



Northern Ireland
Assembly

Committee for Enterprise, Trade and
Investment

OFFICIAL REPORT (Hansard)

Invest NI 2012-13 Performance Update

9 May 2013

NORTHERN IRELAND ASSEMBLY

Committee for Enterprise, Trade and Investment

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Members present for all or part of the proceedings:

Mr Patsy McGlone (Chairperson)
Mr Phil Flanagan (Deputy Chairperson)
Mr Steven Agnew
Mr Gordon Dunne
Mr Paul Frew
Mr Alban Maginness
Mr Stephen Moutray
Mr Robin Newton
Mrs Sandra Overend

Witnesses:

Mr Mark Ennis	Invest NI
Mr Alastair Hamilton	Invest NI

The Chairperson: We have with us Alastair Hamilton, the chief executive of Invest NI, and Mark Ennis, chair of Invest NI. You are both very welcome. I apologise in advance because I have an appointment and I need to leave by 12.30 pm. The Deputy Chair will take over. It is nothing personal. *[Laughter.]* I am sure that this session will go on for a wee while. You were probably listening to our earlier engagement with the Minister, when a range of issues came up, and you will have heard some of that. You know the form: we invite you to make an opening statement and then to take comments and questions from members.

Mr Mark Ennis (Invest NI): Thank you, Chair. If it suits you, I will cover the headlines and then hand over to Alastair to cover the detail. Given the economic climate of last year, which is well publicised and known in all of our major markets, we still had an excellent set of results, with almost 7,400 jobs being created. That is up 14% from where we needed to be, and brings the cumulative total to almost 14,000 of the target of 25,000, halfway through the Programme for Government period. For me, it is particularly pleasing that almost 5,000 of those jobs were locally created and generated, which I think is important. The quality of the jobs is also good in that 80% promoted by externally owned companies and 65% by locally owned companies are above the private sector median. That shows the quality of jobs that are being created.

I am pleased that our total planned investment of £608 million is up 34%, and of particular interest is the £38 million for investment and skills and the £105 million in R&D investment. As Alastair will tell you, a significant amount of that is with small and medium-sized enterprises (SMEs), and we are very pleased at the way that that has gone. That has been a really good achievement this year.

Turning to the jobs fund, we are up 28% on jobs promoted. As you know, we now also record created jobs, and we are 22% above target on that, which is a rise of 64%. That shows you the sort of impact that you can have in that time lag from when you start a process to the acceleration of those jobs coming through. Alastair will touch on the fact that we sometimes get a bit of criticism about not having data on jobs created, so we have looked back on, if you like, our client base. We have now put in place a system, so, in about three or four years, we will have that, but we have checked with our own companies, and you will be able to see the amount of actual jobs created. I think that is an interesting statistic for the Committee.

On exports, I have mentioned the challenging environment, and that has been an issue for us. It is an area of concern, with just under 2% growth against a target of 20%. Overall, if you count GB as an export market, we have £13.3 billion of exports. Unfortunately, £7.5 billion of that is to GB, so that knocks the number back quite significantly. That remains a challenge, but we are doing a few things, and Alastair will talk about those and some of the export markets. We are starting to see an awful lot of interest from Northern Ireland business in travelling to various destinations.

I take this opportunity to encourage members of the Committee to join trade missions. I know that some people criticise those visits, but, having been on a number of trade missions, I know that, in many cases, it makes an important difference if we have political representation. I particularly encourage this Committee, which has an interest in the economy, if you feel that you have value to add in that you know something about a country where a trade mission is going, to go along.

Internally, we have got our casework processing down to 15 days against the target of 17 days. That is, obviously, important from my perspective. A total of 91% of our supplier payments are made within 10 working days. We have a new offers and claims system in place to accelerate the process. We had quite a big backlog. We had a target of 35 days, and we got down to 37 days processing time. That has a big impact on our customer base and the companies that we are working with.

I am particularly pleased that, in an independently monitored customer satisfaction survey, we are up to a 79% satisfaction rate, which is a big leap from where we were last year. Millward Brown, which carried out the survey, suggests that 85% is world-class. Even more importantly, from my perspective, if you look at dissatisfaction rates, we have gone from 21% in 2008, to 6%. Perhaps you want to comment on that, Alastair.

Mr Alastair Hamilton (Invest NI): Thank you, Chair and members, for the opportunity to come again this year to give you the results. You can probably tell from the chairman's introduction that it has been a very good year for Invest Northern Ireland. We have provided you with an additional paper to give you some indication of where our performance is versus all our targets. I will not cover all of those today. Mark gave you an indication of where we are with some of those versus last year. Across the board, the performance is up on last year.

I will comment on customer satisfaction. I have repeatedly been at this Committee talking about Transform and the programmes that we have run. There are 18 individual programmes across the organisation. Many of them focus on what Mark was talking about: reducing bureaucracy; making it easier for people to get access to funding; making it a quicker process; increasing the skills in our organisation; and, finally, Boosting Business, which is reaching out to the small business community. I am assured that the success that has been delivered on customer satisfaction, as shown in the charts, is a direct result of the changes in the organisation over the past three or four years, driven strategically through Transform. We are not resting on our laurels. I really want to get to that 85% best-in-class benchmark that Mark talked about.

We show you three slides every time we come here. The first one shows the volume of work that we do. There were just over 5,000 offers, which is up 19% on last year. Over the past five years, that has gone up by 100%. Five years ago, there were 2,500 offers. Today, it is sitting at 5,000 offers. A lot of that has been driven through Boosting Business and a lot of interventions that we now have in place for small businesses. Over 80% of the enquiries that we get through the Boosting Business helpline come from companies that, traditionally, we would not have dealt with. That was the whole purpose of setting it up in the first place. You can see that 93% of our offers go to local companies. You will excuse me for continuing to beat the drum, because there is still consistently a view out there that we do not support SMEs or local companies. Last year, 93% of those 5,000 offers went to local companies.

The next slide shows the value of assistance. I expressed some concern last year to the Committee that we had gone downwards in 2011-12. I am really pleased to see that that has not just returned to

2010-11 levels, but gone beyond that. We almost got to £100 million of support to locally owned businesses. We ended up at £93 million, which is an all-time high. You can see that the total assistance that we have offered companies across the board is up from £89 million last year to £130 million this year. Another benchmark is that 72% of that money was offered to locally owned companies. I know that there is a focus on SMEs, so I will give you the number: 55% of that assistance went to SMEs. This year, local and external assistance are both up. If you remember the slides from last year, local assistance went up, but external assistance went down. We have seen a recovery in foreign direct investment (FDI) and the externally owned side.

The next slide shows total planned investment. That is our investment plus the leveraged investment from companies on the back of those offers. All the figures are in green: in locally and externally owned companies, the leveraged investment from the projects that we have secured this year are up. Locally, it is up 31% and, externally, it is up 42%. You can see that the figure for locally owned businesses is 57%. There are three figures to highlight: 93% of our volume, 72% of our money and 67% of the combined investment is going to locally owned companies, which is a really good place for us to be.

The last point is about large-scale FDI projects being deferred. I left that in the slide because it was a point that we included last year. I am delighted to say that those large-scale FDI projects are now coming on stream. We had the really good announcement a couple of days ago of Deloitte creating 177 jobs here. It will take time but, in the next few weeks and months, you will start to see additional projects that we secured last year coming through. I am very pleased with the performance of the organisation in securing some really substantial projects in Northern Ireland in lots of different locations. They are in lots of different sectors; it is not all IT and financial services. There are manufacturing projects and agrifood projects, so a good range of new projects will be announced within the next few weeks.

The next slide gets into our results for this year. The Committee is well aware of the challenges. It has questioned us on and been involved in the challenges that we experienced with the Business Start programme. We went through a legal challenge on that, which lasted for the first two years of our corporate plan period. That is now back on track and was relaunched in November last year. Since then, we have received 900 business plan applications, which puts us on track for the delivery that we need to see. The highlight for me is that, even though we had only 749 jobs from start-ups, which was 38% behind the target, we over-delivered by 28% on the jobs fund and by 19% on the local side to deliver the overall target of 6,867 jobs. As a matter of fact, we exceeded that target, with the creation of 7,390 jobs. Therefore, we overcompensated for the downside. We lost nine months last year on Business Start, but we overcompensated by over-delivering in other areas of job creation to make sure that we still hit the target. There was a lot of pressure and pain in the organisation to get there, and I pay tribute to the people in my team who worked so hard to make that happen.

Mark has already mentioned the figures shown in the graph on the right-hand side of the slide. I am really pleased to see that job quality holds up. You will have heard about some of the projects announced recently that have average salaries of £35,000 or £36,000, which is well above the private sector median of £18,500. So, again, we are well ahead of the target for job quality.

Mark has already mentioned what is shown on the next slide. I am sure that we may get into a conversation about jobs promoted and jobs created. Let me repeat what I have consistently said to the Committee before: we want to get outputs. I said that to the Public Accounts Committee just a few weeks or months ago when it reviewed the performance of Invest Northern Ireland over the past five years. We measure inputs and outputs as well as the outcomes, which are the jobs created. You are right to keep pushing that. As Mark mentioned, we will do that in two ways. First, we have a new system in place that will allow us to track the jobs created against the offers that go into the system. We have to do that in a system-based way; we cannot do it manually. We have 7,500 live letters of offer for jobs-related projects in the system at any given point in time, so we cannot manually count what jobs are in or out on a weekly basis. We have to do that in systems-based way. The system was specced, procured, and then up and running on 1 April last year. I could give you information out of that now, but it would be only for the projects that went into the system since 1 April 2012. It will be two to three years before all our old projects are flushed out. We will be looking at that system for all new projects.

As Mark said, in the meantime, we have carried out a survey, which mirrors the way in which the Industrial Development Agency (IDA) measures its net job increment. We carried out the survey across all our account-managed bases, which is the 1,300 companies with which we have a direct one-to-one relationship. The chart on the slide shows the net change in employment between 2009

and 2012. I think that it is very encouraging to see — if you leave out construction, which, of course, is a big "leave out" — that, despite the economic downturn, employment in every other sector that we are focused on through those 1,300 companies has grown over that period. The note on the bottom of the slide states that, in the past 12 months from 2011-12, the number of jobs created in those companies went up by 4,800. We will do that survey annually so that you and others can see the annual net movement in employment in the 1,300 companies to which we give the majority of our support and manage face to face.

We have already talked a little bit about R&D investment. I think that we have seen a superb result not just for Invest Northern Ireland or the Department of Enterprise, Trade and Investment (DETI), but for Northern Ireland. I know that members of this Committee have been heavily focused on trying to drive R&D. We were set a target of securing £300 million of investment by 2015. We are two years into that period, and you can see that we are well on track to deliver the target. We are only halfway through the Programme for Government period, but we are already 12% ahead of target. Without going into detail, we have a very healthy number of R&D projects in the pipeline for next year and beyond. That is very positive. You can see the numbers on the SME side. Again, you will maybe say that the SME target might have been a bit light. I am sure that we will get into that debate; but I am pleased to say that, today, as we sit here, the SME target, which was £60 million of that £300 million, has been met. So, we have met one of the Programme for Government targets two years into the four-year plan. We have delivered £71 million against the £60 million target for SMEs. Previously, members asked about SMEs of 250 employees and below and asked whether we could get microbusinesses as well. I do not have that information today, because we were working very fast to year end to get you this information. I am sure that we will be able to provide it at a future point. From an research and development (R&D) point of view, the situation for SMEs and wider business in Northern Ireland is tremendously healthy.

I am not going to go through all of the companies in slide 11; you will be aware of some of them. Deloitte needs to be added to that list. There are some substantial projects, and it is good to see a balance of engineering, IT, business support services, financial services and legal services. It is interesting to see Allen and Overy there. That is not the project that was announced two years ago. It shows you how quickly that project has grown. This is a follow-on investment for Allen and Overy. They have seen other opportunities. They came here, found what we told them they would find by way of people, support, infrastructure and all the rest of it, and found other opportunities within the wider Allen and Overy group. They have come back to us and said that they could bring another function here. We have now secured that other function for them. So, it is a really good piece of work.

You will also see Wrightbus's £15 million investment in R&D and staff training. That is to put lean processing into their facility and to invest in buses for tomorrow, amongst which is the Euro 6-compliant bus that it is investing in, as well as other developments.

I will skip through the slides quickly. I want to give you an indication of where we sit as regards the overall Programme for Government targets. This is two years into the four-year target. Mark has already mentioned the 25,000 jobs, which is the big target that sits in our organisation. The rest of this builds up to it. If you want to count what we are measured by, it is that Programme for Government target of 25,000 jobs. That is what we absolutely focus on. I am delighted to say that we are sitting at 13,870 jobs against the target of 13,300. You do not need to do the sums quickly. You can immediately see that 13,300 is not a pro rata half of the 25,000. We weighted our target more heavily in years 1 and 2 than we did in years 3 and 4. We did that, first, because it is much easier to put a lot of drive and focus in during the early part of a plan than it is to try to recover it all in the last year, if you are behind. Secondly, we had no assurance regarding regional aid in year 4 of the plan. Therefore we purposely weighted more towards the start of it.

If I were giving the Committee some forward view, all things being equal, having weighted more towards the start of a plan and, ahead of that, having some clarity now around what regional aid might be like in year 4, having overcompensated for the business start by overperformance in other areas and considering the fact that the business start is now back on track, I am very confident that we will be able to hit the 25,000 target at the end of the Programme for Government period. If you remember, that target was upped from 21,500 in the early stages, before it went out for consultation. So, I am very, very pleased with performance in respect of the jobs. It was not without its pain. Some 80% of the FDI numbers that are on this page were delivered in the last two months of last financial year. There was a massive effort within the organisation to get those projects closed and over the line.

I will give you a very clear forward view on the £1 billion investment. You can see where we are. We are at £784 million against a target of £550 million. Again, we weighted that target. It was a £1 billion

target. We put £550 million in for years 1 and 2, and we are at £784 million. One of the key reasons for that overperformance is the fact that job quality continues to be ahead of target. Wages and salaries play in here, as do some of the very high value R&D projects.

Based on the performance that we have today, I fully expect that we will deliver that £1 billion target at the end of year 3, rather than at the end of year 4. You will see the wages and salary target at £125 million. We are sitting at £198 million, which is a factor of the previous mentioned numbers.

I move now to slide 13. I have already covered the R&D on a one-year basis. You can see that we are £168 million against £150 million on a two-year basis. I will say no more about that; I have covered it well enough.

In the Programme for Government and Executive strategy, we were asked to focus very specifically on skills. Some really super programmes are now running. They are getting really good feedback from companies on learning and development. A management and leadership programme is in there, as well as some other skills programmes. Again, we are ahead of target.

Lastly, is the jobs fund. I know that when that was launched, the Committee was very focused on it and to see it drive forward. There are two fronts. On the promoted side, you can see that we are sitting well ahead of target; 5,000 jobs promoted versus a target of 4,300. Actually, more important is the creation side. Let us remember that the programme was not put in place for FDI or local companies. It was not put in place for job quality. It was put in place to create jobs quickly. You can see that almost 50% of the jobs promoted have already been created. That is the drive. We look at and select projects and companies here only when they say they can do it with our support. I will repeat that we pay the grant assistance to those companies one month after they start their projects in order to help them with cash flow. With that, we incentivise them to create jobs more quickly. You can see that we are sitting at 2,700 jobs versus a target of 2,300. One conversation for the Committee and Department going forward is whether, in the current economic climate, we continue to have a project or programme such as the jobs fund going beyond its life. It was supposed to time out, with regard to promotion, at the end of the next financial year. That is a conversation for another time.

Slide 14 deals with access to finance. We have had lots of conversations in this room about that. Now, we are starting to see a much more cohesive jigsaw of our support mechanisms for companies across Northern Ireland coming into place, both on the equity side and the loans side.

Four funds are up and running, and there is £100 million of finance in those funds. This year, we topped up the Northern Ireland Spin Out (NISPO) fund and Co-Fund NI, which were oversubscribed. Just a few months ago, we topped them up by £2 million each. The growth loan fund is now up and running, as is the business loan fund. In the table that I gave you, you will see that, on the targets for this year, we are behind on the growth loan fund. That is because it took us four months longer to launch it than we had originally forecast. Despite that, I am not forecasting anything. The appetite in the business community for the growth loan fund is overwhelming. I think that we will be back to the Department and the Department of Finance and Personnel (DFP) before the end of the four-year Programme for Government period to ask for additional funds.

The average value of a loan in the growth loan fund is one and a half times what we expected it to be in the business plan. So, there is a really big appetite and desire. Even though it is shown in red on your chart, and we will take the pain for it this year, we will hit those numbers — 150 loans overall by the end of the three-year period — which takes us to the end of the Programme for Government period. To date, there has been £20 million of investment and 180 businesses have been helped.

I know that you talked earlier about how we can help companies to get access to finance. The finance voucher was one of the initiatives in the Executive's jobs initiative, which was launched in September or October 2012. We have now processed that, and it is out there with companies. It will provide up to 49% of funding to firms to work with a professional architect or consultant to put a business plan together that will hit all of the right buttons with the banks and allow them a better chance of being able to get funding. At the minute, we have been a little bit inundated by companies seeking access to that finance voucher, which is great.

Slide 15 deals with access to markets. Mark already mentioned the trade side. We are pushing very hard on that side. I am very comfortable with performance on jobs, R&D and investment. The machine is working well in the organisation to make those things happen. From a strategic and leadership point of view, that is the area where a lot of focus now is. You can see how the macro-

economic situation with regard to global economics is affecting exports, not only for us, but other countries. It is an area where we need to put much more focus.

Earlier, I heard the Minister talking about her focus on trying to support companies in export markets, which is very visible. We have just recruited a new head of Asia Pacific. Again, earlier, I heard you talk a little bit about North/South co-operation. We have recruited a guy who was Enterprise Ireland's Asia Pacific representative for the past 15 years. He has joined us to head up and spearhead that. It is being done in a very supportive way by colleagues in Enterprise Ireland. Michael Garvey now heads our Asia Pacific team with a very clear remit from the board and the Executive team to build more members and really expand our capability in that region.

You can see the volume of activity. There are 80 trade missions and exhibitions around the world annually. The amount of work on the trade side is substantial. I repeat what Mark has said: from two perspectives, I really would support Committee members going on trade missions. The first is that you will get much better visibility of what happens on those than I could ever give you sitting here trying to enthuse you about it. The second is that in many of the geographies in which we work, you would help us to get access to people to help the companies and support them because of the role and profile that you have as political representatives.

Slide 16 deals with regional business. In the past couple of years, one of the organisation's highlights has been on the Boosting Business side. Since that was launched in November 2012, there have been 8,000 enquiries. Not all of the projects will flow through. There will be an attrition rate. To give you a sense of the volume; 3,700 projects are purely as a result of Boosting Business, with almost 8,000 jobs and £900 million of investment in those projects. In 2012-13, we ran 236 events throughout Northern Ireland. I know that they have been very well supported by local companies and councils. You are well aware of what we do with local councils in local enterprise development. There are now 46 council projects between us and councils to support local subregional economic development.

I do not want to spend a lot of time on the next chart. However, I want to give it to you because the Boosting Business process allows us to gather a lot of data. That was the whole point of it. Yes, we answer companies' queries. However, we also ask them whether they are growing; whether they could employ more people; whether they are interested in exports, and whether they are doing, or are interested in, R&D. We capture that data. It allows us to be much more targeted in how we go out to those companies.

The chart gives you a view of where those 18,000 enquires have come from across Northern Ireland. I will not make any comment. I am sorry, Chairman; I am aware that you have a black and white copy and that it is difficult to see where the groups are. The "100 or more" group covers the pocket around Belfast — Carrickfergus, Newtownabbey, Belfast and north Down — and the north-west and Derry/Londonderry. The next group, shown in orange, is "80-99", and it covers Ards, Lisburn and Craigavon. The next one, which is "60-79", covers the strip from Coleraine and Limavady right down to Dungannon, and Newry and Mourne, and Down. The next group is everywhere that is left apart from Ballymoney, which is the area at the bottom of the chart. I mention this for no other reason than to let you see where we are getting the drive from companies and where those enquiries are coming from. We intend to do much more work on that as we move forward.

I will not spend time on the next chart. It gives you an indication of satisfaction levels. I make no apology for measuring customer satisfaction in our work and in the drive that we have. The second bar represents 76% who were satisfied with the information that we provide. The last bar shows that 76% are likely to call us back. I know that, earlier, you were questioning the involvement of other Departments in the economy. Our desire for the Boosting Business helpline is not just to answer enquiries about either Invest NI or DETI programmes, but to answer questions about every support mechanism across all Departments that is focused at the business community. We already do it for Department for Employment and Learning (DEL) programmes and Department of Agriculture and Rural Development (DARD) programmes. Our desire is to do it much more widely. It is supposed to be a one-stop shop for businesses to find their way through government.

Slide 19 builds a little on where I was with customer satisfaction. I am not satisfied — well, I am pleased — with 79%. The mode is good to great. We are about to invest in a range of services. I am conscious of your time, so the ones that I will talk about are the business development academy and customer service excellence. Customer service excellence is a benchmark across public-sector bodies which is driven by the Cabinet Office. In 2014, we will engage in that and benchmark

ourselves against the best in class. Then, we will drive a programme of support across our organisation to make it even better.

I will not go into the G8 slides in detail, suffice to say that we are driving a programme of integration between the Tourist Board and Invest NI to get a joint tourism, investment and trade message out. It is not about Invest NI or the Tourist Board as bodies: it is about Northern Ireland as a place in which to either invest or visit. We are piloting this in the creative material that you see in the very last slide, number 23, for the G8 conference. Our themes are "leading business" and "inspiring place".

I hope that this has given you an indication of our performance for this year, where we are two years into a four-year window and where we hope to be at the end of that period. Needless to say, if it has not come across in my presentation, we, as an organisation, are delighted with the performance that has been delivered in the past 12 months. It puts us in a really good position to deliver for the Programme for Government at the end of the four-year period.

The Chairperson: Thank you for your enthusiasm and delivery. To reflect back to you; in the past couple of years, I have been hearing from businesses that Invest NI has sharpened up a lot better in its delivery and response to business. That is what I am hearing, so it is important that you hear that too and that it is reflected to your staff.

I will ask my question and then you will have to excuse me as I have to run. You will have heard some of the conversations earlier about EU funding issues. We were in Brussels, and I know that EU funding is not the be-all and end-all of everything, but, where there are potentials to grow markets and support businesses, to advise those businesses and to draw down funding from the Competitiveness of enterprises and SMEs (COSME) stream of funding and Horizon 2020, which you have already mentioned, it is crucial that we do that in a joined-up manner.

In the past, the problem has been with framework programme 7 (FP7). It is important that we find out what the problems were. In the past, the difficulty was that people did not know about it, and those who did know about it found it extremely complex and could not allocate a resource within their business to deal with it. That said, it is a well-known and acknowledged fact that the Irish Government and Enterprise Ireland were able to get their act together much more quickly and much more sharply and draw down significant amounts of money as part of the FP7 programme.

I am out and about every day talking to small businesses, and they are looking for opportunities, support and advice. Your helpline is good, but it is only as good as the information that is provided to it. My concern has been that, in the past, all the information and advice about the moneys available was in Brussels, and that only those who were fit to draw down money were those who had the capacity, whether they were some of the bigger academic institutions or some of the big businesses who had the resource and the wherewithal in-house, to do so and access those funding streams.

I also raised the issue with the Ulster Bank officials when they were here, because they are also at the coalface of providing advice and mentoring to businesses, and they have access to knowledge and information about the streams of funding and support that might be available, which is crucially important.

Therefore, the link between yourselves and the banking sector is very important, and there should be good, sharp, readily-available information to business people who may see a potential but do not know about the funding streams that are available to them. They might know about the Invest NI stuff, but they might not know about the other stuff and how they can do business match-making, which I referred to earlier, and access those programmes with your support. You have the database and the client base. You know who the people are, and they generate the ideas supported by yourselves, but we need to generate more support

We have the digital summit coming up later in the year. The Momentum people were with us, and they are ambitious, like yourselves, in respect of what you want to do and what you want to see happening. They see the potential to realise 50,000 jobs in that sector. They also came to us with a problem, which is that they have upwards of 1,000 vacancies in the sector at the moment that cannot be filled. The potentials that I see out of that are tremendous. It is how we realise all that stuff in the interests of our small businesses. As I see them, SMEs are the small businesses in the area where I live and which do not have 250-plus employees. I wish that they did, and I hope that we get to that point, but can you give us some sort of a flavour of that?

The final point is that all that information is distilled to the business community, but it needs to get to us as public representatives. We are out there working with the opportunities that exist in the community too.

Mr A Hamilton: The headline point is that there is much more that we need to do collectively. We have a responsibility, in the middle of this, and I understand and accept that responsibility. We need to get much more interventionist, having looked at some other bodies and what they do. We are doing that through the innovation vouchers, helping people to be able to write the right information to increase their possibility of success and getting finance.

The time has come for us to adopt the same approach to access to European funding. However, that will take us into a different situation of having people trained up and out there writing the application forms for SMEs and helping them to fill in the information required. Ultimately, we will get to that point.

However, a couple of things are already out there. Maybe your challenge to us is that people do not know enough about this, but the Enterprise Europe network is there. It is housed in the ground floor of our building in Bedford Street. It is a walk-in facility for people and not a separate piece. Maybe we need to get that news out there.

The Chairperson: To be honest with you, I did not know about that. Maybe that is as much a reflection on me but they do not seem to be promoting themselves particularly well if I do not know about them.

Mr A Hamilton: Invest Northern Ireland runs Enterprise Europe NI on behalf of the overall Enterprise Europe network. It is hosted there, we manage it, and the database is available to people. They can come in and search that database by company, sector and so on. I will take away a challenge that we need to get that message out more readily.

The second point is this: where are the funding streams and how can people get access to them? We have experienced that a little bit in some niche areas, such as Connected Health that we were involved in. I acknowledge that there are opportunities, and that we just need to find and apply the resource to help companies to get access to them. Not that I give you this by any way of an answer, but just to indicate to you that we understand the challenge and are trying to do something about it. This being Europe day, we branded our building today on a European theme. We also launched a booklet this morning called 'The European Sustainable Competitiveness Programme 2007-2013'. I will get a copy of that to members. The booklet goes some way — maybe not all the way — towards what you are looking for, Chairman, which is dealing with where the funding streams are, where can we get access to them, and who can help us with that.

So, a bit of work is under way. We are aware of the challenge. We need to do more. I heard the Minister's comments and we need to get into a conversation with the Department about how we can scale up to be able to do that work. It is quite interventionist and it takes people to get involved. We met the chair and chief executive of Enterprise Ireland recently, and it is interesting to see the number of people in Enterprise Ireland who are focused exclusively on that area.

Mr Ennis: From a personal, as opposed to and Invest NI, point of view, I go to Europe because our company is a large company. We have easy access to Máire Geoghegan-Quinn and Willie Donnelly, but you need feet on the ground. I would like to see Invest NI tasked and resourced to do that. Alastair talked about Connected Health, and the Scottish Government were getting nowhere, a bit like ourselves to some extent. They employed a Danish expert who knew the ropes well. Within 18 months, she got €13 million for the Scottish health service.

That is the sort of performance that you can get, but you need people who know. There is no point in trying to educate somebody to do that. We need to be headhunting the people who can deliver, and giving clear accountability — as Alastair said, output-driven — as to results.

The Chairperson: There was the Momentum issue.

Mr A Hamilton: In terms of the vacancies?

The Chairperson: No, it was how Invest NI will be participating in the digital summit later in the year.

Mr A Hamilton: We are involved with Momentum, so we will be involved in the digital summit. There is an opportunity in the jobs that the IT sector believes can be delivered out of that. There is also the counterpoint, which is the challenge that they presented to you and us around the vacancies that exist and how they can be filled.

We met them recently and will be heavily involved with them on that summit. We have first-class IT capability in companies in Northern Ireland, and there is an opportunity for us to get that message out there and link it into Europe and to join up and match-fund on a North/South basis, because that will deliver for us in terms of two European member states, or reaching into mainland Europe to make that work. We are very aware of that issue.

The Chairperson: That is good. Excuse me, gentlemen; I am sorry that I have to leave. I will hand over to the Deputy Chairperson.

(The Deputy Chairperson [Mr Flanagan] in the Chair)

The Deputy Chairperson: Thanks for your patience. Alastair, thanks for your presentation; it was very positive and very useful. Is there any bad news?

Mr A Hamilton: It depends where you want to look. You could look down that chart and see the red numbers and say that that is bad news.

Mrs Overend: That is why you gave it to us in black and white then. *[Laughter.]*

Mr A Hamilton: There are downward arrows on that page even though they are not red.

It is not so much bad news, but the challenge is on the export side. I have indicated that I am very confident that we can deliver the 25,000 jobs and have quality in those jobs. I am pleased that the business start-up programme is up and running again because it was an issue for us all. It is on track. I am very pleased with the R&D performance, and there is a pipeline of delivery into the future. However, the export side is challenging, and we were set a very aggressive target of 20%. To put that into context, there was no continuous four-year period over the past 10 years where Northern Ireland delivered 20% growth, even before the downturn. So, it was a very challenging target, but I am not walking away from it. The focus is to try to deliver it, but we now need to concentrate on that area. The businesses delivered 5% growth in the first year, but, as you can see in the chart, that is now down to 1.4%. We do not have the numbers for quarter 4, but if we run with those from quarters 1 to 3, it is down to 1.4%.

The emerging economies target, which was 60% growth, looks on track to be delivered, but, to be frank, it is a small number and is coming off a very small base. Therefore, if I am being self-critical, a percentage increase maybe flatters the performance figure. That is why we are so focused on getting the Asia Pacific team up and running, and getting more people in. That is why we are focusing on the trade mission activity. I do not want to turn it back on elected members, but I am disappointed by some of the media reaction to elected representatives, particularly Ministers, going overseas and helping to do the job that we need them to do and by the fixation on where they are staying and how much it is costing when they are over there doing a job on our collective behalf to try to drive one of our most challenging targets in the Programme for Government.

The Deputy Chairperson: In fairness to the media, they were highlighting the lack of openness and transparency and not what is going on. Every time it was reported, there was an acknowledgement that it was important that Ministers were doing that job. It is important that we clarify that. However, I understand your comments, and the Committee will consider your request. It may be useful as an initial step — the Committee may well wish to consider it — to have a video conference with some of your people who are on the ground overseas doing that type of work without our having to go anywhere.

I echo some of Patsy's comments when he said that he is getting feedback that the performance of Invest NI has improved. I am hearing that as well. On the ground, people are reporting that there is a much more open attitude from Invest NI. It is an awful lot easier to get somebody in Invest NI and to get advice, and the establishment of the Boosting Business campaign has been very successful in its online presence and the phone number but also through the roadshows. They were all very well received, and, hopefully, that awareness will continue to grow. We all have a key role to play there.

It would be wrong of you to come here and have nobody ask you about regional disparities. It is a continuing problem, and figures released show that no investor has gone into several constituencies over the past number of years. We are, primarily, constituency representatives, and that matter is concerning to some of us. How does that work? When an investor comes in, who decides where they go? More importantly, in the long term, what work is being done with local councils to identify the priorities for that council area or its unique selling point for attracting investors?

Mr Ennis: To put it on the record, Chairman, I have written to the chief executives of all councils and asked them for input, because we are doing a couple of things: we are trying to put an app together so that anybody coming in can see very quickly the advantages in any particular region. Different companies will look for different skill sets.

However, it would be disingenuous not to point out the obvious. What did I tend to look at when I was building plants in China, South Africa or Europe? I tended to look at the city, and then I had a look at the infrastructure around it. It gets down to infrastructure, telecommunications and energy costs — all the things that you would take. Therefore, some areas will stand out, and that will tend to be the attractor. Our job is to get the companies into Northern Ireland first and foremost, and we are competing against 150 agencies across the world to deliver that. Once they are in, we have to see what the company is looking for and try to match that in the best way possible, and that is what we do.

The Deputy Chairperson: What kind of response have you had from council officials so far?

Mr Ennis: Without going into too much detail, I have had a mixed response. To be fair, I am going to follow up with some respondents who replied very quickly. I have meetings set up over the next number of months. However, we are still waiting for a response from some of them. The response has been varied.

Mr A Hamilton: The development of the app might seem like a very small thing, but it is being used as a tool to engage. It has been done on a collaborative basis. It is not about us saying, "Over to you; you build the app." We are working with councils to try to build the app. However, it forces people to start to think. Every council area cannot be the answer to every opportunity, in the same way that Northern Ireland is not an answer to every global FDI opportunity. We see lots of opportunities that could be profit centres — I do not want to get into the corporation tax debate — but we just do not chase them, because we do not have the unique selling point (USP) on that front. Therefore, we target other areas.

In the same way, we need to build a very clear view of what the USPs are, and I suggest that it is not 26 views. I do not want to get political on RPA. Eleven, or a number like that, is manageable, but 26 is not. The challenge is for those regional areas to get together and have a very clear view of their people asset, their infrastructure asset and their skill or existing indigenous companies or supply chains and put that together, not only for the app but as part of a plan.

Quite a few of the council areas, including Lisburn, Belfast, Derry City Council and Ballymena are in the throes of starting to build combined economic plans, and I was at Down District Council yesterday afternoon having the same conversation. I have put my international team and my local team around the table with those council members and the economic development teams in those councils to build those plans. It is to everybody's benefit to make it work.

We need to create a wee bit of push and pull. I know that we get challenged at the minute for not pushing to certain areas, but we need a wee bit of information to help create a pull as well.

The Deputy Chairperson: I agree with that; there is no way that you can argue against it.

What can Invest NI do for those firms that are at risk, not due to the fact that they have a bad business or the fact that they are not profitable but because they have a cash-flow problem?

Mr A Hamilton: The majority of the support that we give to firms comes from the growth loan fund. Quite a lot of the firms that have already got funding from the growth loan fund are using it for working capital purposes. I will quote you one that is in the public domain: Maydown Precision Engineering got £500,000 from the growth loan fund. It is a very healthy business and it has a good, secured forward-work-in-progress pipeline and order book, but it needed to buy raw materials to fulfil that need. It could not get all that funding from the bank, and it was able to secure it through the growth loan

fund. It is a major asset to have that weapon in the armoury so that we can help healthy sustainable firms with short-term funding to move their business forward.

Mr Dunne: Welcome, Alastair and Mark. Congratulations you on your presentation and your hard work to date. It is very refreshing to hear such enthusiasm coming from various departments that have been continually under attack from various angles. In many cases, it has been unfair. We heard some spurious evidence a few weeks ago that SMEs are not being properly recognised. People said that the Department did not like SMEs. There was a lot of evidence presented today that you are engaging with them. I think that the Chairman made the point earlier that SMEs need to be aware of what you are doing. Linking with them is more and more important. We appreciate the Boosting Business campaign. I think that everybody who is alive in Northern Ireland has been aware of it and has recognised it.

My second point is about the Northern Ireland Bureau. Invest NI has a rep based in the building. We understand that the person was not available, but we spoke to a few others when we were over on our visit. We were impressed with the work that is going on. I think that those of us who were there realise that Northern Ireland is a small player when you get out to Europe and, obviously, the world. Networking is so important. Mark, you made that point. We saw for ourselves that networking is a big part of what is going on out there.

My third point is about the regional fund. What are the implications for Northern Ireland if the predefined C area were to change? Will that have a major impact on funding for you? I understand that quite a bit of your funding goes to R&D work in the Province.

My last point is about manufacturing. Is there a trend at the minute to see an increase in manufacturing? Are we, at last, able to be competitive out there in the world so that we can start the basic engineering skills that we all know and love so much? Is there a trend to go back to that, in many ways?

The Deputy Chairperson: Alastair, just before you answer that, I will read out what Gordon is referring to when he says that SMEs are badly thought of. I will read out the quote from Hansard so that you are aware of the context and can respond fully. On 11 April 2013, Dr John Bradley said:

"When I read the growth strategy for Northern Ireland, I was quite surprised at the negative picture of the SME sector that was presented in it. Indeed, as I read the background papers to the work of your Committee and the hearings that you conducted in your innovation, research and development study, it actually came out even more explicitly, say, in the evidence that was presented by the Department, that somehow those little firms got in the way. The phrase was used that they do not regard R&D as an opportunity, but more as a cost. In other words, you had placed all your eggs in the low-corporation-tax basket."

Mr A Hamilton: I read some of the comments that were made at that hearing. I strongly disagree with them. Some of the information that was used was very dated. I am not aware of the authors or the people who sat in front of you having spent any time in Invest Northern Ireland to understand what we are doing, what our programmes are, how the Boosting Business piece works or any of our results. They definitely did not speak to me or ask for any of my senior team to meet them before they met you.

I do not understand how anybody could look at where we were four or five years ago and then look at where we are today and say that we are ignoring SMEs. We have very clearly indicated that we have an absolute focus on trying to support SMEs. It was in the Barnett report in the form of a virtual small business unit. It was then delivered by way of the Boosting Business programme and the collaborative approach between us and the councils. I have given you the stats today on the SME support that exists. The R&D side is tremendous. We met our R&D target for SMEs two years into a four-year plan. How somebody could say that we are not focused on SMEs and that SMEs get in the way of R&D investment — I have said enough; I will not go any further.

We have done a lot on the SME side, but there is more that we can do. We can give much more targeted information, which was your point. We have been gathering information on every one of the 18,000 calls. We are now starting to target the information that we send out to companies in a much more specific way. I have an ambition to do that in the online world, but it will take some investment in our website to get a website capability that is much more akin to what you have on Amazon, where wherever you visit and whatever information you look for is captured, and personalised information is

then fed to you alongside that website. The ambition is not only to do that but to join the online with the offline, so that if somebody gathers that information, it feeds into our customer relationship management database, giving us a complete view of those small businesses. That has to be done using the technology; we cannot do it face-to-face because there are just so many of them.

In answer to your question, I believe in the vision that I set for the entire Invest Northern Ireland organisation at the end of our staff conference two weeks ago, which is that we must be able to have a much more personalised relationship with the 60,000 small businesses across Northern Ireland in a way that is targeted and specific to their needs. I believe that we can deliver that vision in the next two to three years, and we are on course to do it.

You mentioned the Northern Ireland Bureau; I will not repeat what I said in answer to an earlier question. We can do more in Europe, and we have a very good lady there in our office, but to be honest, if we had her multiplied by three or four we could do much more. That is a challenge and a question for us.

If I heard your question about regional aid right, it is not so much about regional aid but about leveraging European funding for our core programmes.

Mr Dunne: Yes.

Mr A Hamilton: We have been very well supported over the past number of years in leveraging sustainability funding and European Regional Development Fund (ERDF) funding to support core programmes for employment and more specifically in R&D. I must admit that I am not aware of the potential changes that are going on there, but if there are potential changes that could reduce the amount of funding that we get access to, I would be very concerned about it, because it is the major funding scheme for research and development.

Mr Dunne: At present.

Mr A Hamilton: Yes, it is.

Mr A Maginness: There is the European Social Fund (ESF) agency.

Mr A Hamilton: Yes. You may not have been asking about regional aid, but we were very concerned about regional aid and whether we could continue that. The position now looks much more positive.

Our two concerns were, first, whether we would still have the ability to fund projects in Belfast, because it was rumoured at one stage that that might have been taken out. The indications are that it is going to cover all of Northern Ireland, which is good for us all. Secondly, there was a concern that we might not be able to support large businesses, coming from a drive in Europe. The majority of our foreign direct investment comes from large global businesses that set up a European office here. If the new Skills Funding Agency (SFA) prevented us from being able to support those businesses, we would be in a very challenging position.

We see manufacturing growing, but it is high-quality, high-skill manufacturing using advanced materials and engineering that will provide opportunities for firms. Quite a few firms across Northern Ireland are doing that. We have to encourage engineering firms to move up the value chain. As I said at the outset, we have been successful in securing good manufacturing-related projects this year, which you will see in due course as those announcements are made. I am much more positive about the manufacturing sector.

Mr Agnew: Thank you, gentlemen, for your contributions so far and for coming today.

You mentioned the big sign on the wall. That is how I picture it. We have a similar sign in our office that says "25,000 jobs promoted", and that permeates everything. You also mentioned jobs created; you have been pushed on to provide better statistical detail on that, and I appreciate that you are doing that.

I suppose, ultimately, the concern for us as public representatives, the Executive and, I suspect, you as well, is the public perception of the unemployment figures. That is the stick with which we will always be beaten. That is more of an observation than a question.

There is no doubt that you would have to be very churlish to be negative about some of the figures that you have presented. There is a tendency to be churlish, but we have provided funding and grants and your customers have created jobs — or, at least, I would hope so. I do not want to be churlish, so I welcome that. The job that you are doing is an important one.

Mr A Hamilton: The challenge is finding the projects, not so much the expectation that if you give them money they will deliver jobs. We do expect that, but the challenge is about finding the projects and putting ourselves ahead of the other 150 agencies.

Mr Agnew: As a member of this Committee, I am always trying to complete the picture of the roles. I am pleased to see that, between the private sector and the public sector and between universities, businesses and you, these connections are being made. There is always pressure on government to deliver access to finance, which, arguably, is more of a private sector issue. The growth loan fund is a good example of where government can help. Government should deliver grants and deliver skills, and there are a lot of expectations. To throw it back, what can you expect from your customers, and what can we expect from your customers? Particularly in relation to the skills gap that Momentum identified, government is often criticised for being slow, and there is no doubt that it is. It takes time for DETI to meet DEL to get a programme in place, and it takes three years for somebody to go through a course, so you cannot just say that there is a skills gap of 1,000 and ask how we can overturn it. Companies, however, probably can act a bit quicker in areas such as apprenticeships. When you are working with customers, what can they do over and above what government does to deliver skills? What can they do to help us meet that skills gap, whether they are locally owned or externally owned?

Mr A Hamilton: You touch on a very good point around apprenticeships. I will spend a moment talking about that, because the world is changing a bit in the balance between a vocational apprenticeship-led approach versus a third-level education approach to some of these roles. Minister Farry has convened a working group on apprenticeships, and he asked me to join that group, partly because I started my career as an apprentice and am closely attuned to that as a career path for people in the business environment. We get back from businesses that there is an opening of the doors to say that they have an appetite and desire to embrace higher level apprenticeships for some of these roles, including the IT-type roles.

Think about the benefits. This is about taking the brightest and the best A-level students and, instead of them going through university, taking them into businesses. Apprenticeships have always been seen as something that you can do if you cannot make it to university. This sets a different course. It is a different path for those bright people who, ultimately, could do three years at university and then go into the business and do an IT job. Businesses are saying that, even after those people do three years at university, they have to take another year to train them in work, in business, in working in teams, working in that business and all the rest of it. What if we take the bright people at A level and put them into an apprenticeship with a business? The commitment from the business is to pay them a living wage for a period while they get their apprenticeship. The business commits to part-fund their training, should that be a foundation degree or something to a higher level than that.

The big benefit is that they will not have student fees going through it all and a big debt at the end of it. They will have been in the business for four years, or five years, if it takes that long. They are giving something to the business during that time. They are learning about the business, and they are getting their education at the same time. At the end of that four or five years, they are much better shaped to deliver for that business than they would have been had they taken the other route. That is the concept that is currently being talked about, and I support it. Also, there is no study, so, in the two months in the summertime, those people are there on placement in the business that they are doing their apprenticeship with. The industry is saying that it is keen to get involved in this and that it will part-fund it from a skills point of view by giving people a wage to live on while they are doing something. It is saying that it will give a commitment to employ a percentage of those people at the end of the period. As you can probably tell, I am very supportive of it. I think that it is a good way for us to try to address some of the challenges.

Mr Agnew: You say that business will part-fund. What are they expecting the other —

Mr A Hamilton: We do not have the detail on that yet. You would probably expect me to be a little bit supportive of businesses here, but there has been a lot of support from the business community, particularly the IT sector, in the past couple of years. They realise that they need to get involved in this. They have got involved in some of the working groups, and there has been engagement between DEL, the universities and us. Around two months ago, one of the representatives came to

our board, and I was very impressed with the engagement and the time and effort that businesses are putting in to try to address this challenge.

Mr Ennis: The bit that you highlighted shows that we are a victim of our own success. We have built up critical mass, and the challenge now is how to continue to support that. The Assured Skills programme and other initiatives are trying to address that.

Mr Agnew: You mentioned trade missions and encouraged us to get involved in them. I heard a rumour — I have genuinely only started my own research into the matter, so I do not know whether it is just a rumour — and I would be interested in your views. You take companies on a trade mission with the objective of them getting access to new markets and growing exports. The danger is that you take the company out there and the country involved says, "Here is a great place to relocate", and the company never comes back. That is putting it in a simplistic way, but is that a genuine danger? Have you seen evidence of that, or is it just a spurious rumour?

Mr A Hamilton: I would not paint it in just that way. However, let us be clear: there are businesses that we take into international markets and we know before we take them in that the only way that they will be successful in that geography is through a joint venture with an indigenous firm or by setting up an assembly plant in that firm. Global trade rules are such that not all parts of the world are as open from a trade point of view as we are in the United Kingdom. Therefore, the only way for some of those firms to be able to develop their business from the point of view of logistics — that is, distance — or trade barriers is through a joint venture.

We do that with our eyes open and support firms. The majority of those are local firms. So, although you may not have the employment of the assembly being in Northern Ireland, you will have, first, the profits flowing back to Northern Ireland because the company is owned here. Secondly, the research and development, business support and all that fuels that joint venture in an overseas office are being driven from Northern Ireland.

If you take that as an example, you see that, yes, quite a bit of that goes on, but that is part and parcel of trading in an international market. I know of very few companies that went on a trade mission with us and thought that they could lift all of their operation out of Northern Ireland and put it in there, where it would be much more effective. I am not aware of that being the position.

Mr Agnew: I appreciate that that may not be the case. The picture that you described is maybe what happens in the short to medium term, with setting up plant or whatever it may be in another country.

Mr A Hamilton: I have made this point before: we live in a global world. I will not mention companies by name, but we got a lot of flak when a large company here decided to move some of its manufacturing to China. We gain far more than we ever lose in inward investment by being an open economy that is out there looking for inward investment. Yes, it is incumbent on us to manage those issues, but for a country the size that we are, we absolutely need to be outward-looking. For a small, local market, we need to be outward-looking and to deal with those risks.

Mr Agnew: I have a relatively simple question; although given the nature of global economics, it is never simple. How do you define a locally owned company as opposed to one that is externally owned? I am thinking of franchises, for example. There may be a certain amount of grey, so how do you define that?

Mr A Hamilton: It is where the headquarters of that company is registered.

Mr Agnew: OK, it is where the headquarters is registered and not where the owners live.

Mr A Hamilton: No, it is not the nationality of people. It is where the headquarters of that company is registered.

Mr Agnew: You mentioned the app. I recently spoke to the president of the chamber of commerce in north Down, and I think that it is the same app that he referred to. He said, "Great, we have been calling for an app for businesses for years. The only problem was that North Down Borough Council launched it before they even told us it was coming down the line." That is probably not your fault, but if you developed the app, it would concern me that the president of a chamber of commerce in an area did not know that the app was happening before it was launched.

Mr A Hamilton: We are happy to duplicate the information on what they launched back onto the same platforms.

Mrs Overend: Thank you very much for all your information. It is great to hear from you directly. You said that to help the Northern Ireland economy, we need to increase exports. You have been doing a lot of excellent work, but you recognise that we need to focus on exports. What is holding our SMEs back from increasing exports? Do they need help to go further and think about other markets? Do we need to increase research and innovative or to get them to think about more research and innovative? Although R&D is increasing, is it increasing in the right areas? What else can we do? Would another reason be access to finance? How can you measure how successful the different funds that you have are and where there might be gaps in them?

Mr Ennis: The SME case was an interesting one. There is a timing issue. You are right to link the two. Innovation vouchers have been very successful. That has led a lot of companies, particularly SMEs, to further develop into the R&D space. It is almost a natural progression: you get innovation vouchers, then you get proof of concept, then you are in some sort of R&D programme, and then, on the back of that, you get into exports. I hope to see — obviously, it is still to be proven — the success of the SMEs in the R&D space starting to spill over into the export market. We have seen the uptake in the trade missions. It is not just a number. We do not go unless there is the interest to do it. We have seen huge interest from SMEs in getting into that export space.

I think that we are almost getting to a tipping point in the culture of SMEs. Nothing helps SMEs more than to see other SMEs have a good experience and do that. The trade missions are also very important because what tends to hold SMEs back is a fear factor about going into a market that is beyond where they can drive to. Going with other people on a trade mission, where they get the chance to network with businesses that have been successful, is really good promotion. That is the type of momentum we are building up. So, I am quite positive about where I think that SMEs are going and the whole export-market scene.

We are slightly disadvantaged by the fact that we cannot measure the service industry and, therefore, focus very much on manufacturing. We have 70,000 or 80,000 manufacturing jobs, but we have several hundred thousand service jobs. We are exporting a lot of services and a lot of education capability. We are not seeing it in the numbers, and it is a pity that we cannot. We use customs and excise data — that is how we measure — and we do not have it for the services sector, but there is a huge amount of export going on. I think of the trade mission to China that I was on, where we had architects, Belfast Met and a whole range of what I would call service-related businesses. We had manufacturing, Delta Packaging, and there were a lot of food companies that were there exporting, such as Linwoods and Dunbia. There is that, and we do not capture it. We need to look at how we can capture that and feed it back, because I think that we are shooting ourselves in the foot a little bit by not having that sort of services sector reflected.

You asked about access to finance and how we measure that. I met Paul Millar, who heads up Whiterock, which is the growth loan fund, and asked him how we were going. They have a pipeline of something like 200 enquiries, which dispels the myth and flies in the face of the banks saying that there is not a lot of demand for finance. They are saying that their biggest issue, however, is having businesses do the appropriate business plans. I hope that our finance vouchers will correct that and they will start to get better quality business plans put forward into their pipeline, and that would start to increase. That is on the loan fund. We have already topped up two of the other funds. So, again, the sheer demand from Northern Ireland businesses would tell you that it is going quite well. I can understand why Alastair is very confident about meeting the targets. If you talk to the guys dealing with the growth loan fund, they will tell you that they are inundated at the moment, which is great for us.

Mrs Overend: That is great. I have another wee point. You talked about the apps. That sounds good. I have been talking to local Invest NI representatives in relation to various areas, and they have been telling me about how they are progressing with that in their own areas. I think that that is a good idea. I will ask you what I asked them. Do you feel that it would be appropriate to focus on particular sectors in particular areas? Is that what you hope to get out of the apps? When you have people coming to Northern Ireland, will you suggest that they look at ICT in Coleraine, for example?

Mr Ennis: The trouble is that every area thinks, sometimes, that it has an expertise until it sees what is happening in another area. We are working to a matrix, so anyone coming into Northern Ireland

can see that matrix. It will be an iterative process. We have asked the councils, once we have put together the first draft, to look at the matrix and see whether they genuinely have the expertise there and whether they can prove to an inward investor that they can deliver on a particular strength. That is the next phase.

I hope that we will get to a position this year where we will have the matrix so that we can say to any inward investor that it may want to consider certain areas and it can see the strengths and weaknesses. We have an idea of where the inward investors will look, but there are little things that swing people into moving into particular areas. We are probably not bringing that out, and that is why we need the help and support of the councils to deliver that and to let us know what they perceive those strengths to be.

Mr A Hamilton: We have made a commitment to getting our international team out of Belfast and around Northern Ireland when it is home, so that it can see what is happening. They are sales people, and it is about what they see. When I go on a trade mission, I come home a lot more knowledgeable about what is going on than I would be from reading a document.

This year again, we brought our international team home for our staff conference, and we spent three days in the north-west from Coleraine round to Derry. We saw all the facilities that are there. We went to the universities, and we saw the Clinical Translational Research and Innovation Centre (CTRIC). We can do that in other areas; we went to Newry last year, and we can do that as we go around. I am just conscious that we did not go to Fermanagh, Deputy Chairperson.

The Deputy Chairperson: I am sure that the Minister will remind you of that.

Mr A Hamilton: I am sure that she will.

The Deputy Chairperson: I know that the Confederation of British Industry (CBI) works with the large energy users' forum. That is one of the issues that the Committee is looking at. The Utility Regulator recently published information that showed that large electricity users here have to pay more than is the case in most other places. Has the forum discussed that issue, and is it looking to progress it in any way?

Mr Ennis: I cannot answer that with an Invest NI hat on, but I can respond from an SSE or Airtricity point of view.

The Deputy Chairperson: We will allow you that latitude.

Mr Ennis: Thank you. A colleague attended yesterday's meeting, but I attended the first meeting of the large energy users' forum. There is, obviously, concern around the whole issue of energy costs. Our high energy costs are second only to those in Italy.

If you make a direct comparison between Northern Ireland companies and those in the South, one of the big issues is the way in which standing charges and system-use charges are distributed. The way that is done is almost a political decision. In the South, they have definitely helped large companies by reducing those charges, but somebody has to take the costs. That cost is spread over the domestic sector.

You then run into the opposite side, which is fuel poverty. There is a natural tension there, and there is no easy answer. If you really want to reduce energy costs, you have to look at the energy mix. The point that I made — no one said anything against it, but it is not a short-term fix — was this: the only way that we will benefit is by reducing energy costs, and renewable energy does that. It reduces the wholesale price of energy to all customers, no matter who they are. That requires a coherent strategy for the future.

The Executive have put forward a very coherent strategy. The 40% target will deliver lower energy costs. Personally speaking, I am not quite sure at this point whether the Utility Regulator is fully aligned with that, considering the investment that has to be made, particularly in the grid. There is a conference tomorrow in the Titanic Quarter at which, I am sure, the whole subject will come up. That is an important issue.

We have to invest in infrastructure, which is the skeleton on which everything else hangs. If we do not have the grid, no matter what we do with renewable energy we will not be able to get it on the grid.

On the island of Ireland — for the purposes of wholesale energy, it is an all-island sector — 50% of our energy usage is already supplied by wind; it has been capped at 50%. Fifty per cent of all the energy supplied in almost the full month of December past was from wind. That drove the price down considerably in that period. We need to move that on. EirGrid/SONI wants to get up to 75%, but the only way to deliver that — or one of the key ways to deliver it — is by investing in the grid. We need to unlock that particular aspect.

The Deputy Chairperson: That is a decision for the Competition Commission; thankfully, it is not in any of our hands.

Mr Ennis: That is right.

The Deputy Chairperson: Is the way in which the costs are passed to domestic consumers or large users being done fairly, or are domestic consumers being subsidised by large users at the moment?

Mr Ennis: That is a tough question to answer. My view is that the Utility Regulator has to do a study to answer that. It needs to be done independently, because it is a very political question. You can push it either way, and there are arguments for and against each way.

The Deputy Chairperson: There are European directives around it.

Mr Ennis: There is no precise definition. We can see that, because the Government in the South have taken a different view from where we are in the North. Therefore, you have the extremes of where those costs are spread. On a purely accountable basis, I think that our large energy users are supplementing or supporting the domestic sector to a much greater extent than is the case in other jurisdictions.

The Deputy Chairperson: All right. That is us. Thank you.