outcomes.

As I said, we laid our 2015-16 accounts at Stormont yesterday. I turn to Paddy to give us a quick update and review of what those accounts show, and then we will open it up to questions.

Mr Paddy Anderson (Translink): Thank you, Chris. As Chris said, our annual report and accounts were laid in the Northern Ireland Assembly yesterday. Our annual report and accounts for 2015-16

have been certified by our external auditors as representing a true and fair view of the company's affairs. The external auditors have also issued us with an unqualified audit opinion.

The accounts show a loss before tax and statutory adjustments — in other words, a trading loss — of £10.5 million on revenues of £202.9 million, which is roughly £2 million worse than 2014-15 but £3.3 million better than budget. That is a planned loss, and it is being funded from the group's cash reserves, which now stand at £39.7 million. This position is set in the context of a reduction of approximately £16 million or 20% in the baseline funding that Translink has received from the Department for Infrastructure since 2013-14. It points to, at least, a break-even underlying position for the company. As Chris said, we reacted to the reduction in funding by implementing a programme of efficiency measures that has resulted in a reduction in costs of some £5 million in 2015-16. That will act as a platform for further efficiency improvements in 2016-17. The loss before tax, after statutory adjustments, is £18.3 million, and that reflects an adjustment relating to pensions of £7.8 million.

Crucially, the public service contract that was awarded to Translink in October 2015 and other commitments made by the Department for Infrastructure mean that the company is able to prepare its accounts on a going-concern basis. We have a strategy to grow revenues through growth in passenger numbers, which aligns with Programme for Government outcomes and indicators, allied to a continued focus on cost-efficiency. However, Translink can return to break-even only through the restoration of the fuel duty rebate, which was £9.6 million in 2013-14. As Chris mentioned, this is equivalent to the bus service operators grant (BSOG) in other parts of the UK.

Finally, in 2015-16, passenger journeys were 78.7 million. That is marginally down on 2014-15, reflecting a strong performance in the face of a number of service adjustments. Fare-paying passenger numbers on Metro and Northern Ireland Railways combined were up 165,000, and that growth in fare-paying passenger journeys was delivered through a combination of effective operational performance, customer satisfaction and the offer of best-value products.

The Chairperson (Mr Humphrey): Thank you very much. You said that there were seven companies in the Northern Ireland Transport Holding Company: does that provide good economies of scale in management costs?

Mr Conway: The main companies that you would recognise are Ulsterbus, Northern Ireland Railways and Metro. Northern Ireland Railways, as I mentioned, because of regulations and how they work, is split into two separate companies for infrastructure and operations; that creates an extra company. Some companies are effectively dormant — old companies like Flexibus — and do not require any maintenance as such. We manage our organisation as an integrated organisation. They are statutory reporting companies, but we manage them as a completely integrated company, so we have a chief operating officer, finance officer and HR department, for example. There are no separate management structures for those companies.

The Chairperson (Mr Humphrey): My question was whether there were cost implications for those companies.

Mr Conway: No.

The Chairperson (Mr Humphrey): Why do you retain the Flexibus name in the company structure?

Mr Conway: We could tidy the structures up, but there is some sense in keeping an entity there that is not costing anything in case we need to use it in the future.

The Chairperson (Mr Humphrey): I remember Flexibus. Is Goldline another company?

Mr Conway: No, Goldline sits within Ulsterbus.

The Chairperson (Mr Humphrey): You talked about a planned loss. Is the figure what you planned? You gave the actual figure, but what was the planned figure?

Mr P Anderson: Our planned figure was a loss of £3.3 million in excess of that. Our trading loss was £10.5 million, and our budget was about £13.8 million.

The Chairperson (Mr Humphrey): Your planned figure is the figure that you have just given us.

Mr Conway: The figure that we have just given you is our actual figure from 2015-16.

The Chairperson (Mr Humphrey): That is what I am saying. What was your planned figure?

Mr Conway: Our planned figure was £13.3 million.

The Chairperson (Mr Humphrey): You are £10 million better off.

Mr Conway: We are £3 million better off.

The Chairperson (Mr Humphrey): You are managing this by taking money from your reserves.

Mr Conway: Yes.

The Chairperson (Mr Humphrey): Your reserves will do that only for this year.

Mr Conway: Our reserves will do that for this year and maybe two or three months longer. This year will take our reserves down to around £25 million, which is an operating level for us. It fluctuates on a day-to-day basis.

The Chairperson (Mr Humphrey): What, then, Mr Conway, is the reserve used for? Will this have implications, for example, for fleet and rolling stock?

Mr Conway: The reserves are typically used for either a situation like this or for capital spend. At the minute, Translink on its own has little flexibility for capital spend, because we do not know what the situation is going forward. Our reserves are, therefore, being utilised for the losses rather than for any investment.

The Chairperson (Mr Humphrey): The reserves could be used to buy buses or trains —

Mr Conway: They could be.

The Chairperson (Mr Humphrey): — to improve stations and build new stations and that sort of thing.

Mr Conway: At the minute, we are making applications to the Department for all that capital spend, because we are not confident that we will have the reserves to do that.

The Chairperson (Mr Humphrey): Is Ulsterbus the principal loss leader?

Mr Conway: Yes.

The Chairperson (Mr Humphrey): What steps are being taken to address that?

Mr Conway: Growing passenger numbers helps to grow our revenue, so we continue to focus on that. We are focusing on all our opportunities in the organisation to grow revenue. We also have a strong cost-efficiency programme in place over the next two years in addition to what we have done this year, to carry on forward in the years beyond that. Even when you put all that together, however, there is not a sustainable position for Ulsterbus. That is why we reference the fuel duty rebate as a mechanism that has always been there in bus companies and rail companies across the UK and the Republic of Ireland. For us to operate on a level playing field, that would need to be restored.

The Chairperson (Mr Humphrey): What progress are you making on that being restored?

Mr Conway: We have had good conversations with the Department for Infrastructure and the Department of Finance. They are sympathetic to where we are, but they have also committed to a public service contract with us, and there are commitments in that about the future viability of Translink. That is all very positive, but, until the budgeting exercise that is being done is completed, we will not have a figure beyond this year. At this point, we have prepared accounts for only one financial year, until we get an outcome from the Budget in October.

The Chairperson (Mr Humphrey): I do not know whether you heard the question that I asked Mr McGrath about whether non-viable Ulsterbus routes might be threatened in the context in which you are talking. Are conversations taking place on how those routes would be protected but not necessarily run by you as an organisation?

Mr Conway: I would not say that those routes are threatened at the minute; in fact, we have been —

The Chairperson (Mr Humphrey): I said "may" be threatened. I do not want to alarm people.

Mr Conway: Yes, that is what I mean. As part of our commitment to growing public transport, we have been using some of the efficiencies that we have generated to put some routes back in across local areas. We have been doing that since October, where we can fit it into our existing budget. We do our efficiencies and will try to continue to do that. We have been clear that we have not been pulling back on services. For me, the integrated transport strategy is about looking at the services that Translink provides and looking at the services that community transport can provide. I think that the key with community transport is to say that we need to encourage people to use community transport to the main public transport spine and then to use that, rather than using community transport door to door. We need to continue to work on that with community transport.

There is a budget in the Education Department for transport, as there is in the Health Department. Maybe an efficiency could be gained by putting those budgets together and working together, using the benefits and strengths of each of the operators. A public service obligation would be required if a private operator were to come in and do a rural route, so you are not solving anything by doing that. At the minute, Translink offsets the profit from its more profitable routes to run those routes. If someone were delivering those routes in isolation, the cost would be bigger.

The Chairperson (Mr Humphrey): As it sits, it is not sustainable.

Mr Conway: As it sits, it is not sustainable. We are working closely with the Department to resolve that.

Ms Palmer: Thank you very much, Chris, for the presentation. It is disappointing to hear that nothing seems to be moving forward on the fuel duty rebate and the loss of that funding.

May I ask you a specific question? I had information, which was in the public domain, that the Enterprise service programme was to be enhanced and would stop at Lisburn to address the needs of business as opposed to the normal shopping clientele. It was removed very quickly after that, and, six or seven weeks later, we found out that the Enterprise had ceased to exist at Lisburn. For the life of me, I cannot understand how you had programmed it and enhanced the service and then, all of a sudden, it was withdrawn. Will you give us some information on how that happened?

Mr Conway: There was a proposal from Irish Rail to adjust the service in line with its DART service and some improvements it was going to make to increase the frequency of the service. As a result of that, they suggested a new timetable. We had only started discussions on that when it went to consultation in the Republic of Ireland, and, therefore, we started a consultation on it as well. However, the feedback from that consultation was very much that it was increasing journey times. On some of the services, it was increasing journey times by quite a lot — 10 or 15 minutes. The feedback from the consultation was that passengers did not want journey times to increase but, in fact, wanted journey times to be maintained or reduced. We then went back to Irish Rail and worked closely on the timetable and on trying to integrate the service that it wants with the service that we need.

In parallel to that, we have started maintenance work on the Dublin line. That is happening between Lisburn and Lurgan and will take about two years to complete. That also adds three to four minutes to the journey time. When we added all that together, to even maintain journey times we had to work very hard with Irish Rail to get pathways into Dublin. We had limited opportunities for the pathways that we could present. We have to present the train at the border at a certain time, and, to do that, we unfortunately had to remove the stop at Lisburn. That said, when we looked at it there were very few people using it at that point, and we then put in extra services from Lisburn to Portadown and Lisburn to Belfast. In a very short window, while there might be an extra 10 minutes to get that service from Lisburn to Portadown and then get on the Enterprise, all the services are connected through to Lisburn. We have also looked at enhancing the X1 and X2 bus service into Lisburn to give that as an extra opportunity for people from Lisburn who want to travel to Dublin. We have enhanced service overall, but the service is not actually stopping at Lisburn.

When we finish the maintenance work, which will probably be early 2018, we will relook at it to see whether that extra journey time allows us to stop at Lisburn. Assuming we go ahead with the Belfast transport hub, we will be moving the Enterprise round to start at Great Victoria Street, which will save us some extra time. That might be another opportunity to relook at it. All that said, the Enterprise was originally destined to be an express service between Belfast and Dublin, and we have increasingly added stops to it. That has slowed the journey time down, which is still one of the big factors that people want us to improve.

Ms Palmer: I welcome the news that you will review it in 2018 when the works have been completed and, possibly, the hub is up and running as well. The enhancement of the service was because it was identified that a lot of people wanted to commute to Dublin early. The early morning service was crucial. The service was offered and then withdrawn. You say that you want to grow public transport and grow passengers, but it flies in the face of what you were planning to do and then having to put on the other routes to service it. I know that there is a time difficulty for you, but it seems to me that an opportunity was lost to connect with business commuters on the service.

Mr Conway: I will add two other points. One is that we are still working closely with Irish Rail to get an early morning slot. At the minute, the only slot that they could give us meant that the journey time was over two and a half hours. The feedback that we got from customers was that that would not be acceptable. That became the issue. We are still working hard. To show our intent to enhance the service, we have put on an enhanced service over the summer. We are calling it a day-tripper train: it leaves at 9.00 am and comes back at 6.00 pm. It is for people who want to go to Dublin on holiday, for example. That will have a reduced fare and will use a normal train and will stop only at Portadown and Newry. There will not be stops in the Republic of Ireland. The intent is to see how that type of service works. I would still like to achieve an early morning service, but I have to work with my colleagues in Irish Rail to achieve that.

Ms Palmer: I appreciate that. Thanks, Chris.

Ms Armstrong: Welcome. I have a few quick questions for you. Was the public services contract that you were awarded for the 10-year period?

Mr Conway: No, it is for five years, and then it has two one-year options over and above that.

Ms Armstrong: Is there any option in that contract for further discussions with the Department on the fuel duty rebate?

Mr Conway: Not in the contract, other than that the contract says that it is the Department's intent to make sure that Translink has a viable financial future. We would point to that as a way to address the funding. That said, we still intend to work hard on our cost efficiencies and to increase passenger numbers and generate revenue, which will hopefully minimise that in the medium term. In the short term, that is still a challenge for us.

Ms Armstrong: Just to clarify, do your reserves include depreciation of the stock that you have? Are you allowed to hold depreciation for your stock?

Mr P Anderson: No. Our reserves are effectively profits that we have accumulated in previous years. The depreciation is treated separately in the profit and loss account.

Ms Armstrong: I am just thinking about the rolling stock.

Mr Conway: They are net current assets.

Ms Armstrong: Finally, local transport planning, as we know, was not devolved to councils. You talked about some rural services coming back into play. How do you ensure that you take consideration of the local community and that their voice is heard when you plan routes?

Mr Conway: When we look at different routes and options, we work closely with councils informally, just by meeting council executives and discussing what the options might be. We also obviously consult the passengers. We have passenger focus groups, for example, and we consult them on what they believe would be an improvement to the service. On a more formal basis, we have met the

councils on community development planning and their local area plans. We are a statutory body that is part of that.

Ms Armstrong: Thank you.

Mr Easton: Thank you for your presentation. You mentioned that the railways are never profitable: why is that? What are you doing to address it as best you can?

Mr Conway: Railways across the world operate under a public service obligation. It is primarily because the capital investment required to run a railway network today is significant. It is not just the laying of track; you have signalling requirements, points and all the technology that has to be run around the network as well. It is a huge capital investment that a private operator would typically not be able to put up front. You would have to depreciate that over 50 years, for example, to get it to work, whereas most contracts to private operators are for five to 10 years, for example.

What tends to happen is that the infrastructure side is run by the public sector — by government — and it is only what we call the "railway undertaking", which is running the trains themselves, that private operators take on. With Translink, we have an integrated company, so we integrate the two and try to offset the two, but even private operators running the rail would work under a public service obligation. A good example might be that, if you are running a three-car train set, you are talking about 200 people to fill the train. There are quite a few journeys where we have a lot fewer than that. Therefore, you are not running those on a commercial basis; you are running those because it brings social benefit.

Mr Easton: How much of your reserves do you have left?

Mr P Anderson: Our cash balance at 31 March 2016 was £39.7 million.

Mr Easton: And you are using that to prop up the losses that you are making at the moment.

Mr Conway: Yes.

Mr Easton: How much of that are you allowed to use to keep doing that?

Mr P Anderson: We need a minimum amount to run the business. We have a minimum working capital requirement, so we always have to retain a portion to run the company.

Mr Conway: We need between £20 million and £25 million, because of big inflows and outflows in cash on a regular basis. That is a working capital level. It would be unwise to go below that and leave us in a situation where we —

Mr Easton: So you have enough reserves to keep things going for at least a year.

Mr Conway: For approximately a year.

Mr Easton: And, in order to address that, there will have to be fare rises, unless, obviously, there are savings.

Mr Conway: I mentioned three or four things that we need to address. The first one is that we need to continue with the cost efficiencies as we are doing. We need to continue to grow passenger numbers; in fact, growing passenger numbers gives a bigger boost to revenues than fare increases on their own. To do that, you need to have fare increases that people see as value for money. That is why something that fits closer to inflation and is well understood by people is a much more balanced way of doing it. Excessive fare increases, at a net level, actually reduces passenger numbers and does not generate what was originally intended.

Mr Easton: But there will have to be some fare increases.

Mr Conway: Like any business, as costs go up, you have to adjust prices. That is something we continually review. That said, we have a lot of really good value-for-money tickets. For example, by using a smart card you can get 30% discount; yet only about 30% of our customers avail themselves

of that. There are lots of ways that we still try to encourage people to get good value out of their public transport spending.

Mr Easton: When do you envisage fare rises happening?

Mr Conway: We have nothing planned at this point in time.

Mr Easton: OK, I will let you off on that.

Mr Girvan: Alec touched on part of this point, but I would like an indication of how much of your total outturning is the reserve that you hold, which we heard is £37 million. Should you have nothing coming in, how long could you function on that?

Mr Conway: You mean, "if you ran your reserve to zero"?

Mr Girvan: Yes.

Mr Conway: You are probably talking about two years. It is a theoretical question, because you could not actually prepare a set of accounts that says you are going to run your reserves to zero.

Mr Girvan: I am looking at it from a business perspective. Even guidance to local government is that they should hold a reserve of 10% of their total budget. If a council has a budget of £20 million, it should have £2 million in reserve to allow it to run. My understanding is that you are well in excess of that.

Mr Conway: No. Our current revenues are just over £200 million, so 10% would be in the range of £20 million to £25 million. I stress as well that we are an operating company that has big inflows and outflows that have to be balanced — more so than a non-commercial business would have. We are sitting at £39 million. Our current projected losses would bring us down to the region of £25 million.

Mr Girvan: How long did it take you to build that surplus?

Mr P Anderson: It is ups and downs over a number of years.

Mr Girvan: The other point is in relation to building up the investment that you use. You do not put any of that towards depreciation, as was previously asked. None of that is for replacement of stock, because you normally ask for money for replacement of stock.

Mr Conway: Yes, the depreciation comes out of our profit and loss (P&L) as we offset any capital payments that we get from the Department.

Mr P Anderson: The depreciation is an accounting transaction. Depreciation is non-cash. It is a way of reflecting the diminution in value of a fixed asset through your profit and loss, but there is no cash impact from depreciation.

Mr Girvan: My other point comes under the umbrella heading of the Transport Holding Company. I am looking at it as a very suspicious individual: what is the advantage of holding seven sets of management and accounts related to seven holding companies?

Mr Conway: It is purely a statutory thing that has been over time.

Mr Girvan: But does it mean it is good business?

Mr Conway: Well, it does not. Some of those accounts just sit there; we do nothing with them. There is no cost or outlay on those organisations, other than at the end of the year we have to prepare an account for them. It is something that I will look at in terms of cleaning up because some of those companies are not necessarily required going forward. We do not run them; there is no management and no cost in them. There is nothing in them. They are just shells on a statutory account.

Mr Girvan: The reason I bring it up is that we have the Transport Holding Company and the management of it. Probably, that should be looked at more strategically, because up to now you have had railways in their own wee fiefdom and you have had Translink and the bus service in its own wee area, not necessarily always seeming to be totally joined up.

Mr Conway: They are, I have to say.

Mr Girvan: I know they are now, but there have been cases where there has been no reasonable join-up in what has happened in planning. Why is there a necessity for two companies doing the same thing? They are all public transport.

Mr Conway: From a management perspective, we manage one organisation called Translink, and our organisation is one organisation. All I am referring to there is statutory accounts; that is all I am referring to. I hope I have not confused anybody. It is just statutory accounts. The organisation is one organisation. There are legal reasons why we have to report it that way.

The Chairperson (Mr Humphrey): To be fair, I do not think that anybody is confused, Mr Conway. If we have given the impression that we are, that is misleading. My question I asked was similar to Mr Girvan's. It does not make sense to continue to have seven companies, some of which are moribund, in statute unless you are going to reintroduce them. That is the point I was making.

Mr Conway: OK.

Mr McNulty: Thank you very much for your presentation, gentlemen. I would like to say, "Well done" on your recent Bus and Train Week, which was a huge success.

Mr Conway: Thank you.

Mr McNulty: However, in that and in terms of your objective 3, which is to grow the number of passengers using public transport, you say you are committed to supporting an increase in modal shift towards sustainable transport. You encourage people to get on buses and trains, but there are no trains for them to get on. There is no direct train from Newry to Belfast in the mornings. You have to get on a train at 7.15 am to go to Portadown and change there to get into Belfast sometime around 8.30 am. What is the operational rationale for that decision on that route, where 40,000 people live within a 15-minute drive of Newry train station, yet there is not a direct train — a train where you do not have to change — between Newry and Belfast in the mornings? We have what we have discussed many times with Jenny: the logjam from Loughbrickland to Belfast in the mornings, with people bunged in their cars travelling from Newry and Armagh because there is no other way of getting there.

Mr Conway: I can answer that in a couple of ways. I have two or three points to pull out. First, as we were at pains to stress earlier, we are an integrated transport company. We have a very viable express bus service from Newry that operates early in the morning and will get people into Belfast on time. In support of that and given the congestion coming into Belfast, we are working with the Department to extend the bus lanes to Sprucefield, which would allow a much faster journey from the Sprucefield park-and-ride all the way into Belfast. It would also help services coming in from Newry and Dublin. We did that because we had a limited budget and that was the best way to use it.

We have set up a rail passenger user group in Newry. We met the group in early June. As we understand it, there are two challenges for the people in Newry who use the train service. The first is that quite a lot of the population in Newry go to work in the Republic of Ireland, and they are looking for a better service between Newry, Dundalk and Dublin, for example. We have agreed that we will bring Irish Rail to the next meeting to discuss how to improve that service. The adjustments to the service from Newry to Belfast that were made last year were widely consulted on, but they were made on a supply-and-demand basis. Where we had the biggest volume of people, we tried to protect those services; where there were fewer people, we tried to have further options for those services. As I said, a three-car set carries about 200 people, but the average number of people using the set from Newry to Belfast was between 10 and 20. That is why that service was reduced. We told the user group in Newry that we were keen to work with them on that and find other options. One of the things we did was to enhance the bus service. If we can resolve the current funding challenge, that is an area that we would like to review, along with a few other areas that we made adjustments to. It is not just Newry; we made adjustments to other service areas.

We are very open to discussing the matter with passengers particularly and all representatives. We are very open to trying to find a solution to it. That will be part of our plan going forward, but we have to have the budget to allow us to do it. Given that it would initially be a non-profitable route, we need some support to help us with that.

Mr E McCann: Mr McNulty was talking about the difficulties of getting from Newry to Belfast by public transport. He ought to live in Derry: then he would understand the difficulties of getting to Belfast. The 212 was 40 minutes late this morning.

I congratulate you on the opening of the Bellarena stop. People from outside the north-west might not know, and I am not about to advance a long explanation of why that little stop is so important and why there was such a campaign for it in Derry. You had the Queen on the train heading for Derry. Did she get to Bellarena?

Mr Conway: Yes, she did.

Mr E McCann: I think I read that she opened it, which was strange. I was at the opening of Bellarena: it was opened by Michelle McIlveen on 22 March. You may not know; do not answer if you do not. I just wonder why Her Majesty the Queen —

The Chairperson (Mr Humphrey): Michelle is important, but the Queen is obviously more important. *[Laughter.]*

Mr E McCann: She was overshadowing Michelle a bit, I thought.

Mr Conway: It is a bit like having an official birthday and another one.

The Chairperson (Mr Humphrey): It was obviously a soft opening.

Mr E McCann: I suppose it was, but here is my question. It is only a few miles out of Derry. She goes all the way on the steam train. It is a beautiful train. They are a wonderful thing, steam trains, apart from the pollution. Yet she does not go on to Derry, and my question is about the reason for that. I did not join in any petition to ask the Queen to come, but there she was and a lot of people wanted to see her.

The Chairperson (Mr Humphrey): Perhaps that is why she did not go: you did not sign the petition.

Mr E McCann: She was snubbing me, perhaps. My point is that there is speculation, which I have involved myself in, that the reason she did not come the few extra miles into Derry was that someone looked at the existing station there and said, "This is no place for a queen; in fact, this is no place to deposit any passenger". It is an egg box. It is difficult to access. It is not acceptable to anybody, and I am sure it is not accessible to use.

I will come back to the question every time somebody relevant is here: why is it that we have not had more progress? It is almost two years since the consultation on where the new train terminus should be in Derry. It yielded 64% for the station. The other three options that were presented got 36% between them. The station is supported by every political party in Derry and unanimously on Derry council. It is supported by all the local newspapers, the CBI and the trade union movement. There is absolute unanimity in Derry. The station was prized. History is important; our built heritage is important. I could speak for an hour about the John Lanyon-designed station; it is a wonderful building. There is no official plan or architectural design that I have seen, although Into the West, of which I am the convener — that may be an interest to be declared — got students from the architecture department at Queen's to produce some wonderful designs. I do not know how good they are technically, but they looked brilliant, and we presented them to Translink and the Minister. Why is it that, after all this time, there is a difficulty in buying the premises from Mr Doherty, the developer — not the easiest man in the world to deal with, I know. I just do not understand why it cannot be said that the consultation was overwhelming and everybody in Derry wants it. The suspicion arises that the reason for the hesitancy and the use of vague words about a transport hub is that it is intended or, at least, that the option is being kept open not to use that station at all but to build another one a mile and a half away near the Peace Bridge in Derry. My basic question is this: will you please get on with it and tell us that you acknowledge the wishes of the overwhelming majority of the people? You would have to have a big, big reason for not doing it. Have you got a big, big reason?

Mr Conway: I will say a couple of things to that. First, in response to your earlier comment, the Northern Ireland Office organised the Queen's visit, so you will have to put the question to them as to why they decided to go where they did.

Mr E McCann: Really? You, as the operator, have no idea why it was decided to stop there and not take the Queen into Derry?

Mr Conway: It was all timing; there was a particular length to the day. They said. "This is the earliest we can get Her Majesty to the station, and we want her away by such-and-such a time". The journey dictated that.

Mr E McCann: So we take that up with the NIO.

The Chairperson (Mr Humphrey): I am not a bureaucrat or a mandarin, but I know from holding a civic position, Mr McCann, that the Queen's itinerary is not set by the Queen.

Mr E McCann: I am sure that is true. I am not demanding that the Queen come to Derry — I have to emphasise that before I go home — but, if she is coming that close to it, there are those who would like to see her.

Mr Conway: I will try to be as brief as I can on the station. Everyone is aware of the ultimate desire, and I can only talk about the last 10 months rather than anything before then. As was mentioned, this is an EU-funded project, and the integrated hub element is part of the EU funding. It has to include active travel and linkages across the border as well, through bus services that can link in. That is part of the EU funding application. As well as that, when you put a funding application forward, you have to give options. You cannot just say, "This is what we are going to do"; you have to give them options and state why you have come to your conclusion. In that application there will be at least two options, so that we can state clearly why this one is a better option than that one. That is why there are several options. There is a commercial discussion as well. If that commercial discussion does not conclude successfully, then we will have to have an alternative option. It may not be what people want, but there has to be an alternative.

Mr E McCann: OK. I will keep an eye on that.

Ms Palmer: Chris, you were talking about the Sprucefield link and the ongoing negotiations. I was looking at the investment strategy for Northern Ireland and its tracking system. It is not even on the tracking system. There is absolutely no mention of Sprucefield, whether it is the bypass or your negotiations.

Mr Conway: I was just referring to the extension of the bus lane out to Sprucefield park-and-ride.

Ms Palmer: It is part of the infrastructure, yet it is not there. It is not even programmed. That is concerning.

The Chairperson (Mr Humphrey): Thank you very much for your attendance. No doubt we will have you before the Committee again. I appreciate your presentation and your candour when answering questions. If you could get the railway station in Londonderry sorted out between this and our next meeting, it would be appreciated by Mr McCann and particularly by the Queen, who would then be able to visit Londonderry.