



Northern Ireland  
Assembly

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**COMMITTEE  
FOR THE OFFICE OF THE  
FIRST MINISTER AND DEPUTY  
FIRST MINISTER**

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**OFFICIAL REPORT  
(Hansard)**

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**European Issues: Committee Report**

23 June 2010

**NORTHERN IRELAND ASSEMBLY**

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FOR THE OFFICE OF THE FIRST MINISTER AND  
DEPUTY FIRST MINISTER**

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European Issues: Committee Report

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**Members present for all or part of the proceedings:**

Mr Danny Kennedy (Chairperson)  
Ms Martina Anderson  
Mr Tom Elliott  
Mr Barry McElduff  
Mr Francie Molloy  
Mr George Robinson  
Mr Jimmy Spratt

**Witnesses:**

Mr Gerry Kelly           ) Junior Minister, Office of the First Minister and deputy First Minister  
Mr Robin Newton        )  
  
Dr Paul Geddis           ) Office of the First Minister and deputy First Minister  
Dr Gerry Mulligan        )

**The Chairperson (Mr Kennedy):**

I welcome junior Minister Kelly and junior Minister Newton from the Office of the First Minister and deputy First Minister (OFMDFM). They will give us their Department's response to the report on our inquiry into the consideration of European issues. I welcome departmental officials Gerry Mulligan and Paul Geddis and thank them for their attendance. The session is being recorded by Hansard. I invite the junior Ministers to make an opening statement, after which members will be invited to ask questions.

**The junior Minister (Office of the First Minister and deputy First Minister) (Mr Newton):**

Good afternoon. I thank you for your invitation to come along and discuss the Committee's report in more detail.

In January, we resolved to enhance engagement and improve interaction with the European institutions and raise our positive profile in Europe. We commend the Committee and the Assembly Commission for being proactive on the issue of Europe. I understand that the Committee recently made a very successful visit, which included meeting parliamentary officials, our MEPs and representatives from the Republic, the Basque country and Bavaria. Your formal evidence session on the poverty and social inclusion aspects of Europe 2020 from the Spanish, Belgian and Hungarian trio presidencies and DG employment was a good example of the type of European engagement that we are considering promoting.

During the Assembly debate on the report, I welcomed the report and thanked Committee members for their work. I gave my initial views on the report at that time and indicated that further analysis and consultation would be necessary. I also indicated that the recommendations would be considered against the limitations on departmental resources for 2010-11 and beyond. Since then, the national budgetary situation has become much more severe and, undoubtedly, there are many difficult choices ahead.

On behalf of the Department, I committed to report back formally and set out our response to each of the proposals. The rationale that we applied in our analysis was to accept all the recommendations to the Department except any that did not further the Executive's European policy approach or were, in our assessment, likely to absorb excessive resources for little gain.

The Committee's inquiry report generally reinforces, rather than cuts across, the European policy approach adopted by the Executive. Consequently, we have accepted the majority of the recommendations. However, in some instances we might seek a slightly different method to achieve what is essentially the same outcome.

OFMDFM's engagement with the European Union is a cross-cutting responsibility. Recommendation 3 in your report seeks to develop a European engagement strategy that supplements and complements the Executive's approach.

In the absence of a Standing Committee of the Assembly to deal solely with European issues, action 2 reinforces the existing decentralised scrutiny process; namely, that Statutory Committees are responsible for the scrutiny of all European issues within their remit. In view of the cross-cutting nature of European engagement, the Department has sought a collective position from the Executive on the recommendations falling to the Department. The Executive have agreed the Department's response and asked the interdepartmental European working group, which junior Minister Kelly and I co-chair, to consider the implications of the inquiry report for the Executive's annual statement of policy priorities.

The inquiry report is a major piece of work. Its findings, which include 12 actions for Statutory Committees, one recommendation for the Speaker, six for the Assembly Commission and 10 for OFMDFM, emphasise the importance of a collective approach for all the stakeholders. In summary, the Department accepts in full or in part nine of the 10 recommendations to it. We have not accepted recommendation 14, which suggests that the Executive should act as an umbrella body for all organisations dealing in European affairs. Our view is that the envisaged co-ordination function overlaps with the existing provision and that the proposed database of contacts is not cost-effective.

Before I hand over to Minister Kelly, I will update members on the recent Joint Ministerial Committee (JMC) on Europe, as we committed to do in our response to recommendation 8. The First Minister and deputy First Minister attended JMC Europe on 8 June. The meeting was chaired by the Foreign Secretary, William Hague, and supported by the UK Minister for Europe, David Lidington. Prominent members of the coalition Cabinet were present, including Vince Cable from the Department for Business, Innovation and Skills; the Lord Chancellor, Kenneth Clarke; Caroline Spelman, the Minister for Environment, Food and Rural Affairs; and Lord Sassoon from the Treasury. Carwyn Jones, the Welsh First Minister, represented Wales, and Fiona Hyslop, the Scottish Minister with responsibility for European matters, spoke on behalf of Scotland. They spoke on major European policy initiatives with implications for devolved responsibilities, such as Europe 2020, climate change, emissions targets and EU budget review. There was general agreement on the need for early engagement with the Executive in the formulation of UK policy positions.

The Monti report on the reform of the European single market was also raised. Professor

Monti's recommendations on tax sovereignty are noteworthy. He suggests that tax policy has a role to play in assisting economic development in regions across Europe, and he supports regional variations in taxes, such as corporation tax.

The coalition Government's position on using fiscal incentives for economic development in regions is not fully developed. During JMC Europe, the Commercial Secretary to the Treasury, Lord Sassoon, felt that the interplay of tax and socio-economic policy could be problematic, whereas the Minister of State for the Northern Ireland Office, Hugo Swire, commented that the Secretary of State supported the production of a paper on mechanisms for altering corporation tax rates.

The First Minister and deputy First Minister also raised the matter of the potential £60 million disallowance of single farm payments by the European Commission, stating that disallowances on that scale were unwarranted. Caroline Spelman, Minister for Environment, Food and Rural Affairs, promised support and agreed to raise the matter with the agriculture commissioner during his forthcoming visit to the United Kingdom later this month.

That concludes my feedback on JMC Europe. With your permission, Chairman, I will hand over to Minister Kelly.

**The junior Minister (Office of the First Minister and deputy First Minister) (Mr G Kelly):**

I thank the Committee for the opportunity to comment on your substantial and influential report. Before suggesting ways in which we might move forward together on European engagement, I want to update you on further progress on recommendation 9, which relates to Ministers' attendance at meetings of the European Council.

In advance of the JMC plenary, the deputy First Minister and the First Minister, in a joint letter with Alex Salmond and Carwyn Jones, wrote to David Cameron on 27 May to raise the issue of devolved Ministers attending and speaking at meetings of the European Council. That matter was discussed in Downing Street on 8 June and again in more detail at JMC Europe, which immediately followed the plenary session. At JMC Europe, the deputy First Minister and First Minister pressed William Hague, the Foreign Secretary, on representation at EU meetings. He agreed to write to his Cabinet colleagues on the matter of devolved Ministers attending European

Council meetings, asking that they consider such requests positively.

We will play our part in ensuring that OFMDFM Ministers support the work of JMC Europe, and seek to ensure that our views are considered fully by Whitehall when preparing for EU meetings. We will seek full access to all relevant UK Government policy information, which is essential for effective EU engagement.

I turn now to the complementariness of European engagement approaches. Consideration of European issues is crucial to the Executive's future effectiveness. A large amount of legislation and policy emanates from Europe, as you know. It is impossible to scrutinise everything without substantial human resource input, and maintaining or augmenting resources at this time will involve difficult choices. The budgetary environment will be equally difficult for the Executive and the Assembly.

Prioritisation of our European interests will become increasingly important and rigorous. It will be important to adopt a strong, cohesive approach in conveying our collective priorities to the European institutions. That suggests a need for alignment between the Executive's and the Assembly's engagement strategies. It would make no sense for both institutions to pull in completely different directions. However, in developing common positions, the independence of each body needs to be respected.

We do not envisage perfect synchronisation of our approaches. It seems natural that there will be separate but complementary engagement strategies, reflecting healthy differences of opinion and approach, while respecting the independence of the Executive and the Assembly to develop their own policy perspectives. Although our perspectives may be different, we will still need to project a common position on key EU policies and legislation. We are also very aware of the need to build coalitions with the South of Ireland, Scotland, Wales and other regions where we share common interests.

I turn now to recommendation 10, which is on the Executive's European priorities. The key challenge is to make Europe a core consideration in Departments' business planning and Committees' activities, while maintaining a decentralised and cost-effective approach. You might agree that that is no easy task for all concerned. The European work area is complex and the volume of documentation heavy. A potential pitfall would involve us failing to ensure clarity

in the policy competences and information flows between Departments and Assembly Committees on key cross-cutting European policies.

Managing such matters will be crucial to successful engagement. Care will need to be taken to ensure that we do not create additional delay or introduce duplication of effort. We have strong cross-party support for enhanced European engagement across the political system. Such a broad-based mandate allows us to collaborate in pursuit of our interests in the European system.

Your proposal to develop a European report as the basis for a plenary debate each autumn, as outlined in action 2, will provide a welcome focus on European priorities. That, supplemented with the Committee's advice and support in raising awareness of key issues for the forthcoming year, should go a long way towards aligning approaches between the Executive and the Assembly.

From the Executive's perspective, complementariness of approach with the Assembly could be derived through an increased emphasis on external reference frameworks, such as the European Commission's annual policy strategy, which is released each February, and its legislative and work programme, which appears around October each year.

Action 8 in the report seeks to use the Commission's business planning documents to coordinate scrutiny of European material across Assembly Committees. That would help to coordinate our approaches, but we will supplement those key documents with other sources, such as the 18-month trio presidency programme and the six-monthly statement of priorities for each member state presidency.

A joined-up approach could potentially allow us to more systematically engage in European business, speaking with a unified voice that lends weight to our negotiating positions. However, it may have a significant impact on the timing and presentation of an Executive statement on European priorities. The interdepartmental European working group that Robin and I chair will consider the implications of your inquiry report for the Executive's European priorities. As indicated in the Department's formal response, we intend to pilot a new approach when the 2011 legislative and work programme is agreed by the Commission in the autumn. That will involve a reassessment of the format of an Executive statement.

Recommendation 13 concerns stakeholder liaison and co-ordination. Recommendation 15 refers to creating a European members information liaison and exchange group. Recommendation 17 suggests liaising with NGOs and local government. A more proactive approach with the European institutions at all levels, but especially with the European Commission and the European Parliament, is vital to influencing EU legislative proposals during their formulation stage. Neither the Executive nor the Assembly can do that on their own. We recognise and support the need for regular liaison between Ministers, Assembly Members and our representatives in the European Parliament.

Without the Committee of the Regions and the Economic and Social Committee, we cannot develop the strong and unified voice that we need in order to be heard in the Brussels corridors of power. Our European representatives, with their ear to the ground across the European institutions, are a vital and essential part of our networking and early warning system. They also offer the means by which our key messages can be transmitted across the Brussels institutions on a consistent and systematic basis.

The Department's response to recommendation 15 recognises the need for a high-level stakeholder co-ordination group. However, it also indicates that further work is required to determine its role and remit in relation to action 3, the establishment of a Committee of the First Minister and deputy First Minister advisory panel.

Actions 4 to 7 relate to briefings from European representatives, and action 12 concerns enhanced liaison with local government. If the intention is to strengthen and widen engagement with Europe, more thought needs to be given to involving civil society. We would be interested to hear the Committee's view on those matters.

That concludes our opening remarks. We are happy to answer questions.

**The Chairperson:**

I thank the junior Ministers for that overview. You stressed the importance of a co-ordinated approach and have accepted the need for that. However, you have ruled out recommendation 14, which states that the Executive should act as an umbrella for organisations and individuals who are interested in European affairs. Will you explain a wee bit more why that recommendation has been turned down at this stage?

**The junior Minister (Mr Newton):**

I can well understand the Committee's reaction to that and how the Committee can see that OFDMFM really ought to do that. Recommendation 14 was given absolutely detailed consideration. It suggested that we establish an umbrella grouping for all organisations dealing in European affairs. Although OFDMFM recognises that wider engagement with local government and civil society is extremely desirable, we feel that any formal consultative structure would have substantial resource implications at a time when, quite frankly, we are under severe financial pressures. I know that I do not need to explain that to the Committee.

Any mechanism put in place to assist liaison with local councils on European issues would also need to reflect the local government structures, which have not yet been decided on. Again, the Committee knows that well. We also consider that voluntary and non-governmental organisations are likely to have concerns over the perceived independence of any Executive-led grouping established to act in that umbrella-type format.

**Ms Anderson:**

Thank you for your presentation. Following on from the Chairperson's comments, in your response you said that the umbrella role suggested in recommendation 14 was already being performed to some degree by the Special EU Programmes Body (SEUPB). Has your office assessed the impact of that? When we took evidence from the SEUPB, I was not aware that it performed that role. If it does co-ordinate in that way, does it report to your office, and if so, can that report be filtered through to the Committee?

Given that there was going to be planned co-ordination or partnership between Ministers and councils, how will that be taken forward in light of the RPA having been shelved or binned? The need for co-ordination between Ministers and councils has been identified. When the Committee took evidence in the House of Lords, it struck me that we would need to apply pressure and lobby for a Peace IV fund, because of the way in which the discussion was emanating around Peace III and whether consideration was being given as to whether the House of Lords would support any more structural fund applications coming in from the North or elsewhere. Maurice Maxwell also raised that concern to the Committee and said that we needed to up our game in lobbying for that. That is particularly important given our reduced resources following yesterday's Westminster Budget, as there will be even greater demand and pressure put on the Budget.

I recognise what Minister Kelly said about attendance at the European Council of Ministers, in reference to recommendation 9. I know that Jimmy and the junior Minister were very vocal about the fact that the Minister of Agriculture and Rural Development could have an impact if she were to have a voice in the European Council, as opposed to just being there as an observer.

**The junior Minister (Mr G Kelly):**

I think that there were about four questions there. I will try to kick off, and you can correct me if I do not answer them all.

**The Chairperson:**

Kick off is at 3.00 pm, Mr Kelly.

**The junior Minister (Mr G Kelly):**

I will deal with the attendance issue. I remember that, way back, my impression was that our attending the JMC Europe meetings was simply a rubber-stamp exercise. Substantial lobbying has been done by the First Minister and the deputy First Minister to try to make it effective, and that continues. It has been agreed that the Welsh and Scottish Ministers will lobby on the same basis, and we hope to get somewhere with that. We said earlier that the British Foreign Secretary had written to his colleagues on that basis, and we must await the outcome of that.

The European Commission has yet to finalise its budget or its spending priorities for the coming year of EU programmes. It is, therefore, too early to say whether there will be a fourth EU Peace programme. The Department of Finance and Personnel (DFP) will take the lead in negotiating for our future structural funds and we will work closely with it to secure the best deal possible. If there is any possibility of a Peace IV fund, we will, of course, be keen to pursue it. The Peace programmes and structural funds have made an immense contribution over the years, and we would be keen to see that continue, even if it were in a reduced way. We cannot give any information on that except to say that we will pursue it, and DFP is certainly pursuing it.

You asked a question about the SEUPB. I do not think that it produces a review. I think that that it is the responsibility of DFP. I do not know of any formal report.

**Ms Anderson:**

In the Department's rejection of that recommendation, it said that the Special European Union Programmes Body already had well developed administrative, promotional and networking roles. If that is one of the reasons why you rejected the recommendation, there must be an assessment of those roles and their impact, to see whether the SEUPB is doing the job that it is supposed to be doing. When we heard from groups and organisations, they did not relay to us any kind of connectivity in their work. They did not say that there was any forum within which they were located. It may be worth pursuing that with the SEUPB because, as part of strand two of the Good Friday Agreement, it should be reporting back to you.

**The junior Minister (Mr G Kelly):**

I understand that it reports to DFP. Perhaps we can talk to DFP about that, as that Department has the responsibility for oversight, not OFMDFM.

**Mr Elliott:**

Martina must be taking over from Jim Shannon, who usually asks four or five questions.

My specific question relates to recommendations 10 and 17 and getting information about forthcoming European legislation at an early stage. We need to have an input at an early stage as that is the crucial time. How can you deal with those two recommendations, and how can you get that information not only to yourselves but have it passed on to the Committees, whether it is this Committee or one of the other Committees?

**The junior Minister (Mr Newton):**

Let me just see what recommendations 10 and 17 cover.

**Mr Elliott:**

Those recommendations are, broadly, about distributing the information on the Commission's legislative programme at an early stage to our Executive and Committees.

**The junior Minister (Mr G Kelly):**

We accepted recommendation 17 but added some caveats. The difficulty is with establishing a central resource providing information on European affairs, including contextual analysis. We are content to consider that and to try to move it forward, especially during the review of

OFMDFM's European division. However, we remain concerned that the resource implications of the recommendation are prohibitively high. It is a bit, but not entirely, similar to recommendation 14. We also remain unconvinced of its value, given the wealth of information and advice on individual policy matters that is already available online. That is voluminous.

Tailored analysis of EU policy proposals are inevitably very heavily dependent on the end user and what the end user wants. The scope can almost be too wide. Given the wealth of information on EU policy issues that is freely available online, we believe that, to deliver value and make best use of resources, it is most effective for the organisations themselves to do such analyses. That is a long-winded way of saying that the information is already there. Implementing that recommendation could involve prohibitively expensive resources being spent on work that is already being done. Furthermore, we could gather a wide range of information, but the information that is used is dictated by the end user. Robin will deal with recommendation 10.

**The junior Minister (Mr Newton):**

I accept Mr Elliott's point that it is vital to get information at an early stage. In the past, Northern Ireland has often lagged behind to some extent, and perhaps our contacts and our circulation of information from Europe has not been as good as it could be or at the level that we are working towards. JMC Europe is a useful step in that, and it operates in a useful way. The UK representative in Brussels is also useful and an excellent briefing point.

All the EU directives are pretty much instantaneously circulated to all government Departments, and our office in Europe should now be a useful point of contact. It is fair to say that officials are fully aware of the Commission's legislative work programme. It is published each autumn and sets out the Commission's priority for the next calendar year. Tapping into that will be important. In the current financial situation, we all accept the need to take advantage of all opportunities in Europe.

**Mr Elliott:**

I appreciate that, as junior Minister Kelly said, the information is there. The difficulty is that there is so much information, and it is impossible for any Committee to decipher it all. We have met with Committees from Scotland, Wales, the House of Lords and the House of Commons, all of which have to streamline the information and target a few areas. Will there be a body that will

do that for Northern Ireland? That will be key.

**The junior Minister (Mr Newton):**

That is a very valid point. I know that, through the years, there has been so much information and it is a question of how you get it. We are now fortunate to have the office in Brussels, and Dr Gerry Mulligan, who is sitting to my left, is a recent appointment. With your permission, Chairperson, I will ask Dr Mulligan to comment.

**The Chairperson:**

We welcome Dr Mulligan and thank him for the arrangements that he put in place for our recent visit.

**Dr Gerry Mulligan (Office of the First Minister and deputy First Minister):**

Thank you, Chairperson. I trust that the two days in Brussels were useful for the Committee. An important task of mine and the office in Brussels is to, I suppose, sort out the signal from the noise. As members know, there is an awful lot of information. The signals in which we are interested are the policies, directives and other legislation of particular relevance to here. That is one of our key tasks.

The UK representative has weekly briefings with us, which is an opportunity for us to begin to get a heads-up on forthcoming directives. We speak on a regular and informal basis with the European Commission officials, and we have an idea of the sorts of legislation of relevance to us coming in the following six months. For example, from briefings from the Commissioner for Employment, Social Affairs and Inclusion, we know that family law legislation is likely to feature prominently in the next presidency. We also know that consumer rights is an area that is likely to feature prominently. Those are the sorts of messages and signals that we can follow up and get more detail on and feed it back to the relevant departmental experts, who can follow up as appropriate. That is typical of the way in which we perform horizon scanning.

**The Chairperson:**

The next member to ask a question is Mr Molloy. They will be playing the national anthems by now. *[Laughter.]*

**Mr Molloy:**

We will keep the noise level up, then.

Thank you for the presentation. The issue of regional tax levels ties in with one of the issues with which the Committee of the Regions is involved: regional responsibility and trying to monitor it. It also ties in with what others said about the European Investment Bank (EIB) and the Department's role in relation to that. The Barroso report was very critical of the Assembly for depending on peace and rural funding instead of taking up all the other European funds available. Currently, the various Departments have a shortage of money. Are they able to borrow any?

The other issue relates to the review of public administration (RPA). The initial response was that a local panel would be set up to deal with the involvement of local government and the Assembly. Now that the RPA reform is not going ahead, what proposals are there to ensure that something is put in place to make that co-operation happen?

Mr Elliott raised the point about the early warning. The big problem is that we basically need to look five years ahead. At the last Committee of the Regions meeting, I found that the CAP review was on the basis of recommendations and amendments to CAP coming from various different countries, but there was none from the Assembly. There is an issue across all Departments to mark up, advise and link with bodies such as the Committee of the Regions, because it has a role to monitor and ensure that decisions on subsidiarity are taken at a local level, rather than Westminster taking all the decisions.

**The junior Minister (Mr G Kelly):**

I will try to cover most of that. Professor Mario Monti has produced a report on the single market that aims to address concerns that the full potential of the single market has not been realised. The report examines the challenges and outlines the strategies that would make a relaunch politically successful as well as economically and socially viable.

The analysis and recommendations in the report seek primarily to address macroeconomic European-wide considerations. From our perspective, Professor Monti's conclusions on tax sovereignty are noteworthy, since they support regional variations in taxes such as corporation tax, on which there was a dichotomy of opinion at JMC Europe.

The Commercial Secretary to the Treasury, Lord Sassoon, felt that the interplay of tax and socio-economic policy could present problems. However, the NIO Minister of State, Hugo Swire, said that the Secretary of State remains supportive of the production of a paper on mechanisms for altering corporation tax to a reasonable level. That debate is still going on. All parties agree that it would be of great benefit if corporation tax could be reduced here. We will continue to press Westminster to allow the greatest possible flexibility to secure and utilise fiscal incentives for regional economic development.

The Barroso task force's criticism of the rate of take-up of available funds goes back to Tom Elliott's point about the end user. The Barroso task force was unprecedented and was set up to allow networking and access to funds, as opposed to money and resources simply being handed out. It is the responsibility of the Departments and, if I may be bold enough to say, the scrutiny Committees to use that aspect of the task force to gain access to funds and networks, because the base is too wide. The office in Brussels has been and will continue to be open to that. For instance, I am not being critical, but looking at the number of visits made, the Department of Agriculture and Rural Development has been very proactive in networking in Brussels, because agriculture issues, including those relating to fisheries, have been prominent. Indeed, the Minister will be in London tonight to talk about the £60 million penalty issue, and tomorrow night she will discuss fisheries. OFMDFM has also had a substantial presence. We are encouraging Departments to make use of that access, but there is an issue for Departments in that regard.

I agree that we need greater access to, and must make better use of, the Committee of the Regions. The Executive as a body, is, I suppose, young enough and came into being without a great knowledge of Europe. As junior Ministers, we had a lot to learn. Gerry Mulligan has not long taken over and has told us that despite his experience, it is a fairly steep learning curve. Nevertheless, our aim is to use Europe more in order to gain greater benefits for us. Gerry may have mentioned the regular briefings by Irish Government representatives, who have vast experience and are looked to by other Government representatives as people with great experience.

I am not sure about your point concerning the RPA. Will you repeat the question?

**Mr Molloy:**

The ministerial response was that proposals for a local government reorganisation Bill were being brought forward and that there would be a partnership panel comprising Ministers and an active member from the local level. Given that the RPA reform will not now go ahead, will the panel still be set up?

**The junior Minister (Mr G Kelly):**

The only answer that I can give is that we must look at the situation in light of the new circumstances. The RPA has fallen, so we will look at the matter on that basis.

**Mr Molloy:**

There is £20 million for a conflict resolution centre just sitting there. Considering the shortage of resources here, why we are not drawing down money that is sitting in Europe? It makes it difficult for other Departments to look for money when money that is available is not being taken.

**The junior Minister (Mr G Kelly):**

That has been pointed out, and we are trying to work it out.

**Mr Spratt:**

I thank the Ministers for their presentations. Francie mentioned the European Investment Bank. I recollect Mr Mike Smyth from the University of Ulster making the point at a previous meeting that although central government and the Executive cannot borrow money from the European Bank, it is possible, at local government level, for councils to do so. He indicated that that would be a cheaper way for councils to borrow money for capital projects and suchlike. Given the present economic climate, have the Executive or Ministers given any consideration to that possibility? Would they be prepared to explore it?

I imagine that councils throughout Northern Ireland will carry out capital projects and that the EIB may well be a source of capital for them. That is how money for capital projects is normally borrowed over a long period by councils. Therefore, that opportunity could be examined. Certainly, some councils have taken up the opportunity to speak to Mike Smyth about that.

On another matter, have the Executive considered the impact that Europe 2020 will have on Northern Ireland?

**The junior Minister (Mr Newton):**

In answer to Mr Spratt's first point, we will have to get back to the Committee regarding the extent of the legal regulations on the matter. Speaking off the top of my head, I welcome any information on that from the Committee and from Mike Smyth of the University of Ulster. If that is the situation, we would be quite keen to follow it up and to try to understand it. At present, the overall push is towards reducing borrowing capacity due to the risks involved. There is a degree of instability. We need to understand fully where Mike Smyth was coming from on that issue.

As regards Mr Spratt's question about the impact of Europe 2020 on Northern Ireland, we see no contradiction between the objectives of the Europe 2020 strategy and the Executive's Programme for Government. We are all familiar with the programme's first priority, which is to create a dynamic and innovative economy. That is totally consistent with the goals of the Europe 2020 strategy, which promotes smart, sustainable, inclusive economic growth.

Therefore, if the coalition Government at Westminster puts forward national aims and targets for the UK, which we expect to reflect EU headline targets, it will be possible to identify sustainable indicators from Northern Ireland for our local Programme for Government targets to allow us to feed into the annual reporting of progress against that strategy. The Executive have initiated a review of how we achieve economic objectives in the new post-recession context and the lessons that have been learnt from that, in the same way as the Europe 2020 process does at a Europe-wide level. We know that there are challenges, and those have been identified in the proposed guidelines and deal specifically with that new context. Therefore, we expect our strategy to do likewise.

**The Chairperson:**

I see Mr McElduff returning to the room: he may have a newsflash on the score for us.

**Mr McElduff:**

I do indeed. The score is 0-1 to 0-0 at this stage. Slovenia has scored a close in free and has taken an early lead. *[Laughter.]*

**The Chairperson:**

You will have to explain those terms.

**Mr McElduff:**

I thank the Ministers and their team for coming. My question relates to recommendation 16. I presume that there is agreement in the Department to carry out a review of the work of the Office of the Northern Ireland Executive in Brussels. I would point in the direction of examples of best practice. Minister Kelly referred to the Irish Government's operation. The Scottish and Welsh teams there are also deemed to be effective. Is there any early thinking on the review? How long will it take? When will it start? When will it be completed? Will it look at Departments that do not have representation in Brussels? Could it also factor in local government?

**The junior Minister (Mr G Kelly):**

As we said earlier, Gerry Mulligan has not been in the post for very long. He will take the summer to think up the remit and put it forward. I do not know whether we can give an indication now as we do not yet have the remit, but we hope that the review will be as open and comprehensive as possible so that it can be wide-ranging. That is why we said that we will extend its scope to encompass the work of the whole European division rather than just the Brussels office, which has recently changed location.

As I said, Gerry will consider that over the summer. We cannot give an early indication because we have not even had a discussion around the remit. Correct me if I am wrong, Gerry, but am I right in thinking that that is what your summer will be filled with?

**The junior Minister (Mr Newton):**

There will be no holidays.

**The Chairperson:**

You will not be watching the World Cup, Gerry.

**Dr Mulligan:**

If you bear with me for a while, I intend to initially familiarise myself with the role of the office and the important networks therein as well as with the work of the other representations there. At the Brussels end, I will be looking at the various interfaces here and how they need to be joined together. I am quite happy, subject to ministerial agreement, to share that work as it develops.

First, the review's terms of reference need to be agreed so that it is sufficiently broad in its scope. It must include the areas that Barry mentioned and look at relationships with local government, the Committee of the Regions, the Economic and Social Committee and the other representations. I aim to have as broad a set of terms of reference possible. We want to have an office that delivers value for money and an effective service so that stakeholders here and in Brussels feel that they are getting good value from the office.

**The junior Minister (Mr G Kelly):**

You mentioned Departments, and it is worth emphasising that Departments make up their own minds about this. Sometimes people have said that we do not go over to Brussels very often. What we try to do in OFMDFM is choose the proper time to go over. We do not want to be accused of going too often for things that are not of great value to our project here, especially given the current financial circumstances. We can and do encourage Departments to use the facility but, in the end, they have to decide, because the cost will come from their budgets.

**Mr G Robinson:**

I thank the junior Ministers. What would you consider to be the Executive's current European priorities, particularly in light of the increasing pressures on the block grant? Programmes such as Peace III and the EU development programme take up an awful lot of resources.

**The junior Minister (Mr Newton):**

At the risk of repeating myself and as the member indicated, our block grant will be under pressure. Resources in the EU, including structural funds, will become increasingly important to Northern Ireland. They are important as a source of funding for a wide range of future economic and social projects.

We have already said, and it is coming from the Committee as well as from us, that more effective engagement, including a proactive lobby by Ministers and officials, would pay dividends. Better participation in the competitive programme as a whole and the various streams within that competitive programme will become increasingly important to us, particularly as we come to the end of the Peace III funding arrangements, as has been mentioned, and EU research and development programme FP7.

EU policy priorities relevant to devolved Administrations include Europe 2020, which Mr

Robinson already mentioned; the EU budget review; CAP reform, on which a meeting is taking place in London today, as Mr Kelly said; the common fisheries policy; and the Monti report on the reform of the single market. I was impressed by Mr Molloy: I am sure that he has read the full Monti.

**The Chairperson:**

He has not read it; he has watched it.

**The junior Minister (Mr G Kelly):**

As long as he has not done it. *[Laughter.]*

**The junior Minister (Mr Newton):**

Another issue is climate change and the 30% target for the reduction of greenhouse gas emissions. Those are all extremely important. On social issues, the platform against poverty is a key area for us, as is the EU disability strategy from this year until 2020, the gender equality strategy and the fundamental rights strategy. The EU has its priorities, but our priorities are not too far removed from them. In many cases they will dovetail, and in the longer term it is for us to exploit the opportunities that are available to us.

**The Chairperson:**

I see signals from members who are anxious to speak: Mr Spratt, and then Martina. Please be very quick.

**The junior Minister (Mr G Kelly):**

Is it half time?

**Mr Spratt:**

When we were in Brussels I was impressed with the Invest Northern Ireland office within Gerry's office. There is a member of staff there who is doing a lot of networking. Networking is important in relation to innovation and research funding. There are very clear indications of the value of that work. It is vital that people from other Departments go there from time to time to do some networking and to try to get some funding for Northern Ireland. There is good practice there already, and I would have thought that the Executive should look to expand on that if possible.

**The junior Minister (Mr Newton):**

What Mr Spratt says is absolutely right. In fact, there are now three people from Invest Northern Ireland there. There are opportunities to follow up on foreign direct investment. Networking is vital, whether that is done formally or informally. It is one of the keys to future success.

**The junior Minister (Mr G Kelly):**

There is another member of staff from DARD there permanently, which shows the importance of that. I take your point about other Departments using it. The location is important for the networking process. The new office is much closer to the offices of other regions and countries.

**Ms Anderson:**

Given that we are going to be more structurally located over there, Gerry, I can appreciate the fact that you are going to have to read yourself into the brief. I know that you are saying that we have a lot more to do in the long term, but we need to try to accelerate the way in which we tap into, for instance, the billions of pounds of European money available for R&D. We took evidence from Ronnie Hall and others regarding the money that is sitting there. The percentage of the drawdown from the North is a scandal, particularly given the pressures that our universities are under. There are billions of pounds sitting there, and we may be able to draw down millions of pounds from that. We have not done that for years. I appreciate that it will take time for you to read yourself into the brief, but we also need to accelerate our engagement so that we can tap into those opportunities rather than lose them.

**The junior Minister (Mr G Kelly):**

I will respond to that briefly. The Barroso task force report acknowledged that our performance under FP6 in 2000-06 was satisfactory compared with that of other regions. That is not to take away from your criticism that there are billions of pounds there, that some countries have done much better than our region and that there is more work to be done. There is scope to increase in FP7 from 2007-2013, especially in relation to small and medium-sized enterprises.

I accept the point that we need to do more. As I said, however, when we started, the Executive as a body was fairly young and there was not a European ethos. It could be argued that people thought that we would not get much from Europe. However, that is changing radically, and I agree that we need to speed that up.

**The Chairperson:**

We have not yet received the 2010-11 action plan of the Barroso task force report: is there any update on that? The Committee did not even receive the final 2009-2010 plan.

**The junior Minister (Mr G Kelly):**

With regard to the 2009-2010 priority statement, Brussels was in flux with the appointment of a new college of commissioners, and we wanted to consider the new commissioners' priorities in finalising our statement. The commissioners' priorities were then overtaken by the publication of your own inquiry report. That had wide-ranging implications for the Executive's European engagement, so we felt that it was essential to review the draft priority statement in light of that. We concluded that extensive reworking of the draft statement was necessary, and that even if it was done, there would have been little value in publishing a statement of priorities after the reporting period.

A statement of European policy priorities for 2010-11 will be prepared for consideration by the Executive Committee. That will take the form of a high-level strategic declaration of priorities based on the European Commission's legislative and work programme, and benchmarked where appropriate to the European exemplars of best practice. That document will need to be informed by the comprehensive spending review, which we expect to be released in Westminster in the autumn. That will have a major impact on how Departments address European issues and conduct their day-to-day business.

**The Chairperson:**

So, it will be autumn?

**The junior Minister (Mr G Kelly):**

It looks like the autumn, after the comprehensive spending review.

**The Chairperson:**

OK. Thank you very much for your presentations and your answers to members' questions. I also thank the accompanying officials. We look forward to future engagement.