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Northern Ireland Assembly

Tuesday 24 April 2012

The Assembly met at 10.30 am (Mr Speaker in the Chair).

Members observed two minutes' silence.

Ministerial Statement

Higher Education Strategy

Dr Farry (The Minister for Employment and Learning): I am grateful for the opportunity to make a statement about the future of higher education in Northern Ireland. Higher education transforms, enriches and inspires individuals and society. It equips people with the skills and attributes needed to succeed in employment. The research and development capabilities of the sector help to create an innovative and prosperous economy. The sector also plays a key role in helping to shape a culturally diverse Northern Ireland.

The higher education sector's achievements are already far-reaching. The sector has made a positive impact on the local economy by leveraging significant external investment. As such, it is critical to Northern Ireland's development as a knowledge-based economy, capable of attracting foreign investment in high-quality jobs. Internationally, we have an excellent reputation for teaching and learning and for research and development.

Our higher education providers also have a high level of student satisfaction, as reflected in the annual national student survey. Our participation rates are also the highest in the UK. Representation of students from lower socio-economic groups is higher than the UK average, with 39.1% of young full-time first degree entrants to Northern Ireland higher education providers in 2009-2010 coming from age-adjusted socio-economic classification groups 4 to 7. That is well above the UK average of 30%.

I, therefore, recognise the importance of ensuring that we continue to provide all our people with the opportunity to avail themselves of the benefits of higher education. As you are all aware, the Executive and I addressed that issue last year,

with the decision to freeze tuition fees for local students at local institutions and sustain the level of funding to the higher education sector.

Funding, nevertheless, remains a major issue. The public funding base on which the sector depends is likely to be constrained for the foreseeable future. With tuition fees essentially frozen, we as an Executive must ensure that our institutions are not left behind in terms of investment growth.

There are other challenges. Demographics are changing, and the core 18 to 21-year-old cohort on which funding for teaching and learning has traditionally been based will reduce by 9% by 2020. Students' expectations are increasing and their profile changing. However, with challenge comes opportunity. In seeking to harness the fundamental role that higher education plays in helping to secure our future prosperity and ensuring that we benefit from the challenges that we face, my Department has developed 'Graduating to Success: A Higher Education Strategy for Northern Ireland.' The document shapes the sector's strategic direction to 2020 and seeks to build on past and present successes. It looks to the future with a shared vision of how higher education can best be used to achieve the Executive's aim of:

"a shared and better future for all"

that is supported by a rebuilt and rebalanced economy.

The document is the first higher education strategy for Northern Ireland. It spans all levels of higher education from levels four to eight: in other words, from a higher national certificate (HNC) to a PhD. A steering group chaired by Sir Graeme Davies, a project group and five expert groups were established to support the strategy's development. The groups comprised a wide range of stakeholders from higher education, the community and voluntary

sector, further education, schools, business and student representatives.

The expert groups considered and made recommendations on five key themes: learning, economy, international, society and people, and finance and governance. The chairs of the expert groups presented their findings and recommendations to the steering group in summer 2010. Their reports informed the consultation document on the strategy's development, which was published in January 2011. A total of 40 responses were submitted to the Department, and stakeholder engagement events were held throughout Northern Ireland.

I thank the Committee for Employment and Learning, both past and present, for its contribution to the strategy's development. I wish to take this opportunity to thank everyone for their commitment, support and expertise throughout the process. In finalising the strategy, I reflected deeply on the comments made and made my own assessment of the sector's future needs. It can, therefore, be seen that my Department ensured an inclusive approach to the strategy's development. Through that, I believe that we have achieved a document that truly captures what we all believe higher education should be like by 2020.

My Department's vision is of higher education that is vibrant and of international calibre; pursues excellence in teaching and research; plays a pivotal role in the development of a modern, sustainable, knowledge-based economy; supports a confident, shared society; and recognises and values diversity.

In particular, the sector will be recognised for its ability to equip individuals with the high quality, distinctive range of skills and attributes needed for an increasingly competitive international workplace; excellence in research and development and willingness to work in partnership with industry and business to secure knowledge transfer and drive innovation; professionalism of teaching and learning and commitment to quality, support to students and fairness in maximising opportunities for all who can benefit; flexibility in responding to the needs of learners and other stakeholders, including business; willingness to engage globally; and the rigour of its governance.

The vision is supported by four key principles, which are to be responsive, of high quality, accessible and flexible. Our institutions play a

critical role in addressing future skills needs and developing the knowledge economy through research and development and knowledge transfer. Accordingly, the strategy focuses on the need to better align higher education provision to the needs of the local economy, with greater emphasis on science, technology, engineering and mathematics — STEM — and economically relevant subjects. The universities will bring forward proposals by March 2013 for rebalancing the profile of the learner offering so that the qualifications offered more closely reflect the economy's needs.

In support of my Department's skills strategy, the higher education strategy outlines the need to upskill and reskill the current and future workforce, providing it with the right skill sets to meet employer needs. Indeed, a major focus is on ensuring that learners who undertake a higher education course are provided with the opportunity to avail themselves of a work-related placement while completing their studies. I want to ensure that our graduates possess the employability skills that they need to succeed in the job market and ultimately benefit our economy. Therefore, by 2020, all higher education students will have the opportunity to avail themselves of a work placement. The additional skills will be recorded by all higher education providers on the higher education achievement report. All students who finish a higher education course in 2018 will have a higher education achievement report in addition to their degree so that employers can clearly identify the additional skills and experiences that the students possess.

The importance of higher level skills is further reflected in my commitment to increase postgraduate places by doubling the number of PhD places to 1,000 by 2020. The strategy also focuses on the important role that intermediate qualifications play in strengthening our knowledge base. As supported by my Department's further education strategy — FE Means Business — higher education in further education, or "HE in FE" as it is often referred to, is the key driver of intermediate higher level study in Northern Ireland. I want that to continue, and I will seek to increase the provision. I have already secured additional funding for the expansion of part-time provision of HE in FE, and I will increase the number of intermediate qualifications — for example, foundation degrees — from a baseline of 1,132 in 2012 to 2,500 by 2015. The work that the

sector undertakes with local business and industry is also important, and I seek continued collaboration between not only HE and FE and business but the universities.

Research and development is also a key driver of economic success. Our institutions already make a significant contribution to our economy through those activities, and I wish to ensure that that continues. My Department will, therefore, encourage the higher education institutions to improve their performance post-2014. From the start of the next academic year, I will seek to promote world-leading and internationally excellent research in my Department's funding model, while ensuring that it takes into account the local economy's current and future needs.

The commercialisation of the research base in Northern Ireland has been identified as a critical factor in the stimulation of economic growth and job creation. Knowledge transfer activity will be increased and better links with small and medium-sized enterprises (SMEs) will be developed. By 2013, the universities will have undertaken 1,140 business engagements and secured £6.94 million in consultancy fees and £863,000 in income from intellectual property. In 2014, the universities and further education colleges will have established 14 major sectoral projects with local companies and undertaken 155 projects on behalf of local companies.

Although the economy is an important strand of higher education, we cannot overlook its foundation as a seat of learning. I want to ensure that higher education in Northern Ireland remains a world-class, high-quality provision. To secure that, the strategy seeks to improve on the quality of the sector to date. Teaching excellence will be further rewarded and recognised, and the sector will be quality-assured in a manner that reflects its needs. By 2016, there will be a single quality assurance framework for all higher education providers in Northern Ireland. Lifelong learning will be facilitated and supported with clear progression routes into and through higher education, aided by a single recognised qualifications framework.

By 2018, modular learning will be commonplace across the sector, and the higher education funding model will be enhanced to ensure that it supports a flexible, lifelong learning environment. All learners will be kept fully informed and supported as they enter and progress through

higher education through a standard sector-wide process. Student information will be improved and will assist prospective learners in making the decision as to whether to enter higher education and what and how to study.

10.45 am

I will also ensure that access to higher education is maintained. I recognise that differing fees regimes across the UK may increase pressure on local higher education places. So far, the level of applications from Northern Ireland students to local institutions has remained steady, while it has dropped to institutions elsewhere. I have, however, secured the resources to facilitate an additional 700 places locally through to 2015. These will all be in STEM subjects.

My Department will also undertake a review of the current control on full-time undergraduate places, the maximum student number (MaSN). This review of MaSN will be published in 2016 and will feed into the creation of a revised funding model that will support a flexible, lifelong learning environment, including how we facilitate the expected increase in the number of part-time students. I strongly advocate the view that students should enter higher education based on their ability to learn rather than their ability to pay. I am finalising a parallel strategy for widening participation. My commitment is that all qualified individuals should be able to gain access to higher education that is right for them irrespective of their personal or social background.

However, I also want the sector to be accessible in the widest sense. As you may be aware, the issue of widening participation will be addressed separately in a supporting document. I aim to publish that document in the early summer. 'Graduating to Success' also recognises the need for the sector to widen and deepen its engagement with the community on a local, national and international level. Rural access to higher education will be improved, with a pilot scheme for the creation of university bases at further education colleges undertaken by 2014. Engagement with communities will be increased with a view to such activity becoming deeply embedded within the sector. Higher education providers will also be encouraged to engage with government on a wide range of policy issues. Northern Ireland's market share of international activity will increase, with inward and outward mobility nearly doubling by 2020.

Cross-border linkages will be further enhanced and developed, and the sector will have set and met challenging targets by 2020.

Above all, I wish to ensure that while maintaining stability and sustainability within the sector, the significance of the contribution made by the taxpayer to the provision of higher education is fully recognised. There will, therefore, be a clear governance and accountability framework that maintains a balance between government accountability and institutional autonomy at the universities and university colleges. I believe that higher education in Northern Ireland is a multifaceted being. I want to ensure that although it cannot be all things to all people, it does everything in its power to help secure the future prosperity of Northern Ireland.

I recognise that the vision for the future of higher education in Northern Ireland is challenging. I believe, however, that the vision can become a reality if all stakeholders work together in creating a responsive, accessible and flexible high-quality sector. The first stage of implementation will be supported by 16 projects, which are outlined in the document. Although the majority of the strategy's aims will be realised in the long term, the projects provide the first steps that need to be taken in achieving my Department's vision for the future of higher education in Northern Ireland. Implementation will be overseen by an implementation committee, which will be chaired by a senior official in the Department. A project steering group will be established and headed by the senior responsible officer for the implementation of the strategy. The project steering group will be responsible for ensuring delivery of the projects outlined and will be accountable to the implementation committee. Each project will be assigned a project manager. The project managers will be accountable to the project steering committee.

The projects focus on a variety of key policy areas and include the importance of building the economy through upskilling and reskilling, research and development, knowledge transfer activities and engagement with business; and ensuring a high-quality learning experience for students through timely, relevant information on higher education, high-quality provision, and increasing employability prospects through work placements and experience, as well as international opportunities. They also include increasing the sector's engagement

on a local level through involvement with communities, on a national level through engagement with government and business, and on an international level through increased institutional partnerships and collaboration with the Republic of Ireland, Europe and the rest of the world, as well as increasing Northern Ireland's market share of inward and outward mobility. The projects will also involve supporting a lifelong learning environment through a modular-based learning approach that is facilitated by an enhanced funding model for higher education in Northern Ireland; and ensuring that efficiencies are identified and acted upon in the sector and that the governance and accountability structure reflects the importance of sustainability in higher education, striking a balance between institutional autonomy and public moneys.

Outlining a vision of what higher education in Northern Ireland will be like in 2020 is somewhat straightforward, but actually delivering on that vision is challenging. I believe that, through the delivery of the projects by not only my Department but the sector, the vision for the future of higher education in Northern Ireland will be achieved.

In conclusion, I trust that you will welcome the steps that I have taken, and that I will take, in creating a strategic vision for the future of higher education. I believe that the steps that are taken now will no doubt bring substantial benefit to the future economic prosperity of Northern Ireland and will help us all to achieve our vision of a shared future. Graduating to Success is now available to download from my Department's website.

I thank you, Mr Speaker, for giving me the opportunity to make the statement to the Assembly today, and I am, of course, happy to take any questions.

Mr B McCrea (The Chairperson of the Committee for Employment and Learning): Mr Speaker, you will appreciate that that was a very comprehensive statement by the Minister, and I am sure that the Committee will look forward to looking at it in more detail at its meeting next week.

You made some very succinct points, Minister, and you may wish to expand on them. First, how sure are you that increasing the number of PhDs is the right place to put our investment? In other areas, people have looked at bringing in more highly qualified professors and such like. Secondly,

it is fair to say that the Republic of Ireland does significantly better in the drawdown of funds from programmes such as FP7 and Horizon 2020. What steps will your Department take to address that imbalance? Finally, you said in your concluding remarks that the vision is easy but that the implementation is perhaps the more challenging bit. You might decide to chair the implementation committee yourself rather than give it to an official in your Department, because I think that this is a really important issue that needs ministerial leadership.

Dr Farry: I thank the Chair of the Committee for his comments, and I know that the officials are looking forward to engaging with the Committee on the matter next week.

The Member referred to the increase in PhDs. We need a balanced approach to investing in higher education. We have, quite rightly, had a lot of focus recently on support for undergraduates, and I have also been very clear in saying that an increase in higher-level qualifications does not always mean the classic degree route. However, equally, we need to focus on our strength at postgraduate level. Our postgraduate profile is weaker than that in other UK regions, and we need to be very conscious of that. It is also clear that the Executive have identified the development of a knowledge-based economy as critical to our future economic prosperity, so, again, we need to further invest in this sector. At present, we have a baseline of about 500 funded PhDs from my Department. Under the previous Programme for Government, we had 300 PhDs, which were not renewed on the back of the Budget last year, but I think that we are in a position now to roll out an increase of 50 on a year-by-year basis. It is important that we do that and that we reach the target of doubling through to 2020.

The Member asked about FP7 and Horizon 2020. Again, the Executive have set their own challenging targets for drawdown of those moneys, and we are on target to meet those. However, as the Chair said, it is worth comparing our drawdown to that of other regions, and there is no doubt that there is significant room for growth. At present, the profile of spend in FP7 is heavily skewed towards universities; a parallel issue is that we need more SMEs bidding. We need to see how we can develop that further.

I have spoken to the European Commission regarding how we can better access resources.

Of course, FP7 and Horizon 2020 are competitive European programmes. Countries are not allocated their proportionate share, so it has to be based on the quality of bids. I am very mindful, in conjunction with my colleague, the Minister of Enterprise, to see what we can do to improve the bidding infrastructure in Northern Ireland. I know that the Commission is very happy to take a hands-on approach in dealing with the universities and colleges and with business to try to facilitate more bids from Northern Ireland.

Finally, it is probably an issue for officials, but, as my officials — and, no doubt, most Members — know, I tend to take a very hands-on approach as Minister, so I will certainly not be washing my hands of it one bit. I will be keeping a close eye on officials and holding them accountable to ensure that they deliver, and closely monitoring progress on all the targets that we have set.

Mr Buchanan: I thank the Minister for his statement and his focus on the higher education strategy. I note that in his statement — fairly lengthy as it is — there are a number of targets, projects and aspirations. He said in his closing remarks that outlining a vision for higher education in Northern Ireland was somewhat straightforward, but that delivery of that vision is where the difficulty lies.

Mr Speaker: I encourage the Member to come to his question.

Mr Buchanan: I will do that. How can the Minister assure the House that the aspirations, visions and targets are achievable and will be delivered and implemented in full by 2020?

Dr Farry: I thank the Deputy Chairperson for his question. I will answer it this way: at my most recent meeting with the vice chancellors of the two main universities in Northern Ireland — and also with reference to the Open University, which is the third university — the message from the senior people was that although they are autonomous bodies that are largely supported by public funds, they fully recognise that they are part of the community in Northern Ireland.

Moreover, they were very clear that they understand the importance of their contribution to realising the Programme for Government objectives and the objectives of the economic strategy. They know that they are critical factors. They know that they are not operating in a bubble and that public finance is particularly tight; so there is

a understanding across all stakeholders of the need to deliver on a clear strategy around specific outcomes.

Mr McElduff: Go raibh maith agat, a Cheann Comhairle. Will the Minister tell us a little bit more about the rural access to higher education, which will be improved with a pilot scheme for the creation of university bases at further education colleges? Furthermore, is it of concern to the Minister that there is no representation from university colleges on the 17-member higher education strategy group? I stand to be corrected on that.

Dr Farry: I will come back to the Member with the details of the representation. On the specific issue of the pilot of rural access through the further education colleges, that is something that we are conscious of, particularly as we move to a more part-time modular approach to higher education. It may be the case that people in urban areas can more readily access higher education than those in remote rural areas. We are looking to start the pilot in 2014 at one of the further education colleges, so it is something that we hope to address in the very near future. It is not on the long finger; it is a priority.

Mr A Maginness: I congratulate the Minister on a very thorough document and presentation this morning. It is to be warmly welcomed.

On page 4 of his document, he refers to research and development as a key driver of economic success. I agree with that. The Minister has also referred to challenges. Does he agree that a major challenge is translating research into commercial projects? How will he achieve that? That seems to be vital.

11.00 am

Dr Farry: I fully agree with Mr Maginness's comments. We will work closely with the institutions around the base funding that they have. They need a solid platform on which to build. We have projects such as the higher education innovation fund (HEIF) and Connected, which are two of the main knowledge transfer processes. We are committed to maintaining the funding around all of that. We are looking to see whether we can increase some funding to provide a stronger infrastructure in the universities to bid for the FP7 and Horizon 2020 moneys as well. So, we are seeing whether we can increase further the foundation stone. It is

then really a case of business working closely with the universities around their very particular needs and trying to encourage this.

It is also important — I referred to this yesterday — that we recognise that not every investment in research will produce commercialised results. It is not because people are not trying; it is because the very nature of the process of innovation has successes and failures. We need to have a culture in which we accept that, sometimes, we will have occasional projects that come to nothing, but, equally, we will have projects that become stellar successes and really can transform our economy.

Mr Lyttle: I welcome the wide-ranging framework for the delivery of high-quality higher education for the benefit of individuals and the wider economy. Surveys frequently demonstrate that our graduates would benefit from improved employability skills. How will the strategy go towards achieving that aim?

Dr Farry: I thank Mr Lyttle for his comments. It is important that we appreciate that we have to invest in employability skills. At present, we turn out a lot of graduates who are capable of taking up jobs. Others suffer difficulties in accessing employment. One of the difficulties is the lack of proper experience. Placements are an integral part of a number of degree courses. At present, the number is higher at the University of Ulster than Queen's. We need to look a lot more at offering placements as a formal part of a course or, alternatively, as a free-standing opportunity for people. Everyone should have the opportunity to develop their employment skills alongside what they are doing.

I made reference to the higher education achievement report — HEAR. That should be developed from 2014 and fully in place by 2018. It will sit alongside the degree and show employers what the student has done alongside the formal degree, so that employers can take balanced employment decisions. It is a very competitive job market out there, and I want to make sure that our students are as well prepared for the world of work as they can be.

Mr Ross: I thank the Minister for his statement. There are many positive things in it, particularly the recognition that we need to align higher education more closely with the needs of the economy. To follow on from his previous response about the placement that will be available to students, is he aware that a number

of local companies will open themselves up for placements? Indeed, is he working with local companies to deliver that? Would he envisage those placements being paid placements?

Dr Farry: I thank Mr Ross for his comments. We will have a wide range of placements, and their nature will depend on the particular circumstance. We should not necessarily start from the assumption that they will all be paid; that is not the nature of what we are trying to achieve through them. That said, I see a real understanding emerging from the business community of the importance of investing in employability skills. That, in part, is about the interests of the businesses, but it is also an appreciation that they are part of a wider economy and that our economy will succeed only if we have a skilled workforce. That means people having specific skills in their subject area, but it also means having skills in a wider sense, such as the things that they learn in university about how to think and carry out critical analysis and their knowledge of how the workplace functions and their ability to engage in it.

Mr Ó hOisín: Go raibh maith agat, a Cheann Comhairle. Gabhaim buíochas leis an Aire as an ráiteas a thug sé dúinn inniu. I thank the Minister for his comprehensive statement. Contained in the statement is an assertion that the sector has a key role to play in helping to shape cultural diversity in society. Given that importance, will the Minister please outline the role he sees for the Irish language in the strategy and the sector?

Dr Farry: I thank the Member for his comments. I will deal with cultural issues in general before I come to the specific point about the Irish language. It is important that we understand that, although there has to be a heavy focus on economically relevant subjects in universities and a closer alignment between universities and the needs of the economy, universities also serve a wider range of purposes and learning itself remains important. Indeed, not everyone will be suited to a career in a STEM subject, and we need people with the good skills in critical analysis, management and leadership that come from a range of activities.

As is the case in many other societies, universities in Northern Ireland have been a strong source of cultural development. We certainly do not want to lose that, and we will encourage that to be maintained and further developed. There

is a project that deals with how universities engage with wider society and the community, and universities have a wealth of knowledge and thinking that government can draw on when dealing with difficult issues.

The approach to Irish language is for each of the providers to determine, and it is not my business as Minister to micromanage at that level. However, it goes without saying that I am more than happy for the providers to engage at that level as part of cultural development. It is not my call, but I am happy for the providers to proceed along the lines that the Member suggested.

Mr D McIlveen: I also thank the Minister for his statement. Given that a lot of the higher education strategy focuses on the needs of the economy, is that a clear indication from the Minister — perhaps it is the first — of where he sees the functions of his Department lying following its dissolution?

Dr Farry: I pay tribute to Mr McIlveen's creativity, and I want to say a number of things on that. I have been clear on the record about where I think the debate needs to go, and the single, overarching narrative in my Department is based on the importance of skills to the economy. Whether it is through our work with further and higher education or what we do with business or through the employment service, all the levers are directed towards the upskilling and reskilling of the workforce in a very competitive international situation. Regardless of whether that work continues through a single Department for Employment and Learning or a Department of the economy, it is critical that we keep that economic driver together and retain its coherence. If we split it up, there is a real danger that we will blunt our cutting edge at a time when the future of the economy is most critical.

I urge Members not to see any plots, subplots or hidden subliminal messages in anything that we have sent out today. This has been a deep and long-standing piece of work in my Department, and what is before us is based entirely on the merits of the case and our best analysis of the future direction of the sector. As is the case in many other societies, there needs to be a stronger economic focus in the sector. It is not that that does not already exist; we are simply building on it and reinforcing it further.

Mrs Dobson: I also thank the Minister for his statement. Minister, yesterday I asked you how you would redress the imbalance in females

taking up STEM subjects, and I acknowledge that your strategy refers to that as a challenge. How do you feel that the Executive should rise to that challenge?

Dr Farry: I thank Mrs Dobson for her comments. We can take action at a number of levels. First of all, a message of leadership needs to be sent out from the very top. That includes what is said by the Executive and the Assembly. The fact that we are even talking about this today sends out a strong message.

If we look at the current enrolment figures, however, we can see that a good story is emerging on the gender balance, particularly at entry level, where the figures are very strong. Where we are falling down and where more needs to happen is with progression. As Members well know, whether in the university sector or other walks of life, due to the nature of things, women tend to fall out of the system more than men. We, as a society, need to address that, whether through better investment in childcare or more sensitive operating hours in how we run public bodies, assemblies or businesses. We need to do a lot to address that issue not just in universities but elsewhere.

Mr P Ramsey: I welcome the Minister's detailed statement. I also thank and place on record our appreciation of Sir Graeme Davies and his team for such an excellent piece of work. We are also grateful for and proud of the participation rates that the Minister referred to in his statement. However, I am disappointed, as my constituency will be, that the Minister has outlined to the House that the next review of MaSN will not be concluded until 2016. Given the Minister's support for the One Plan in my constituency for 3,000 additional students, how does he see that going forward? Is there any comfort that he can give to so many who have been arguing that the One Plan was the economic driver of university places?

Dr Farry: I thank Mr Ramsey for his comments. Once again, I am happy to join him in further congratulating Sir Graeme Davies and his team on all their work and support in the development of a strategy.

It is important that Members understand exactly what a review of MaSN means. This is not about a reconsideration of the current numbers within MaSN. I have made a commitment, on the back of the 700 places that we have secured through to 2015, that, if we have a strong

evidence base for increased demand around local places, I will go back to the Executive for additional resources to expand MaSN. I am supportive of the expansion of the Magee campus in Derry, but, unfortunately, I had an obligation to ensure that the existing increase in MaSN was allocated across the system. It is there to manage demand, not just to make an investment in one site for redevelopment purposes.

The review of MaSN contained in the strategy is about whether MaSN itself is the correct tool to manage the system. MaSN is, essentially, a blunt instrument for managing and controlling costs within the system. As we move to a greater emphasis on part-time and modular learning and once we factor in problems around retention rates, MaSN particularly loses a lot of its focus. So, it is not a very effective tool for managing costs. Comments have been passed about how effective it is, so it is appropriate that we have a review to see whether MaSN, as a tool for managing costs, is itself fit for purpose.

Lord Morrow: I, too, congratulate the Minister on not only his comprehensive statement but his defence of the argument that he should be retained as Minister and the best way forward is for him to keep his job. However, I suspect that he will have to wait and see the outcome of that and whether he has been persuasive.

The Minister states on page 4 that it is his intention to increase the number of PhD places. When he was delivering this statement, he said that the number would increase by 1,000. I do not know what we should take from that, but I ask him to clarify that.

Since the Minister has said clearly that the economy is around the whole thing, I take it that he agrees that, when the division and reorganisation come, that is the route that his Department should take.

Minister, you say in your statement:

"Teaching excellence will be further rewarded and recognised and the sector will be quality assured".

How does that sit beside the fact that we have many teachers who are qualifying and cannot get a post? I suspect that the statement is built on the premise that the economy will be in a different position in a year or two.

Mr Speaker: I encourage Lord Morrow —

Lord Morrow: Yes, I think I am finished. Thank you, Mr Speaker.

11.15 am

Dr Farry: Thanks very much, Mr Speaker. Lord Morrow packed a lot in there. I go back to his first comment: I am not making any pitch for myself. At present, my interest is in doing the best that I can in my Department to deliver and to ensure that, whatever the Executive and Assembly decide is the way forward, the best interests of the economy and society rather than politics are at the forefront.

I will address two points in particular, the first of which is to clarify the issue of PhDs. My Department currently funds about 495 PhDs. Other PhDs are funded through other financial sources as well. Members know that an additional 300 places were put in place on the back of the 2007 Programme for Government. Those places fell away at the end of that PFG period. By steps of about 50 a year, starting this financial year, we seek to increase that 500 to 1,000 by 2020.

Secondly, on the teaching issue, it is important to say that this is not about the training of teachers; it is about the quality of teaching that students are entitled to and should expect in a higher education setting. Members will be aware that many people who have traditionally worked in the higher education field take up their post on the basis of the quality of their research, with teaching being a secondary consideration. We want to further consolidate the good work done in recent years to ensure that we have a common standard and framework around the quality of teaching that students have a right to expect.

Mr Allister: What does the Minister anticipate will be the likely impact on the duration of the average primary degree of the introduction of a work-related placement? At present, most degrees are three years. If, for example, it is anticipated that a one-year placement will be introduced, surely he is not going to reduce the study period to two years. Are we heading back to the average being a four-year degree?

Dr Farry: I thank Mr Allister for his comment. He raises an interesting point. There will certainly be no dumbing down or reduction of standards on the back of placements. This is to be an enhancement of what is currently offered. It is more likely than not that it will mean that someone will be a student for longer than was

previously the case. Equally, there may be different means of accommodating placements over the course of a degree programme. I stress to Mr Allister and the House that we are placing an emphasis on part-time and modular learning, which will provide a much more flexible approach to degrees than at present, and work placements should be considered around that mix.

Mr McNarry: The Minister stated that all higher education students would be able to avail themselves of a work placement. How does he see that opportunity being available to former members of our armed forces, particularly men and women retiring with a disability?

Dr Farry: We are talking about placements for students, and I am happy that we think of the student cohort as being as broad as possible. We are moving away from the traditional focus on the 18- to 21-year-old cohort, which is a demographically declining sector. So we are seeking to expand, and I am happy for any person in Northern Ireland, including former members of the armed services, to avail themselves of higher education.

Mr McClarty: The Minister stated that he is in favour of the expansion of the University of Ulster's Magee campus. Would that be at the expense of other campuses of the University of Ulster, particularly that in Coleraine?

Dr Farry: I thank Mr McClarty for his question, and I understand why he voiced his concerns. The University of Ulster has always supported expansion at Magee, as part of a general expansion of the university. Within that, there will always be movement of courses between campuses, but the university is trying to strike a balance that enables an expansion of higher education provision. If we have a situation in which there is even greater demand from local students for local places owing to the differing fees regimes in different parts of the UK, as an Executive and an Assembly, we will need to respond to that pressure by recognising an expansion of the sector.

Mrs Overend: I thank the Minister for his lengthy and detailed statement. I am interested in hearing more detail on the improvement plans to increase accessibility to higher education courses, especially as I come from the rural constituency of Mid Ulster. Have you identified the campuses where your pilot will be rolled out? If not, how will they be identified? Furthermore, you referred to modular

learning, which will enhance a lifelong learning environment. Will that also be accessible through further education colleges?

Dr Farry: I thank Mrs Overend for her questions. It is worth stressing that much of the strategy — indeed, all of it — needs to be seen as being interlinked. Therefore, going for a more modular approach sits very well with a pilot scheme and potential further roll-out, using the further education colleges as a base of access to higher education. It is too early to say precisely where we will run the pilot. We will want to enter into discussions with the sector on that. However, I will say here today that it will not be at BMC.

Mr Speaker: That ends questions to the Minister on his statement. I ask the House to take its ease before we move on to the next item of business.

Executive Committee Business

Pensions Bill: Further Consideration Stage

Mr Speaker: I call the Minister for Social Development, Mr Nelson McCausland, to move the Further Consideration Stage of the Pensions Bill.

Moved. — [Mr McCausland (The Minister for Social Development).]

Mr Speaker: Members will have a copy of the Marshalled List of amendments detailing the order for consideration. The amendments have been grouped for debate in my provisional grouping of amendments selected list.

There will be one debate on the single group of two amendments. The first amendment is a new clause putting a duty on the Department for Social Development to lay before the Assembly a report on the impact of socio-economic background, including health indicators, relating to a retirement pension. The second amendment requires the Department to undertake an annual review of indexation and revaluation.

Once the debate is completed, the second amendment in the group will be moved formally and the Question will be put without further debate. If that is clear, we shall proceed.

New Clause

Mr Speaker: We now come to the single group of amendments for debate. With amendment No 1, it will be convenient to debate amendment No 2.

Mr Brady: I beg to move amendment No 1: After clause 1, insert the following new clause

“Duty to report on the impact of socio-economic background (including health indicators) in relation to retirement pension

1A. *The Department for Social Development shall, within two years of the date on which this Act receives Royal Assent, lay a report before the Assembly on the impact of socio-economic background (including health indicators) in relation to retirement pension.”*

The following amendment stood on the Marshalled List:

No 2: In clause 19, page 14, line 37, at end insert

“(12) The Department for Social Development shall undertake an annual review of the indexation of defined benefit pensions in payment and the revaluation of the deferred pensions of early leavers from occupational pension schemes.” — [Mr Durkan.]

Go raibh maith agat, a Cheann Comhairle. I speak as a private Member rather than as Deputy Chairperson of the Committee for Social Development. I first thank the Minister for accepting the amendment after our discussions.

I will explain why we tabled the amendment. The Bill is built on the notion that increasing the pension age is reasonable because an average rise in life expectancy means that we all live longer. As I have said previously, that is a blatant misrepresentation of the reality that lies behind the statistics. It ignores the fact that conditions in the North differ significantly from those in Britain. In Britain, all top 10 regions enjoying the greatest life expectancy are to be found in the wealthy areas of London and the south of England. In comparison, Belfast is ranked among the 10 worst areas enduring some of the lowest life expectancy rates. Other areas in the Six Counties fare only marginally better. Dungannon, Cookstown, Derry, Fermanagh, Newry and Mourne, Larne and Lisburn all have significantly lower life expectancy rates. Out of a total of 404 areas, of which London's Kensington and Chelsea is ranked number one, Belfast is ranked 398, just six places above the worst male life expectancy in all areas currently under British jurisdiction. I use the term “British jurisdiction” advisedly because, despite significant progress in returning powers to the people here in the form of devolution, the British Government continue to dominate particular areas of social policy, often to the detriment of people here. That is particularly true in the area of welfare and pensions.

Today, we are considering the Pensions Bill, and shortly we will deal with the Welfare Reform Bill. The North of Ireland is nothing like the south of England. As some of my colleagues, including Sammy Douglas who sits on the Social Development Committee, can bear testimony to, the situation is as true of east Belfast as it is of west Belfast. In the North, shocking levels of health inequality endure within relatively small

areas, exposing with even greater clarity the British Government's detrimental decision to use an overall average rise in life expectancy to determine policy here.

In this consideration, the devil is certainly in the detail. Conducting a study and laying the findings of that study before the Assembly is a small but not insignificant undertaking. If conducted with due diligence, it will reveal the reality of life expectancy and patterns of health inequality in the North and, in doing so, provide vital information on which the Assembly can seek to craft appropriate interventions to improve life expectancy here. I urge the Assembly to support the amendment.

Ms P Bradley: Sorry, I have to get my papers ready. I rise as a member of the Social Development Committee to speak on the amendments tabled to the Pensions Bill. The necessary changes to the pension ages are an unfortunate reality that the whole of the UK has to adapt to and accept. We must face that reality but in a way that ensures that the impact of the changes is addressed as early as possible and kept to a minimum for our citizens.

I am happy to support amendment No 1, which allows a check on the system to be put in place to ensure that we, as a legislative Assembly, know as early as possible the impact of socio-economic background and health indicators on the retirement pension. That will allow our system to evolve and ensure that as few people as possible are affected negatively when the changes come into force.

The evidence received shows that certain vulnerable groups in our society are likely to be most affected by the changes. We must also be aware that many women are unaware of the changes and how they will be affected. We must ensure that the changes do not impact negatively on that group. We must continue to support and encourage the over-50s to enter the workforce and remain there. There is a plethora of support for young people on a low income to remain in the workforce, and we must ensure that that also happens at the other end of the age scale. We must ensure that we are always aware of the socio-economic backgrounds of that group, and this report allows us to do so. The report will also allow us to identify what work needs to be done to improve conditions for those affected most by the changes.

We have to face the fact that we are part of the UK and acknowledge that that is where the changes are being driven. We do not have the ability or option to break parity with the rest of the UK. However, amendment No 1 allows us to monitor the impact of the changes and gives us the information that will help us to address the many fears about the impact that the changes will have.

I oppose amendment No 2, tabled by Mr Durkan. We, as an Assembly, do not have the powers to change the rate, so it would, therefore, be fruitless. I do not believe that we should commit our Departments to reviews to publish reports that are no more than self-serving exercises. We must be frugal and conscious of what we spend in the current climate. Producing reports, conducting research etc all costs money that, I believe, the public would want us to spend in priority areas. If we, as an Assembly, had any real prospect of changing the rate on which pensions are based, amendment No 2 might have some merit. However, to support it would be to waste valuable resources for very little discernible outcome.

I support amendment No 1 and oppose amendment No 2.

11.30 am

Mr Cree: I welcome the opportunity to speak on the two amendments. I am standing in for my colleague Michael Copeland who is unavoidably absent from today's debate. Amendment No 1 appears to be well intended, and the House may recall that the Ulster Unionist Party was minded to accept it at Consideration Stage last month. However, after listening to the arguments of the Minister that a period of one year was too short a time frame to collate the necessary data, we agreed with the proposal for a new amendment to be tabled at Further Consideration Stage with a slightly adjusted time frame.

During the debate last month, the Minister queried whether his Department even had access to the necessary information. I hope that he has been able to clarify the situation over recent weeks and look forward to hearing him explain it today.

I do not doubt that collating the data will take some time. However, I do not accept the argument that we should not pursue such data just because new ways of allowing access to information held by Departments are necessary.

A cross-departmental approach is often a buzzword in this Chamber. However, it is rarely followed through. If amendment No 1 is successful today and becomes part of the Bill, which later receives Royal Assent, I will be pleased to see the Department for Social Development having to break out of its silo and work with other Departments here and in Great Britain in order to deliver the proposal of producing a report on socio-economic factors in relation to retirement pension.

The rationale for the amendment was widely discussed at Consideration Stage, but I will take a moment to make a few comments from my own perspective. Northern Ireland has gone through some great hurdles over its relatively short history, none more so than during the latter half of the 20th century. Although many international and domestic commentators frequently point to this Building and note the existence of a seemingly functioning Government, we still live in a society in which there is much inequality.

Reports from the Department of Health reveal that apart from age, gender and limited long-term illness, social deprivation across Northern Ireland has a bigger effect on mortality and life expectancy than all the other section 75 characteristics. I do not think anyone will disagree about the need to narrow the gap in life expectancy and other socio-economic indicators in the most socially deprived and most affluent areas. Therefore, I hope that the report proposed in the amendment will go some way to identifying solutions.

I will now make a few brief comments in relation to amendment No 2. The Ulster Unionist Party will be opposing the amendment. Given that pensions are now to be based on the consumer price index (CPI) rather than on the normal higher retail price index (RPI), there is little doubt that, alongside the proposed increases and equalisation of the state pension age, indexation will be one of the more controversial issues. Some sort of basis for that decision can be seen in the June 2010 Budget when the Chancellor of the Exchequer announced that, with some exceptions, the Government proposed to use CPI rather than RPI as the basis for increasing most benefits and public sector pensions.

As CPI is typically 0.7% lower than RPI, pensions will inevitably grow more slowly. The courts

in England have also come down on the side of the Government in the subsequent judicial review on the change. Nevertheless, we must be realistic and look at the rationale behind the decision. The Department will probably deny that the move to CPI was to save money, and I am inclined to believe that. I can understand why the consumer price index can be seen to better reflect pensioners, as only very few of them will have mortgages, and given that RPI includes mortgage interest payments, it may not necessarily have been the most reflective. Although we can try to understand the basis of the amendment, reading it as it is on the Marshalled List, I struggle to see what the purpose of a review would be. Reviews are all fine and well, but a review for the sake of a review would only waste officials' time and government resources.

Mr Durkan: I will move amendment No 2 in support of amendment No 1. The amendment that I have tabled seeks to put an obligation on the Department for Social Development and on this House to review indexation of defined benefit pensions and payment and the revaluation of the deferred pensions of early leavers from occupational schemes.

The rationale behind the amendment is to mitigate the harsh impact that a permanent change to the consumer price index would have on many pensioners. The Bill will not make the changes from retail to consumer price indexation, but, through clause 19, it will give effect to the recent Westminster announcement that CPI will now be used in the revaluation and indexation of private sector occupational pension schemes, increases to financial assistance scheme payouts and the revaluation and indexation of pension compensation. We fear that it will do that in perpetuity.

The proposed move to CPI rather than RPI will, ultimately, devalue defined benefit schemes and result in losses to individuals that may amount to up to 15% reductions in their pensions, which is what public sector workers are being subjected to. A permanent move will result in permanent disadvantage to those individuals. When the order was made to change from RPI to CPI, opposition manifested itself in industrial action from across the public sector, resulting in a judicial review being taken against the Westminster Government. That review was subsequently lost, but the determination of the public sector to

protect its pensions is not, and that is a fight that the Assembly will continue to face.

Given that the majority of pensioners affected by this clause do not have a union to voice their views, we must speak for them. I tabled amendment No 2 with the intention of creating a mechanism for their voices to be heard and listened to, following the changes that the Bill will impose. Given that the confines of the scope of the Bill and that the change to CPI was made via an order and not the clauses that we are examining today, I hope to go further than this in the future by, through private Members' legislation, calling for a review of indexation, revaluation and totality.

Passing the Bill without agreeing to this amendment will enshrine in law the use of CPI as the legal requirement for pension increases for these defined schemes. That means that, even when, or if, our economy is rebalanced, the deficit is gone and earnings growth has returned, our hardworking public sector workers, those who leave occupational pension schemes early and, ultimately, the poorest, will be hit year after year. The draconian shift to CPI has been made in response to the wider economic situation. We need to ensure that we retain the ability to be equally responsive when things are going well.

As discussed at Consideration Stage, the Assembly needs to start exercising its power and to think of creative solutions to protect its citizens — our citizens — in this region while recognising, but testing, the constraints of parity. It is my belief that the amendment demonstrates cognisance of those constraints. However, more importantly, we can show that this is a working Government that can look for and exploit flexibilities of parity to the advantage of our citizens.

We are not content to merely accept and rubber-stamp punitive legislation from Westminster. We are realistic enough to accept why the change has been introduced, but we cannot ignore the detriment that it will have for many. We do not accept that it is a good or fair measure of inflation for raiding social security benefits, but we accept that we must confine ourselves to the scope of the Bill. We can attempt only to adjust the clause therein. Ultimately, given the unpredictability of the economic climate, the aim of the amendment is to ensure that the Department continually and year after year reviews and examines the measures that we are

using to calculate inflation in regard to the main pension schemes.

I reiterate the severity of the Bill without the amendment, but even with it. It will give CPI a permanent place, written in black and white in legislation, allowing it to permanently disadvantage hardworking members of society and prevent them from receiving what is rightfully theirs. The instruction to review will open the door to allowing a change to a more appropriate and fairer indexation measure, such as RPI, when the time is right and when we can economically sustain such a measure. I call on the Assembly to support the instruction to review placing a duty to report and a responsibility on the Assembly to account for the impact of its policies.

Turning my attention to amendment No 1, I see that it is a tweaked version of an amendment tabled at a previous stage. Again, we will be supporting the amendment. I fully accept the points made by Mr Brady and subsequent Members who spoke about the inequalities that prevail, in particular, among the elderly population in disadvantaged areas across the North. As I alluded to at the previous stage, the fact that life expectancy is increasing simply does not mean that the quality of life is improving for people in advanced years.

All Members agree, I am sure, that fuel poverty is a huge burden on our older, more vulnerable generation. Shifting the boundaries for pension claimants means that those who are already struggling will continue to do so. With the imposition of this Bill, they will do so for longer. They will be tasked to work for longer or tasked to find work when it is increasingly difficult to do so and when they had envisaged living on an expectant pension. The amendment will, I believe, provide evidence to substantiate what we have been saying. We have not been scaremongering.

Northern Ireland is plagued economically, as well as socially, by its past. As a result, the lives of our senior citizens are filled with fewer opportunities and more hardship than those of their counterparts in parts of Britain. We welcome the Minister's acceptance — the Assembly's acceptance, it would seem — of amendment No 1. I urge the Minister and the House to consider the fact that amendment No 2, which I proposed, is complementary to it. Although amendment No 1 may demonstrate

the hardship caused by the Bill to people, amendment No 2 may provide the tool with which that hardship can be tackled.

Mrs Cochrane: I welcome the opportunity to speak briefly on the proposed amendments to the Bill. The Alliance Party has made its position on the Bill clear so far. We recognise that the state pension age must be equalised for men and women. Due to an ageing population, we must then raise the age from 65, as people are generally living a lot longer and we simply cannot afford to maintain the status quo. Although we recognise that the Bill will raise the state pension age at a faster rate than was originally planned and, therefore, put some at a disadvantage, some changes were made at Westminster to ameliorate the situation for the many men and women who were going to find themselves in a much worse situation.

However, not everyone is living longer, and the Bill fails to take that into account. Amendment No 1 means that the Department would have to produce a report on the impact of socio-economic background, including health indicators, in relation to retirement pension. I understand the importance with which that amendment was tabled. As Mr Brady stated, such a report could reveal the reality of life expectancy in certain geographical areas and look at the patterns of health inequality here. Therefore, we will be supporting amendment No 1.

We will also lend our support to amendment No 2, relating to the annual review of the indexation of defined benefit pensions in payment and the revaluation of the deferred pensions of early leavers from occupational pensions. Such a review will better inform us of any actual issues and impacts that may need to be addressed in the future.

We support the Bill and the proposed amendments.

Ms Brown: I will speak on the tabled amendments as a member of the Social Development Committee. I am happy to support amendment No 1, which impels the Department for Social Development to lay a report before this Assembly, two years after the Bill becomes law, on the impact of socio-economic background, including health factors, in relation to retirement pension. The amendment allows for two years rather than one, in comparison with the amendment that was tabled during Consideration Stage. That allows adequate time for the Department to be

able to produce this report. This is a worthy project. I know that many different people from various socio-economic backgrounds have different experiences as pensioners. I believe that all pensioners struggle to make ends meet in a world where costs are increasing at a faster rate than their pension.

Things were recently made harder for pensioners by the Westminster Government, when they scrapped the winter fuel payment scheme. Fortunately, we saw our Executive maintain a scheme here in Northern Ireland, hence, helping to protect pensioners and other vulnerable groups from fuel poverty.

Many pensioners today grew up during the introduction of a welfare state that promised an adequate safety net from birth until death. I am not so sure that this is universal. However, such a report as is described in the new clause will shed light on the experiences and impact of social background in relation to retirement pensions, especially as to how life expectancy and health factors vary between Northern Ireland and other parts of the United Kingdom.

11.45 am

I oppose amendment No 2, as tabled by the SDLP Member for Foyle, as passing it would be pointless. We, in the Assembly, do not decide whether pensions are based on the consumer price index or the retail price index. That is a matter for Westminster.

In summary, I support amendment No 1 and oppose amendment No 2.

Mr A Maskey: Go raibh maith agat, a Cheann Comhairle. I support amendment No 1, and I am very pleased that Members are supporting it. I am particularly thankful to the Minister for his willingness to embrace the amendment, and I have no doubt that, as his party colleagues said this morning, it will be accepted.

This exercise is to allow us all, in the fullness of time, proper access to and informed discussion of the socio-economic circumstances that many will face; it will allow us time to reflect before the pension age increase comes into effect. That is important. Moreover, it allows us — particularly the Executive — to look at whether there needs to be any other mitigating measures taken to offset any possible difficulties that may arise from that information. The report allows us

to make a more informed decision on all those matters.

It is important to stress that, so far — obviously, this comes from Westminster — one of the key planks of the rationale for the increase in the age for retirement is the fact that the population is ageing. Life expectancy is continually being extended, and that is very welcome; however, it takes no account of the health profile of the population.

Therefore, it is important that the report be completed. My party is pleased that we will have that report as a result of the amendment. All parties have been willing to embrace that. We all share the need to make sure that we protect those who have paid an awful lot into the system and who have made a very important contribution throughout their lives. We are all wedded to the fact that we need to support our ageing population in the time ahead.

I have no difficulty with the principle behind amendment No 2 and its objective. I think that the arguments over the use of the consumer price index as opposed to the retail price index are more fundamental than even this Pensions Bill. So we have no difficulty supporting it. However, I do not believe that it will be passed, as we heard this morning; that is why my party did not table such an amendment.

It is important to draw attention to the issue, and many of us believe that the switchover from RPI to CPI will have a negative impact on many pension recipients. However, it is a more fundamental argument than the Pensions Bill; it probably needs to be made elsewhere or in a different format. In principle, we have no difficulty in supporting amendment No 2. We do not think that it will be made, but it is something that we would all like to return to in the fullness of time.

Mr McCausland (The Minister for Social Development): The House is aware that Mr Maskey and Mr Brady tabled an amendment to the Bill at Consideration Stage, requiring my Department to lay a report before the Assembly on pension outcomes in relation to health inequalities and life expectancy. That was withdrawn, following my agreement to consider the matter further, and on the understanding that the original or a revised version would be tabled at Further Consideration Stage.

I subsequently had a very useful meeting with Mr Maskey and Mr Brady to clarify expectations and the feasibility of meeting those expectations and consider what data are available, what additional data may be required, and the timeframe for the report. I am now content for my Department to compile the report and to support the revised amendment tabled by Mr Brady. I propose that the new clause will be brought into operation by commencement order, shortly after Royal Assent.

Mr Durkan tabled amendment No 2. Clause 19 makes consequential amendments to several pieces of existing pensions legislation following the Westminster Government's decision to use the consumer price index rather than the retail price index as the measure of inflation for benefits and pension purposes. In case there has been any misunderstanding, I should make it clear that this Bill is not the vehicle that implements the Government's decision to use the CPI as the measure of inflation: that decision has already been implemented as far back as 2010. Clause 19 makes consequential amendments to some important but relatively minor provisions to ensure that the decision to use the CPI is applied consistently across occupational pension schemes: for example, it amends some largely peripheral references in existing legislation and ensures that those who wish to continue operating schemes using the RPI can do so.

I have listened carefully to what Mr Durkan had to say in support of his proposed amendment, but I am not sure what benefit there would be in my Department carrying out a review of the indexation of defined benefit pensions and payments and the revaluation of the deferred pensions of early leavers. My Department has no power to set different percentages for Northern Ireland. It merely has power to prescribe the percentages determined by Great Britain's Secretary of State. Even if my Department had the power to set different percentages, it would be very unlikely that we would wish to do so. Many pension schemes operate on a UK-wide basis —

Mr Durkan: Will the Minister give way?

Mr McCausland: I want to pursue this and follow it through so that Members listen carefully to what is said, because there is logic behind the position that we are setting out. It

clarifies what I think are misunderstandings as to where we are.

Many pension schemes operate on a UK-wide basis. Different percentage increases for Northern Ireland could result in those schemes having to operate two different regimes; one for Northern Ireland and one for Great Britain. Defined benefit pension schemes are, in many ways, the gold standard of pension schemes, as members have a high degree of certainty as to what their pension will be when they reach retirement. The scheme is also underpinned by the employer.

However, the harsh reality is that many employers have been withdrawing from offering such schemes. Sponsoring employers bear considerable risks in that they are liable to make good any shortfalls in scheme funding. Increasing life expectancies, stock market volatility and economic challenges have exacerbated the trend for employers either to close their defined benefit schemes or to close them to new members.

Regulating pension schemes is always a delicate balancing act. On the one hand, we want to ensure that members' rights are protected, but on the other hand, we need to ensure that we do not make the regulatory burdens on schemes and employers so onerous that we precipitate scheme closures. If we were to have different percentage increases applying in Northern Ireland, we could see schemes ceasing to operate here due to increased benefit and administrative costs. That would not be in anyone's interests. That is why, even if my Department had the power to set different percentage increases for Northern Ireland, it would be very unlikely that we would wish to do so.

As to what would be achieved by a Department carrying out the proposed annual review, I have already made clear that my Department has no power to set different percentage increases for Northern Ireland. I think I have demonstrated that I do not approach these issues with a closed mind. As I have shown in relation to amendment No 1, I am open to persuasion, and I am happy for my Department to carry out research where the work will better inform our understanding. However, we must be realistic. All Departments are facing, and will continue to face, ever tightening budgets, and I cannot support my Department's resources being diverted to largely nugatory work, which in reality would serve no useful purpose.

I will pick up on a number of points made by Members during the debate. Mickey Brady commented on life expectancy, an issue on which he has commented on a number of occasions. I am glad that the bus to Finaghy did not set off today; it stayed in the depot. Looking at life expectancy in Northern Ireland as a whole, we see that, at age 65, it is on a par with that in Wales, marginally lower than in England and higher than in Scotland. We are not unique in the United Kingdom, as many areas of Great Britain have lower life expectancy than Northern Ireland. It is right that we should consider the issue, and we will do so. However, the situation needs to be put in context, and the differential across the various countries of the United Kingdom is set out there.

Leslie Cree made a number of points. As I said at Consideration Stage, I wanted time to explore exactly what the amendment wanted to achieve, what information would be needed and how much work would be involved. That is precisely what we did, and we are content that we will be able to access the necessary information and deliver the report within the time frame set out in the amendment.

Mark Durkan mentioned a couple of points that I want to pick up on. One was about CPI and RPI. I fully accept that the law in this area is extremely complex, but I should make it clear that indexation and revaluation provide only a degree of protection against the effects of inflation on pensions. Schemes are required to index pensions in payment on rights accrued from 1997 onwards. However, the percentage increase is capped at 5% for a pension based on service between April 1997 and April 2005, reducing to 2.5% for a pension based on service from April 2005 onwards.

Similarly, revaluation is capped at 5% for service up to April 2009 and 2.5% for service after that date. So the fact that the CPI was 0.4% lower than the RPI this year is immaterial, as both exceeded the statutory caps that apply to indexation and revaluation. However, it is true that, over the longer term, linking to the CPI will probably result in lower increases. Again, we are statutorily tied to the rate of increase in Great Britain.

The Westminster Government argue that the CPI is a more suitable measure of inflation for the indexation of benefits, tax credits and pensions. It is a complex issue, but the CPI is also the

internationally recognised measure of prices and the Bank of England's preferred measure of inflation.

Turning to another point that Mark Durkan raised, I should explain that both the CPI and the RPI are calculated by collecting a sample of prices for a selection of representative goods and services in a range of UK retail locations. Currently, around 180,000 separate price quotations are used every month in compiling the indices. They cover almost 700 representative consumer goods and services for which prices are collected in around 150 areas throughout the United Kingdom, including five sample sites in Northern Ireland.

At present, the Office for National Statistics does not calculate regional inflation figures, because the information available is not suitable for the compilation of reliable figures. The production of reliable estimates would require increasing dramatically the sample size for the locally collected prices, perhaps by a factor of five or more for some parts of the country. In Northern Ireland, sampling takes place across only five sites, which would not allow a statistically valid analysis to be carried out.

In addition, many of the centrally compiled indices, for example, housing, cars and personal computers, are designed as national indices. It would be a difficult exercise to decompose such data into appropriate regions. I hope that that point makes clear the complexity of the sort of thing that the Member spoke about. In any case, as I have made clear, the Department does not have the power to prescribe percentages for the indexation and revaluation of occupational pensions that differ from those set by the Secretary of State in Great Britain.

12.00 noon

I have already said that I want to be as helpful and as open as possible in dealing with the issues, and I think that we have clearly demonstrated that in relation to amendment No 1. I am open to persuasion, and I was persuaded. As a result, I am happy for my Department to carry out the research. We will do that as quickly as possible, even though the time frame is two years. Officials will have to do a considerable amount of work. If we are to compile such a report, it is important that we get it right. However, I anticipate that we will have that done well before the two-year deadline.

We are open to approaches and persuasion. However, I have to say that, although I am happy to accept amendment No 1, I cannot accept amendment No 2, for all the reasons that I set out. It is ill conceived, ill considered and ill founded. I trust that the Member who tabled it and any others who may be tempted to go down that road will reflect on that. It would not help the situation in Northern Ireland at all. In fact, the work would be largely nugatory. I, therefore, urge the House to reject amendment No 2.

Mr Brady: Go raibh maith agat, a Cheann Comhairle. First, thank the Members who supported amendment No 1. Paula Bradley, in speaking to the amendment, said that such a report would be beneficial to the people affected. Leslie Cree said that amendment No 1 was well intended and that his party accepted the timescale. He thought that collating such data was necessary and that cross-departmental co-operation was needed to deal with socio-economic issues. He also rightly talked about the inequalities in society, despite all that has happened in recent years.

Mark Durkan spoke in support of amendment No 1 and said he felt that it complemented amendment No 2. Judith Cochrane spoke in support of amendment Nos 1 and 2. She talked about the fact that we are not able to maintain the status quo because people are living longer etc. Obviously, that issue is part of the debate.

Pam Brown supported amendment No 1. She talked about health factors and the impact on people's socio-economic background. She thought that it was a worthy project and felt that the scheme would protect people here. She also talked about the introduction of the welfare state, which has been beneficial to many people who are now reaching pension age or have already done so.

My colleague Alex Maskey obviously supported amendment No 1. He talked, again, about the socio-economic issues involved and about reflecting the change in pension age. He said that there possibly are other mitigating factors and that a more informed decision on these matters could be made before the change in pension age. I thank the Minister for his indulgence in accepting amendment No 1.

Like my colleague Alex Maskey, I support the principle behind amendment No 2 and can understand why it was tabled. The whole issue of the move from RPI to CPI needs to be

addressed in a wider debate further down the road, as it is a fundamental part of the changes. It can only be seen as a cut; it is not beneficial to people of pension age and should not be seen as such.

The Minister went into some detail about the legislation. He said that, in many ways, it is enabling legislation, because it contains technical provisions that relate to many of the issues involved in the pension legislation that has already gone through the British Parliament. In saying that, I think that the principle behind amendment No 2 needs to be addressed. All the amendment seeks is a review. The amendment refers to an annual review, but perhaps a longer timescale, such as the one set out in amendment No 1, would be better. The economic situation may change, as Mark Durkan sensibly pointed out. If there is a review relating to RPI and CPI, the issue could be addressed when the economic situation improves and people's pensions are reviewed. The Government used the recession as an excuse for the change from RPI to CPI. They were going to make the cut anyway, but the recession gave them a smokescreen, if you like. Mark Durkan's point that the economic situation may well change is correct. He said that amendment No 2 is complementary to amendment No 1, and I support the principle behind it.

Question, That amendment No 1 be made, put and agreed to.

New clause ordered to stand part of the Bill.

Clause 19 (Indexation and revaluation)

Amendment No 2 proposed: In page 14, line 37, at end insert

"(12) The Department for Social Development shall undertake an annual review of the indexation of defined benefit pensions in payment and the revaluation of the deferred pensions of early leavers from occupational pension schemes." — [Mr Durkan.]

Question put and negatived.

Mr Speaker: That concludes the Further Consideration Stage of the Pensions Bill. The Bill stands referred to the Speaker.

Private Members' Business

Fuel Duty

Mr Speaker: As three amendments have been selected, up to one hour and 45 minutes will be allowed for the debate. The proposer of the motion will have 10 minutes to propose and 10 minutes to make a winding-up speech. The proposer of each amendment will have 10 minutes to propose and five minutes to make a winding-up speech. All other Members who are called to speak will have five minutes.

Mr McKay: I beg to move

That this Assembly condemns the forthcoming 3p rise in the cost of fuel; notes that our people pay some of the highest fuel costs in Europe; and calls on the Executive to start negotiations with the British Government regarding the devolution of powers on fuel duty.

Go raibh maith agat, a Cheann Comhairle. I welcome not only the fact that we are debating the motion but that three other parties tabled amendments, a number of which I do not agree with. However, given the huge effect that fuel costs will have on the amount of money that families have to spend from day to day and week to week, it is important that we have a worthwhile debate. The North of Ireland has some of the highest fuel costs in Europe. Of course, taxation is the largest component of pump prices at present. It is a shocking fact that some families spend more on fuel than they do on food.

Businesses, particularly hauliers, also struggle as a result of high fuel costs. My constituency, like that of many other Members, has a number of haulage businesses. At present, if the British Government go ahead with it, the 3p rise will place an extra £1,200 cost on each unit and trailer each year. That puts huge overheads on those businesses' bills. Of course, the knock-on effect will be increased costs for products such as food, and that will hit the pockets of all families, regardless of their income.

According to the British Government, the 3p rise will go ahead in August. That will increase the difficulties that people face. It is to be welcomed that all parties in the House oppose it. The 3p rise will cost local people more jobs, as it will increase overheads and push more businesses to the brink.

Five years ago, the price of petrol was just 89p a litre, but it is now more than 140p, which is a huge increase of 51.2p or 60%. Of course, it has to be remembered that there are two price ranges on this island. In the South, the price of petrol and diesel is lower, and it distorts the economy here. When I last checked, there was a 16p differential in excise duty, even though the rest of the island is in a much more difficult economic situation. Businesses in Tyrone, Derry and County Armagh are obviously affected, because trade is going to the likes of Donegal, Louth and elsewhere. The economy in those border areas is distorted, and it is unfair that those businesses are placed in that position.

It is clear that British Government policy on the matter is not set with the interests of people and businesses in the North as a priority. It is more about businesses in places such as the south of England than petrol station owners in Newry and Derry, and that will always be the way. Places such as the south of England, for example, have higher average incomes, and, in Britain in particular, more supermarket forecourts have deliberately low prices. We do not have that here, and, in fact, it results in the detrimental effect of the costs being multiplied. Rural communities are hit hardest, because, although families are hit in places such as Belfast, people in rural areas need a car to take their children to school, go to work or get their groceries. The price of petrol in rural areas such as Ballymena, for example, stands at 149.9p a litre.

The DUP amendment recognises that we need to be treated differently from the island of Britain, but I do not think that the scheme that it outlines addresses that problem. Certainly, any reduction in duty would be welcome, but people here would still be at risk of suffering from a future fuel duty policy that is set in the interests of Britain rather than here. Instead, why could we not negotiate a 5p reduction in fuel duty for here and have the power to review that position according to local needs? We could have a 5p reduction tomorrow, but then the British Treasury would put 3p on top of that in August and, perhaps, another 2p in the following year, leaving us back where we started. The relief scheme in Scotland, in parts of the Highlands and islands, has been criticised because it applies only to service station pumps and not to fuel delivered in bulk for hauliers. That has been a bone of contention. The DUP amendment deals only with petrol pump prices and not the

effect on hauliers and transport costs that, in turn, affect commodity prices.

Research shows that in 2008-09, £921 million was generated through fuel duty here. I will put that in context: corporation tax that year garnered £711 million. If we can see the economic benefits of negotiating corporation tax powers, why can we not see the benefits of a parallel situation in which other economic powers, such as the power to set the amount of fuel duty, are devolved? At the moment, fuel duty revenue is apportioned here to the North according to its proportion of consumption. There is room to enter into negotiations to secure that further power.

A cut in fuel duty could generate higher tax revenues from across the economy. That has been debated at length across the water by a number of non-government groups. The increased economic growth and the business and consumer confidence that would result from fuel duty being lowered would compensate for the reduction and boost gross domestic product.

12.15 pm

The Office of the First Minister and deputy First Minister and the Executive have already carried out work on devolving economic powers, and I agree wholeheartedly with that ongoing work. It is absolutely the same when it comes to fuel duty. The ministerial working group has worked on costs and benefits, administrative charges, the block grant adjustment and the economic impact of devolving corporation tax. The First Minister said that we are a unique case in respect of corporation tax because of the border and because the rest of the island has a better rate. That is quite a sound argument for the issue of fuel duty: we have a border here and two separate rates, and there is a better rate throughout the rest of the island. There is a duty on us to try to ensure that there is competitiveness throughout the island so that the businesses affected in places such as Tyrone and Derry have an opportunity to secure trade that is equal to that of people in Donegal, Louth and so on.

Mr Ross: I thank the Member for giving way. I have listened attentively to him for almost eight minutes, and, although he has mentioned that a cost may be associated, he has not gone into any detail about the cost to the block grant of getting this power devolved and, indeed, the additional cost per pence of a reduction, which,

I suggest, he is looking to achieve. Before he finishes, will he go into some detail on what it will cost the Executive to do this? How much will it cost us for even a reduction of one penny?

Mr McKay: I thank the Member for raising that point. I come back to the ongoing work on corporation tax. There are costs there, and it changes regularly. We cannot put the cart before the horse. We have to secure the powers by having them devolved. There may then be an option, should other Members wish to retain the present rate. The principle of having those powers is that we can respond accordingly to the needs of the local economy. It is clear that, if we are to reduce the rate, we should make calculations, just as the Executive and the First Minister and deputy First Minister are working on calculations for the devolution of air passenger duty and corporation tax. That work is ongoing, and we should mirror that on fuel duty and work with the Department of Finance and Personnel to reduce it accordingly.

In my opinion, if we reduce it, we will see greater consumer confidence and fewer businesses going to the wall. The benefits are there for all to see. There is a duty on the Department of Finance and Personnel to do all those calculations and to move the issue forward. We need a locally tailored fuel duty rate, because it has to reflect the fact that we have different economic needs. We should take the same progressive approach that we have done on corporation tax and air passenger duty. A local approach can work better, and the Executive and the Minister of Finance and Personnel —

Mr Speaker: The Member's time is almost gone.

Mr McKay: — have at least a duty to look at the issue and to provide us with all the statistics, so that the House can approach this in a mature way and come to an agreed way forward.

Mr Speaker: The Member's time is gone.

Mr Hamilton: I beg to move amendment No 1: Leave out all after 'Europe;' and insert

'and calls on Her Majesty's Government to halt their planned fuel duty increase and, due to Northern Ireland's peripherality within the United Kingdom, to devise and implement a scheme for Northern Ireland similar to the rural fuel duty relief scheme which was recently introduced for the Inner and Outer Hebrides, the Northern Isles, the Islands of the Clyde and the Isles of Scilly.'

If I sound breathless, it is because I am. Business in the House seems to have motored along much more quickly than any of us thought. I am glad to be here to propose the amendment that stands in my name and the name of Mr Ross.

First things first: there will be harmony across the Chamber on the argument that we pay far too high a rate for fuel in Northern Ireland. That is indisputable. There are varying figures that suggest that we are the highest in the UK or the second highest in the UK, depending on how you look at it and when you measure it. It is undeniable that we pay some of the highest prices per litre for petrol and diesel not only in the United Kingdom but in the whole of Europe. Clearly, that is having a stultifying effect on our economy.

Traditionally, we have had an added problem here in Northern Ireland because of the land border with another jurisdiction, although there seems to be a coming together in the price of fuel between ourselves and the Republic of Ireland. Especially in border counties, people have gone from here to buy their fuel across the border legally, which has deprived Northern Ireland and, indeed, the Exchequer of large amounts of revenue from fuel duty. I see the Speaker nodding; he understands what I am saying. We have also seen, sadly, a growth industry in illegal fuel trading, smuggling and fuel laundering. I think that the Treasury will need to bear those issues in mind when we make these arguments to it. I will come to that later.

To use the old phrase that you hear in many phone-in programmes, something must be done. We have a very high rate and are a very peripheral part of the United Kingdom, and the Treasury also needs to bear those points in mind. Something needs to be done. It is too easy to come into the Chamber as we have in the past and say things such as, "The Treasury needs to cut this rate". We can certainly argue that point, but it does not hold a terrible lot of water. Indeed, in recent times, the Finance Minister has made those very points. I am sure that, along with his Executive colleagues, he has made the very point that the rate is too high and, indeed, that the planned increase scheduled for August will exacerbate all the existing problems. That argument has not carried any weight, because the Treasury has not listened and is proceeding, as we heard in the recent Budget, with the planned increase in fuel duty. So, this is a reality that is bad

now and will get worse. Something has to be done, and it is a matter now of debating and discussing what ought to be done.

I had thought that, up to this point, we had got used to some of the ill-thought-out and ill-informed economic policy suggestions of the Sinn Féin Members on the opposite Benches. However, this has taken it to another level altogether. If we come from the basic starting point that we all agree that we pay too much for petrol and diesel in Northern Ireland, I can understand that people would want to explore options. However, the option that those Members put forward will have a detrimental impact. It might help motorists if they reduce the duty, but it will have a negative impact on everybody in Northern Ireland, because it will reduce public spending levels. The Member who proposed the motion and, indeed, his party will have ample opportunity later in the debate to say where they would take the money.

I assume that the argument from Sinn Féin is that we want to take the power to reduce fuel duty. We are not talking about increasing it, and we are not talking about keeping it where it is. There is no point in taking it if we do not reduce it. However, reducing it comes at a cost. We take in around £1 billion a year in fuel duty in Northern Ireland. That is our contribution to the £27.5 billion that the Treasury raises overall from fuel duty across the United Kingdom. Our contribution is £1 billion, and it is one of the few taxes where we pay more than our population share in the United Kingdom. That is probably a reason why, even if we discuss it with Treasury, it would not want to give it up. We more than pay our way in a UK context through this tax. However, if we took the power and reduced it, every penny that we reduced it by would cost our Executive and our budget £17.5 million. So, if you want to make some sort of meaningful dent in fuel duty and in what people pay at the pumps, you will have to reduce the duty by around 5p. If you add on administration costs, that is a £100 bill — sorry, if it was £100, I would pay it myself — it is a £100 million bill for Northern Ireland and our Budget.

Mr McKay: I thank the Member for giving way. Does he not agree that that principle also applies to devolving corporation tax and air passenger duty? Those also have to have an impact on the block grant. Will he not also agree that, if we can reduce the rate so that it is closer to that in the South, more people will buy

fuel in the North, meaning that that will increase revenue for us?

Mr Hamilton: The Member has had another opportunity to outline how he would pay for it. I will give way again if he wants to come forward with how he would pay for the £100 million reduction in our block grant.

Mr McKay: Will the Member give way?

Mr Hamilton: I will give way on the basis that you promise that you will explain where you will take the money from. If he does that, I will give way.

Mr McKay: I will not promise anything. I am saying that the same applies to corporation tax and air passenger duty, because, before we spell those out or come to any rushed decisions, they will have to be considered in the round in the same way as we are looking at corporation tax and air passenger duty.

Mr Hamilton: I was going to address that point. The record will show and people will notice that he did not answer the question that was asked of him. That question is fundamental when we debate this issue. I suggest that the difference between this and the other matters is that, with air passenger duty, the bill for the Northern Ireland Executive is about £3 million to maintain a strategically important air route that is bringing more investment than it will cost us. Clearly, corporation tax will be much more significant than that, but there is agreement across all the major parties in the Assembly that the economic multiplier effect that that would have will, potentially, be much greater for Northern Ireland in the longer term than what we will pay out. However, it does have an impact. We are all agreed in the Chamber about reducing corporation tax, and, yes, it has an effect on —

Mr Allister: Speak for yourself.

Mr Hamilton: I said all major parties. Of course, the Member could never be considered to be a member of a major party.

Mr Allister: I made that mistake once.

Mr Hamilton: We made it twice, I think.

There is clearly a major cost involved in that. It will hit our Budget, but there is broad agreement — let me say that — that it is in the best interests of Northern Ireland in rebalancing our economy and we are going to have to do that. However,

taking on another £100 million shortfall, on top of whatever the price of the devolution of corporation tax is, would simply be unaffordable, never mind unachievable.

I also want to make the point that the shortfall may get worse in the longer term. If we take the power, the Executive and Assembly would come under continued pressure. I do not think there is anybody here who believes that the price of oil will fall in the long term. It will continue to rise, so the pressure then comes on the Executive, the Finance Minister or whoever to reduce the rate that we take on fuel duty more and more. So, the cost will go up, and the shortfall to us will be significant. It will not just be £100 million; it could be £120 million, £130 million or £140 million and could continue to rise if we come under that pressure to keep reducing it to maintain the cost of a litre of petrol or diesel at an affordable rate.

The point is worth making that it is a fluctuating tax take. Over recent years, no doubt because of the downturn, there were some years when we took less than we did the year before. If we take less, that is a shortfall that we would have to make up in reductions elsewhere in our expenditure as an Executive and an Assembly. There may be years when you take more than you anticipate and budget for. It might seem like a bumper year, a bumper harvest, and we can spend the money, but the Member should know — he was a former Chair of the Finance Committee — that we are restricted in what we can carry forward from one year to another. If we do not spend it in-year on programmes, it goes back to the Treasury. They would be laughing —

Mr Allister: Will the Member give way?

Mr Hamilton: Yes I will, very briefly.

Mr Allister: Does the Member agree that there is another cost, which could be very substantial? The more we open the door to diversifying our tax base in Northern Ireland, the more we leave ourselves without an answer to arguments like those that would be mounted for regional pay. Once you regionalise taxation, you have little opportunity to resist such folly as regional pay.

Mr Hamilton: I do not disagree with the Member. He is right, and I think it hampers that argument. Imperfect as the funding arrangements that we have through the Barnett formula have sometimes proven to be — they do not reflect the need that there is in Northern Ireland —

we are much better with the certainty of the situation that we have at the moment than with the gambling that the Members opposite propose.

There is a potential solution that is more realistic and more viable, and that is the scheme that has been introduced for the Inner and Outer Hebrides and the Northern Isles, which is included in our amendment. It is a 5p reduction that goes directly to the motorist who is using it at the pumps. That happens in Scotland and in the Isles of Scilly and is not coming with a reduction to the Scottish Executive's Budget. If it was introduced here, as I think the Treasury should, recognising the peripherality of Northern Ireland and the revenue that we lose in smuggling, it would not hit our Budget.

Mr Speaker: The Member's time is almost up.

Mr Hamilton: It is therefore much more sensible and much more achievable, because the Treasury has already accepted the principle elsewhere.

Mr Speaker: The Business Committee has arranged to meet immediately upon the lunchtime suspension. I propose, by leave of the Assembly, to suspend the sitting until 2.00 pm. The first item of business when we return will be Question Time.

The debate stood suspended.

The sitting was suspended at 12.28 pm.

On resuming (Mr Principal Deputy Speaker [Mr Molloy] in the Chair) —

2.00 pm

Oral Answers to Questions

Office of the First Minister and deputy First Minister

Mr Principal Deputy Speaker: Question 2 has been withdrawn and requires a written answer.

Social Investment Fund

1. **Mr B McCrea** asked the First Minister and deputy First Minister to outline the reasons why there is still no timescale for the commencement of the social investment fund. (AQO 1778/11-15)

4. **Lord Morrow** asked the First Minister and deputy First Minister for an update on the social investment fund. (AQO 1781/11-15)

Mr P Robinson (The First Minister): With your permission, Mr Principal Deputy Speaker, I will answer questions 1 and 4 together. I appreciate the ongoing interest in the social investment fund (SIF), and I assure Members that we have been working hard to advance to the delivery stage. We have been making steady progress. The issues that the fund intends to tackle are complex and far-reaching. We need to be sure that the final proposals for operation and delivery are right if there is to be a lasting impact on communities.

The views emerging from the consultation have been extremely useful in helping to inform our consideration of the final operational arrangements. We take seriously, and wish to respond positively to, many of the views that were expressed to us in the consultation, so it has been necessary to reshape some parts of the programme. In addition, we have been working to progress the necessary business case and procedural requirements while establishing the delivery framework and team.

The key issues that we have been considering focus on the geographical spread of the social investment zones, the process for establishing the steering groups and the basis on which areas may be eligible for an intervention. The latter point is particularly challenging, given the

very different patterns of need: rural and urban; city and village; and large and small estates. However, they are fundamental building blocks to the successful delivery of the programme. As such, decisions cannot be taken lightly. Therefore, we have reflected fully on the consultation recommendations and considered all the options available. We are now preparing an Executive paper on our preferred way forward for the operation of SIF. We intend to place it before our ministerial colleagues for formal sign-off. We are not therefore in a position to disclose final details at this stage, but we remain determined to ensuring that the funds allocated make a real difference on the ground.

In preparation, our officials are carrying out a process of engagement with key partnership structures to explore issues on the ground and to determine how SIF might link, integrate and enhance existing or proposed interventions. Once the Executive have formally signed off on the operation of the fund, officials will roll it out further. The intention is to hold information seminars to outline the operation of SIF. We hope that that will encourage communities to engage in the process to ensure that area plans are robust and fully reflective of the priority needs of deprived communities here.

Mr B McCrea: I thank the First Minister for his answer. Does he accept that many people are watching closely what is going on with the fund, that expectations are high and that the delay is disappointing? What reassurance will he give to such people that the money previously allocated will not be lost? What steps are being taken to reprofile the allocation?

Mr P Robinson: I give an absolute guarantee about the latter point: the Executive have agreed to ring-fence the funding.

The engagement has begun. Unfortunately, Governments cannot win in this respect. We are dealing with public funding, so we are required to have in place robust structures to ensure the accountability of public funds. That requires us to go through a lengthy consultation process, which the Member's party was a party to setting up, that takes many months and adds to the duration before the fund can become operational. We have the requirement for business cases to be approved, and, of course, Executive approval is required.

If we are to be genuine about a consultation process, it is not simply a case of saying, "Here

are our proposals. Let's hear what you have to say, but we are going to do it anyway." We have taken the responses received and are making changes as a result, because we welcome the engagement that there has been with the community. The final proposals will be all the better for that consultation.

Lord Morrow: I thank the First Minister for his fairly comprehensive reply. The next stage will be the establishment of the steering groups. How does he envisage that proceeding in each of the zones?

Mr P Robinson: As our proposals have to go to our Executive colleagues, I will be slightly careful in answering that question. It is envisaged that the steering groups will comprise four key elements. Perhaps the key element will be the voluntary and community sector, but the political and business sectors and statutory organisations will also be involved. We will agree with the Executive the final numbers for each group and the method by which they will be appointed. The steering group will be expected to be in touch with its constituent organisations, so that it can bring forward proposals that will have the support of the wider zone and are seen to be fair. Obviously, the proposals will come to the Office of the First Minister and deputy First Minister (OFMDFM) and we will have to approve the final plans.

Ms Ruane: Go raibh maith agat, a Phríomh-LeasCheann Comhairle. Gabhaim buíochas leis an Aire as na freagraí a thug sé dúinn. I thank the First Minister for his answers. What consideration has been given to reviewing the composition of the zones following the consultation?

Mr P Robinson: That was one of the issues that came up again and again during the consultation process. Although we were not prescriptive in setting zones that would have excluded areas outside them, there was a feeling in areas outside the zones that zones should be drawn in such way that those areas were included. That would mean that a criterion of need would be applied to the funding. Although Executive colleagues will want to look at it, we have taken that issue into account in the final proposals that are being prepared.

Mr Allister: Important as the social investment fund is, has the First Minister had an opportunity today to reflect on the news from the Smithwick Tribunal that his deputy has been named as

someone who authorised the murder of two senior police officers?

Mr Principal Deputy Speaker: Order. That question is not relevant to the original question. We will move on. Question 2 has been withdrawn.

Child Poverty: Benefit Cap

3. **Mr Hilditch** asked the First Minister and deputy First Minister for their assessment of the impact that the proposed benefit cap of £26,000 might have on child poverty. (AQO 1780/11-15)

Mr P Robinson: With your permission, Mr Deputy Speaker, I will ask junior Minister Jonathan Bell to answer that question.

Mr Bell (Junior Minister, Office of the First Minister and deputy First Minister): The Minister for Social Development has indicated that work is ongoing to develop a more accurate estimate of the combined impact of all the proposed welfare reforms, including the benefit cap. The early estimates by the Department for Social Development (DSD) are based on the application of the Department for Work and Pensions' calculations to the situation. The Executive recently established a subcommittee to consider the implications of welfare reform. It continues to consider all the relevant issues within the financial and legislative constraints under which we operate.

Mr Hilditch: Will the junior Minister indicate when the statement on child poverty will be laid in the Assembly?

Mr Bell: We hope to lay it imminently; it is at the very final stages of preparation. We envisage having it with the Executive as soon as possible and, thereafter, it will be presented to the Assembly.

The Child Poverty Act 2010 provides the statutory basis for the United Kingdom Government's commitment to eradicate child poverty, and it is used to drive actions across UK Departments and the devolved Administrations. It should be noted that the Conservative/Liberal coalition Government amended the legislation that was enacted by the previous Labour Government, and those amendments have produced changes. One example of the changes is that, originally, a report was to be made to a UK commission. However, the commission was never set up and it was impossible to fulfil the provision. As a result of the changes, England and Wales have been removed from that obligation.

We are ready to produce the document and to bring it to the Assembly imminently. On all things to do with child poverty, we are assessed against the United Kingdom median figure. A consideration is then made, and children who live in households with incomes less than 60% of that median figure are classified as being in child poverty. The Northern Ireland median figure shows that we have a success story to tell, as our child poverty figures are somewhere around 19%.

That is a good story to tell, but it is cold comfort for that 19%. We are determined to do all that we can to fulfil our obligations to eradicate child poverty.

Mrs Overend: I thank the junior Minister for his response thus far. He will be aware that child poverty levels in Northern Ireland are nowhere near to reaching the targets in the Child Poverty Act. Aside from the social investment fund, what specific action is he taking to address that issue, and will he consider introducing Northern Ireland-specific targets?

Mr Bell: The Northern Ireland-specific target would come if we were to look at the figure of the Northern Ireland median income, through which we can show a significant reduction. In fact, at 19%, that is a reduction that many other parts of our United Kingdom would be envious of.

We are looking at how we can assist families. Figures and research are showing us that educational outcomes are better for children in Northern Ireland. The latest research shows that the number of young people who are linked with the abuse of alcohol and drugs is reducing, as is the number of children who are smoking. All those figures show that.

The Delivering Social Change programme, for which we have responsibility, will be the programme by which we seek to deliver real social change on child poverty. However, we are also looking at ways in which parents who are on low incomes, particularly people who could work part time, could be encouraged into work, as well as at ways of making the work that they are doing pay properly.

Mr A Maskey: Go raibh maith agat, a Phríomh-LeasCheann Comhairle. Will the First Minister or a junior Minister comment on the recent Save the Children report that states that any positive impact from the introduction of universal credit will be well outweighed by the negative aspects of the British Government's welfare reform programme?

Mr Bell: It is very difficult to look at what the particular impact of universal credit will be. The legislation went through the House of Commons only on, I think, 12 March, so it is very difficult to extrapolate based on legislation that is so fresh. The Department for Social Development is considering its own bespoke legislation for this House. Therefore, it is impossible to comment in advance of that legislation.

Some figures are showing that significant numbers of children — up to 10,000 — could be removed from the child poverty statistics with universal credit. However, it is very early for that, and I would put a cautionary note on those figures.

Trade: Dubai and India

5. **Miss M McIlveen** asked the First Minister and deputy First Minister to outline the key meetings which they attended in Dubai and India to encourage stronger trade links with Northern Ireland. (AQO 1782/11-15)

Mr P Robinson: Over the course of last week, the deputy First Minister and I undertook a week-long trade mission to the United Arab Emirates (UAE) and India. The purpose of the visit was to promote export growth and to stimulate further investment from the Middle East and India.

The UAE and India are important trading partners for Northern Ireland businesses, and the visit provided an opportunity to build on our growing reputation as a provider of quality products and services. We used the opportunity not only to market Northern Ireland as a place to do business but to assist local companies in building an international reputation. Our visit also coincided with the Middle Eastern and Indian launches of NI 2012 by Tourism Ireland, providing a further platform for promoting Northern Ireland as a must-visit tourist destination in both those fast-developing markets.

All the meetings that we participated in focused on building trade links and further establishing our presence in both regions. In Abu Dhabi, we met His Highness Crown Prince Sheikh Mohamed and a wide range of business leaders. In Dubai, we met other political leaders and business executives, including local firms based in Dubai, such as FG Wilson and Ulster Carpets, which recently secured a prestigious international contract to supply more than

11,000 square metres of carpet to the world famous Burj Al Arab hotel in Dubai.

We also led a highly successful trade mission made up of some 20 Northern Ireland businesses as part of Invest Northern Ireland's Opportunity India programme. The mission's aim was to assist those local businesses in developing an international presence and to grow their businesses through exports.

2.15 pm

During our time in India, we held discussions with both the Chief Minister of Mumbai and the Chief Minister of New Delhi. We also met a number of potential investors and reaffirmed our links with current Indian investors, including L&T Infotech, one of the world's largest providers of IT services, and Firstsource, a leading global business process outsourcing service provider. While it would be inappropriate at this stage to divulge any further details of our meetings, I have no doubt that many of the contacts we have made will lead to the creation of further jobs, exports and investment.

Miss M McIlveen: I thank the First Minister for his answer. Further to that, against what criteria will the effectiveness of the trip be judged?

Mr P Robinson: I assume that people will judge it by different criteria. For our part, the first thing we have to recognise is that there were a number of different elements to the trip.

First, there was the role of promoting tourism in Northern Ireland. The benefit of that will be seen in the number of visitors over the next few years. We also worked very closely with Invest Northern Ireland. I congratulate the Invest Northern Ireland teams in the Middle East and India. They are doing a tremendous job out there. They have to learn the culture and the way of doing business, which is very much based on building up friendships and networks in the area. I congratulate them on the job that they are doing. I also congratulate my colleague Arlene Foster. We were there to give her support on what was her second visit to the region.

As far as investment is concerned, we spoke to a number of investors, and we have high hopes that jobs that will flow from that. Also, there was the very important aspect of the trade mission, where local businesses in Northern Ireland were looking to supply the Indian market. A number of those businesses have very publicly

indicated their support for the trade mission. While modesty alone forbids me from reading the comments that they have made, I will say that each one of them has indicated how helpful it was that the First Minister and deputy First Minister were there because it gave them introductions at a much higher level than they would otherwise have had. As a result, we saw much higher numbers attending the various receptions that we held.

So, we have already seen the basis upon which we would expect to regard the trip as being successful, but we look forward in more tangible terms to the weeks and months ahead.

Mr Kinahan: I thank the First Minister for his answers. Let us hope things go the way he wants them to.

Given that there is a low absolute volume of sales to Brazil, Russia, India and China — £123 million in 2010 — and that the economic strategy's commitment is to raise exports by 60% by 2014 or 2015, which would represent only about £80 million, does the First Minister think that that is an ambitious enough target?

Mr P Robinson: The First Minister and deputy First Minister will have no objections if the target is exceeded. We have to be realistic. All of the exports will, we would hope, build up year-on-year. From what we saw with some of the major companies that we had out there, which are the ones that will make the big financial impact on those markets, it seems that they are recognising that there is an emerging market in the UAE and India and, indeed, in China, which the deputy First Minister and I will hopefully visit later this year. That is a signal that Northern Ireland is taking its place in the world. We are reaching out, and there is a new confidence and a new hope and expectation, which shows that business is very much in tune with the goal in the Executive's Programme for Government to reach out and extend our export basis. We have a market here of only 1.7 million or 1.8 million people. For business to be really successful and for us to drive up our GVA, we need to be building up our exports. It is upon exports that growth will be built.

Mr A Maginness: I wish the First Minister and deputy First Minister well and hope that the visit will prove to have been successful. Certainly, the indications are that it was very good. How does the First Minister assess the potential of tourists coming to Northern Ireland from the

two areas visited? What more can be done to assist in attracting tourists to Northern Ireland, for example, by making it easier to visit through visa waivers?

Mr P Robinson: Very often, people from that region will want to go to various parts of Great Britain and places in the South, which makes Northern Ireland the ideal place to come into. Under visa regulations, they can go from here in either direction on the one visa, whereas if they come into the Republic, they will require two visas. That makes Northern Ireland a very good launching pad for seeing the British Isles — if you will forgive that term — as a whole.

At the receptions, we spoke to the travel press and tour operators. There is a massive interest in Northern Ireland, particularly this year and next year because of the many events happening. We also spoke and gave detailed interviews to golf magazines. We should not underestimate the massive power of golf tourism. It is good to hear about the sell-out numbers for the Irish Open. That gives encouragement to the element of the Programme for Government that indicates that we need to look to bring another major tournament to Northern Ireland.

Ms Gildernew: Will the First Minister elaborate on the potential investment and trade benefits of the visit, especially for the agrifood sector?

Mr P Robinson: We met a full range of companies from architecture to heavy engineering, and the agrifood sector was in there, too. We probably spoke to every one of the delegations that was there from Northern Ireland, and all reported having made good contacts. It will be some time before they can firm up on those proposals. We have a lot to offer in the agrifood sector, which is probably the one sector of business that has given year-on-year growth in Northern Ireland in the region of 8%. It has to look for new and developing markets, and India and China will be chief among those. There will be massive opportunities for the agrifood sector when we go to China later this year.

Government: Quangos and Arm's-length Bodies

6. **Mr Givan** asked the First Minister and deputy First Minister what plans are in place to review the number of quangos and arm's-length bodies to ensure efficient and accountable government.

(AQO 1783/11-15)

Mr P Robinson: The Executive's Budget review group has been taking forward a review of arm's-length bodies across all Departments. The objective is to assess, on the basis of criteria agreed by the Executive, whether individual bodies might be abolished, absorbed into their parent Department or merged with another body with resultant efficiencies and savings. In many cases, though, efficient and accountable government would be best served by retaining the current arm's-length status of a body. The scope of the review covers over 100 bodies ranging from advisory committees to major public utilities.

The process will help to ensure the delivery of high quality and efficient public services, which is a Programme for Government priority. The review exemplifies the collaborative working envisaged in the Programme for Government to produce the building blocks consistent with the Executive's priorities. An analysis of information supplied by Departments has been completed centrally by OFMDFM and the Department of Finance and Personnel (DFP). At the Budget review group's last meeting, it considered a progress report. All Ministers were invited to examine the implications of the central analysis for their own arm's-length bodies. We are convening a meeting of the Budget review group in early May to consider the responses from this latest stage of the review.

Mr Givan: I thank the First Minister for that response. We can understand why the number of quangos may have been necessary during direct rule. However, in light of devolution having settled in, does the First Minister agree that it is important that we retain only those arm's-length bodies that are absolutely necessary, because the Assembly can hold Departments to much greater account than quangos can?

Mr P Robinson: There are two elements to that. First, if we can reduce the number of bodies, we obviously make the functions more accountable to the Assembly through our Committees. Secondly, there can be considerable savings if we reduce the number of arm's-length bodies, which the Finance Minister and the deputy First Minister and I see as being important. However, we recognise that a number of those arm's-length bodies are necessary and can probably do the job in a way that could not be done in Departments — I am thinking particularly of tribunals. Therefore, we will not wipe away all arm's-length bodies. However, an assessment

will be made as to whether the Department could better carry out those functions under our new circumstances.

In many cases, arm's-length bodies were felt to be an essential part of direct rule. There was a lack of local democracy under direct rule, and the involvement of local people gave it some degree of authority and accountability. However, we are in very different circumstances. That is why the Executive feel that it is necessary to seriously consider this matter.

Mr D Bradley: Go raibh maith agat, a Phríomh-LeasCheann Comhairle. An dtiocfadh liom an cheist seo a chur ar an Chéad Aire: arbh fhéidir leis blas de na torthaí a bhí leis an athbhreithniú go dtí seo a thabhairt dúinn? Can the First Minister give us a flavour of the main findings of the review to date?

Mr P Robinson: That might be unfair of me, as the review was carried out with the previous Executive team before the election. We have asked each of the new Ministers to assess whether they agree with the findings of their predecessors and whether there have been any changes in the way their Department operates that might cause them to alter those findings in any way. We have also asked them to look at any legislative vehicle that might allow them to make any changes that are felt to be necessary. We are awaiting responses from two Departments on this element of the review, and I am sure that the Member can use his influence in getting one of those Departments to catch up with the rest.

Ms Lo: What is the Minister's assessment of Government efficiency and accountability on the lack of provision for a marine management organisation in the Marine Bill, as the Bill covers six different Departments with varying functions and responsibilities?

Mr P Robinson: It would be wrong for me to involve myself in any discussion that relates to a departmental matter. The Member can take that up with the Minister concerned. The specific question that we are dealing with is about reducing the number of arm's-length bodies, and an assessment will be made by every Minister as to the value of those bodies in their Department.

Inward Investment

7. **Mr Swann** asked the First Minister and deputy First Minister for an update on their efforts to attract inward investment. (AQO 1784/11-15)

Mr P Robinson: Attracting inward investment is crucially important to creating jobs, growth and long-term economic prosperity for Northern Ireland. The deputy First Minister and I are determined to build strong economic relationships internationally in attracting investment and in deepening our strategic partnerships in opening up new markets and opportunities. We welcome the opportunity to support the economy Minister and Invest Northern Ireland's activities in overseas markets. We have participated in a number of visit programmes in recent months to proactively pursue new opportunities in encouraging investment and promoting Northern Ireland's tourism potential.

We undertook an extensive programme of visits to the United States in March. North America remains a significant source of foreign direct investment for us, and we used our visit to reinforce the message that we have an outstanding record of success in assisting inward investors. We also undertook our first official visit to Canada, and we had very positive meetings with important business interests in Montreal, including senior management in Bombardier, which is our largest manufacturing employer.

I have already spoken about our investment trip last week with the economy Minister to India and the United Arab Emirates. The key message that we conveyed on those visits was that the Northern Ireland Executive are pro-business and committed to growing the economy. It is too early to be specific on the outcome of the engagement. It can be months, sometimes years, before the result of that activity is realised.

2.30 pm

Enterprise, Trade and Investment

City of Culture 2013

1. **Mr P Ramsey** asked the Minister of Enterprise, Trade and Investment, given the anticipated influx of visitors for Derry/Londonderry UK City

of Culture 2013 events, what action is being taken to maximise business and tourism legacy potential. (AQO 1792/11-15)

Mrs Foster (The Minister of Enterprise, Trade and Investment): The Northern Ireland Tourist Board has been supporting the city council in Londonderry and Ilex to ensure that the city can develop an exciting events programme and has set aside £700,000 to support the programme. It has also invested capital expenditure of £8 million in built heritage projects as part of the Walled City signature project, along with £1.4 million for the city's lighting strategy. Invest Northern Ireland has offered financial support of £709,000 towards a suite of capability initiatives aimed at supporting businesses in the area, with the potential to exploit and capitalise on the business opportunities brought about by the City of Culture.

City breaks to Londonderry as UK City of Culture will be promoted in Great Britain later this year. We are currently promoting the city worldwide, through Tourism Ireland, in advance of the arrival in July 2012 of the Clipper and such events as the Peace One Day concert at Ebrington Barracks in June.

Mr P Ramsey: I thank the Minister for her reply. One concern and complaint that a lot of Members receive from their constituency comes from small businesses that cannot access procurement or tendering through government sources — whether they be local government; Ilex, in my case; or the Culture Company — and do not have the capacity to do so. Given the importance of the opportunities it has for businesses and for them to become more sustainable, will the Minister's Department, through Invest Northern Ireland, for example, initiate a programme of capacity building in the north-west area so that the true legacy of the City of Culture will be sustainable businesses in the community in the north-west?

Mrs Foster: I thank the Member for his question. As I said in my substantive answer, Invest Northern Ireland has invested £709,000 in a capability initiative. The reason behind that is precisely as the Member says: to support businesses in the area, with the potential to exploit and capitalise on the business opportunities brought about through the designation of UK City of Culture. I know that he will be keen that we also work with Mark Nagurski and Digital Derry in all that they do in relation to attaining

100 new small businesses in that arena by 2015. So, we are being proactive in relation to the City of Culture. We believe that it is a huge opportunity not only for the city but for the entirety of that region of the north-west. We will, therefore, work with the local MLAs, in particular. If they bring us particular issues, I will be happy to look at what we can do to solve those issues.

Mr McCartney: Go raibh maith agat, a Príomh-LeasCheann Comhairle. Gabhaim buíochas leis an Aire as a freagra. I thank the Minister for her answer and for her support for local businesses in particular. Will the Minister comment on the need for a good programme of events and how that will enhance the tourism potential? How does she view the recent announcement by the Minister of Culture, Arts and Leisure on the investment in the programmes?

Mrs Foster: It is hugely important that we have a package of events that can be bought into by everybody in the city. I know that that issue was raised at the last Executive meeting that I attended, as was the need to make sure that everybody in the city buys into it. At that Executive meeting, we were assured that that was the case and that a programme of events was being brought together that would allow everybody in the city to buy into it and, indeed, to shine brightly during the UK City of Culture year, so that it leaves the legacy that we all so desperately want to see left behind after 2013, moving into 2014 and 2015. I can assure the Member that I will do all that I can in my capacity to support the Minister of Culture, Arts and Leisure. I know that she brought that paper to the Executive. We supported that unanimously because, I think, we all get the fact that this is a huge opportunity for Londonderry and, as I said to the Member who spoke previously, for the whole region.

Mr Dunne: What is being done to promote the UK City of Culture in Great Britain?

Mrs Foster: As I indicated in my substantive answer, it is something that we are keen to promote, particularly towards the end of this year and moving on into next year. As the Member will know, we have a huge year this year, with ni2012. We want to make sure that we promote it, but ni2012 and what is happening in the UK City of Culture in 2013 is all wrapped up together.

Just yesterday, we were reminded that the World Police and Fire Games are coming to Northern Ireland next year as well. A lot is happening, and we want to make sure that the world knows about it. That is one reason why we used the opportunity, when we had the First Minister and deputy First Minister out in the UAE and India, to launch those events for ni2012. You can be assured that the city of Londonderry got a mention as well.

Fuel Fraud

2. **Mr Irwin** asked the Minister of Enterprise, Trade and Investment to outline the discussions she has had with stakeholders dealing with fuel fraud about new licensing legislation specific to the storage and sale of diesel fuel on garage forecourts. (AQO 1793/11-15)

Mrs Foster: My Department chairs the fuel oil liaison forum, which includes officials from Her Majesty's Revenue and Customs. The forum considered the need for amending the relevant legislation to include diesel but concluded that it would not be appropriate to incorporate diesel for licensing purposes. The current legislation is predicated on controlling the keeping and dispensing of petroleum spirit through a licensing regime to minimise the fire and explosion hazard posed to the general public. Diesel does not present such risks, which, in this context, is unfortunate, as far as I am concerned.

Mr Irwin: I thank the Minister for her reply. Given that fuel fraud, especially diesel fuel fraud, is a major problem in Northern Ireland, especially in my constituency of Newry and Armagh, does the Minister believe that the present legislation on fuel fraud is fit for purpose in dealing with this crime?

Mrs Foster: I can understand the Member's frustration. Indeed, when the Select Committee on Northern Ireland Affairs at Westminster wrote to me on the issue, I tasked officials to be as creative as they could to try to deal with it. Unfortunately, as I have indicated, the legislation that sits in my Department deals solely with health and safety. Diesel does not present the same hazard as petrol, and, therefore, there was no remit in my Department to take action on that issue.

We know that fuel fraud costs the United Kingdom millions of pounds in lost revenue every year. As I understand it from the Select Committee, Northern Ireland alone is estimated to have

lost £70 million in 2009-2010. That is a huge amount of money. Therefore, I believe that there is a need to move forward on the issue. I can only hope that the Minister of Justice has a look at the matter, and perhaps the Committee for Justice could look into it in more detail to see whether there is something we can do in a Northern Ireland context.

Mr Beggs: I understand, Minister, that there have been only 47 prosecutions between 2001 and 2009 and that millions of pounds go to criminal gangs as a result of fuel laundering. Does the Minister accept that the Executive as a whole should determine which Minister is appropriate to take forward and address the issue, so that there can be severe penalties for those dealing in this illegal fuel?

Mrs Foster: With respect to the Member, it is not my job to tell other Ministers how to do their job. If the Member has an issue that he wishes to raise with the Minister of Justice, he should do so.

Mr D Bradley: Go raibh maith agat, a Phríomh-LeasCheann Comhairle. Gabhaim buíochas leis an Aire as a freagra. Given her role with responsibility for health and safety issues regarding the storage and sale of diesel, does the Minister's Department liaise with HMRC in relation to any indications there are regarding the storage or sale of illegal diesel or fuels?

Mrs Foster: As the Member will probably realise, we have chaired the fuel oil liaison forum since its establishment in 2009. The forum includes officials from my Department, the HSENI and Her Majesty's Revenue and Customs. It also includes the district councils, which, as the Member will know, are the licensing authorities. The forum was set up to gather as much information as possible and for the training and development of council licensing officers. It was also to share the relevant information and intelligence with colleagues in HMRC, which, I think, is what he is asking about. We have increased the co-operation between district councils, the Department and HSENI. It is hoped that that will lead to further information on illegal activities.

Springvale Site, Belfast

3. **Mr Humphrey** asked the Minister of Enterprise, Trade and Investment what plans her Department has for the development of the Springvale site, Belfast. (AQO 1794/11-15)

Mrs Foster: Invest NI holds 48 acres of land at its Springvale Business Park. Most of this land has been developed by businesses. Invest NI is engaged in negotiations with a company over the sale of the remaining available land in the park. In the wider Springvale area, Invest NI also has 16 acres of available land at its Forthriver and Whiterock business parks. This land is held in support of economic development and is actively marketed to foreign and indigenous investors through the NI business information website.

Mr Humphrey: I thank the Minister for her answer. She will be aware that the site that I referred to is the interface site on the Springfield Road at Springvale, the former Mackie's site. Does the Minister agree that there has been considerable antisocial behaviour and violence in the form of rioting in that area and that the development of that site for the benefit of the entire community is essential? If there is agreement across and from the community, will she encourage her Invest Northern Ireland officials to work with those in Belfast City Council to establish a recycling plant for the benefit of that entire community?

Mrs Foster: There have been many ongoing discussions about the sites, particularly the one that the Member refers to, in which the city council has taken a particular interest. He is right to point out that, unfortunately, we have continuing instances of interface violence there and an ongoing issue with lower-level antisocial behaviour. That has an impact on trying to attract investment into the area because people see that antisocial behaviour continuing. We will continue to work with the Police Service on that issue. However, I reassure the Member that I am happy to work with the city council. I also assure him that we want to make sure that anything that goes on that site is acceptable to the host communities and will increase the site's value and the well-being of those who live in and around the site. Unfortunately, the issue has been ongoing for a considerable time.

Mr P Maskey: Go raibh maith agat, a Phríomh-LeasCheann Comhairle. I met Invest NI officials this morning in regard to that piece of land on the Springfield Road. I agree that there have been a number of antisocial behaviour issues, but a lot of good work is going on between the communities. That is a positive step that has reduced antisocial behaviour over recent months.

The big thing about the recycling plant is that Invest NI officials will tell you that it could jeopardise further investment in that piece of the Springfield Road, so we have to be careful about that. I agree, Minister, that a lot of positive work has been done in recent months by some of your Invest NI officials to try to move forward with that site and get investment in.

Mr Principal Deputy Speaker: Question?

Mr Paul Maskey: Does the Minister agree that investment is key to reducing antisocial behaviour and creating employment in one of our most deprived areas?

Mrs Foster: I would very much welcome investment in that area because that is the end goal for all its representatives. However, the approach to this piece of ground has to be holistic, so that everybody can buy into the solution. As I did in relation to Londonderry, I say to the representatives from that area that I am happy to work with them to find a solution and to ultimately attract inward investment and, indeed, some of our local entrepreneurs into that area to make it a vibrant hub.

Mr A Maginness: I thank the Minister for her previous answers and for her encouraging remarks about this land and her commitment to the development of it as an industrial/business centre. I remind the Minister of the very successful North City enterprise park, which is on the corner of Duncairn Gardens in north Belfast. It is built on an interface and is a good example of how —

Mr Principal Deputy Speaker: Question?

Mr A Maginness: — communities can get together. I cite that as an example that I would like the Minister to point to in encouraging people to invest.

Mrs Foster: I thank the Member for his comments. As I indicated, the end goal is one we all share. Duncairn Gardens is a good example of how we can all end up with a situation in which we have economic development and an area that can be bought into by those who host the parks so that they do not feel alienated from what should be an integral part of the community. It is one that we can work together on with the city council, and I look forward to ongoing discussions on same.

2.45 pm

Fuel Supply: Industrial Action

4. **Mr Cree** asked the Minister of Enterprise, Trade and Investment, given the possibility of

industrial action by fuel drivers in Great Britain, what contingency plans she has put in place to ensure an adequate supply of fuel at the pumps.
(AQO 1795/11-15)

Mrs Foster: The Advisory, Conciliation and Arbitration Service (ACAS) is facilitating discussions between employers and the Unite union. Discussions resumed yesterday, Monday 23 April, following rejection by Unite of the deal tabled on Friday 13 April. I welcome both sides' commitment to reaching a negotiated settlement on issues affecting pensions and contracts. However, if a decision is taken to strike, it should have very little impact on fuel supplies in Northern Ireland.

The UK Government's response to the fuel tanker drivers' dispute is co-ordinated by the Cabinet Office. Operational planning is led by the Department of Energy and Climate Change, with all relevant Departments across the UK, including my Department, involved in contingency planning meetings.

Mr Cree: I thank the Minister for her response. I am sure that she agrees that it is vital to have an important and positive relationship between government and industry. In that context, have any negotiations taken place in Northern Ireland with regard to the possibility that something unfortunate may happen?

Mrs Foster: As I indicated when our national Government were having difficulties with people queuing for petrol, the position in Northern Ireland is different to that in the rest of the UK. If the situation remains the same, there should be no impact on fuel imports into our four terminals, and there is no indication that fuel distribution will be affected in the Republic of Ireland.

Only one of the companies whose drivers voted for strike action distributes fuel in Northern Ireland, and the number of drivers involved is very small. Therefore, the fuel distribution structure in Northern Ireland is totally different to that which exists in Great Britain and is much more fragmented. There are in excess of 15 companies distributing products to filling station forecourts in Northern Ireland. Many of them are locally owned, and, therefore, the drivers are not members of a union. I do not foresee that we will have any difficulties in Northern Ireland.

Mr Storey: I thank the Minister for her answer and the reassurance that she believes there

will be very little impact on the fuel supply chain in Northern Ireland. However, due to the issue that has arisen in GB, are there any further steps that we can take to ensure consistency of supply, given the outline that the Minister has given to the House, which draws a distinction between Northern Ireland and the rest of GB as regards the impact of the issue?

Mrs Foster: As I have indicated, I genuinely do not believe that it will be an issue for us in Northern Ireland. However, we have undertaken extensive consultation on planning and testing over a number of years with a wide range of stakeholders to agree responses and ensure that they can be implemented if the worst-case scenario were to evolve. The work has also encouraged the emergency services and key functions to have appropriate business continuity plans in place, as well as central arrangements, so that they will continue to have access to fuel during any prolonged disruption. However, as I have indicated, I do not anticipate any such disruption, and I certainly will not be advising people to get out their jerrycans.

Mr McDevitt: I welcome the Minister's assessment that this is unlikely to become an issue at regional level. More broadly, will she inform the House what steps have been taken in order to ensure that the process of fuel pricing at regional level remains and can become even more, fair, open and transparent to us all?

Mrs Foster: The issue is the regulation of fuel prices. As the Member knows, we have a very competitive market. However, we are subject to global fluctuations and that is the difficulty with which we have to deal. That is why we need to ensure that our security of supply remains at the top of our energy agenda. It is one of the four main issues in our strategic energy framework, and I hope that everyone will remember that the next time we discuss the more contentious issues to do with security of supply.

Invest NI: Audit Office Report

5. **Mr Eastwood** asked the Minister of Enterprise, Trade and Investment for her assessment of the Audit Office report 'Invest NI – A Performance Review'. (AQO 1796/11-15)

Mrs Foster: I welcome the Audit Office's thorough work, and I consider the report a valuable addition to the research available on how Invest Northern Ireland is helping to address the significant

challenges that the Northern Ireland economy is facing. The report clearly vindicates Invest Northern Ireland's approach and improved performance, particularly that in the third corporate plan period. It is helpful to have a balanced and positive assessment of its work. However, I am unable to make any specific comments on the Northern Ireland Audit Office's report, as the matter may come before the Public Accounts Committee for discussion.

Mr Eastwood: I thank the Minister for her answer. What is her assessment of the finding in the report that the east of Northern Ireland received 37% more planned FDI investment per capita than the west?

Mrs Foster: I noted the Member's contribution after the report was issued. I have to say that it is very mischievous of him to take the report in that way. I ask him to go and read it again. He will find that it did not highlight specific regional disparity in the spread of jobs; instead, it presented a regional analysis of Invest NI-assisted projects by comparing the east and west of Northern Ireland. It showed — this is the bit that the Member left out of his statement — that the ratio of new FDI jobs promoted for each 10,000 of the population for the east of Northern Ireland was 158 compared with 146 for the west. I do not know where he gets a disparity of over 30% from, but, on a comparable basis, the level of inward investment jobs that were safeguarded was also significantly higher in the west than in the east. If he is going to pick out parts of an Audit Office report, he would do well to look at it that report in the round.

Mr B McCrea: Will the Minister give her reaction to the conclusion of the recent legal challenge to Invest NI's business start-up scheme and indicate whether there were any lessons for her Department from that incident?

Mrs Foster: As part of the legal agreement that has been reached with Enterprise Northern Ireland, it has put out a statement. Both parties indicated that they would say nothing further about the terms of that agreement. However, that seems to have been broken by one side, and I read pieces in periodicals over the weekend giving, I have to say, misleading and mischievous information.

For the record, the case was not abandoned or conceded. I well remember being in the House when Members were urging me to find a solution to the issue, because it was causing

difficulties and was dragging on for a long time. It was through consciousness of the fact that it was dragging on for a long period that Invest Northern Ireland and CPD approached ENI to see whether they could come to a settlement. That is exactly what has happened.

I hope that we will now be able to procure a new scheme that will go out next month so that we can deal with the issue as quickly as possible. Of course, I wish that this had not been the case, but ENI took the case, and, therefore, it had to be defended. I am just pleased that it has now come to an end.

Mr F McCann: Go raibh míle maith agat, a Phríomh-LeasCheann Comhairle. Thank you, Mr Principal Deputy Speaker. Will the Minister give a commitment that, throughout the performance review, Invest NI will continue to focus its efforts on bringing investment into areas of social need?

Mrs Foster: Part of what it is doing is trying to deal in areas of social disadvantage through its new Boosting Business initiatives. The Member will be aware of those campaigns. They are going well, and I hope that the information on Boosting Business, particularly on the jobs fund and what has been achieved in neighbourhood renewal areas, will be available next week.

Mr D McIlveen: I thank the Minister for her answers so far. I wish to come back to the issue of Enterprise Northern Ireland and Invest NI. Will the Minister enlighten us a little on the terms of settlement between the two bodies in the action over the procurement? What procurement changes have been made by Invest NI as a result of that action?

Mrs Foster: As part of the legal agreement, Invest NI was asked to contribute to the legal costs. On that basis, the case has now been settled, albeit a little after it could have been settled. It is something that we, along with colleagues in CPD, will look at closely, because we are clear that, if such cases are taken, we need to learn the lessons from them. It is my hope and desire that a new procurement will be available to our own indigenous companies in the very near future. Actually, that procurement ran only to, I think, the end of September next year, and, therefore, we would have had to look for a new procurement next year in any event. We need to get that procurement out as quickly as possible so that we can service those companies.

Economic Growth

6. **Mrs McKeivitt** asked the Minister of Enterprise, Trade and Investment what alternative financing methods to help promote economic growth are currently being considered by her Department.
(AQO 1797/11-15)

Mrs Foster: Invest NI is developing a range of funding initiatives, both equity and debt, that will provide over £100 million to small and medium-sized enterprises in the next six years. These initiatives will be primarily aimed at small and medium-sized enterprises that are or have the potential to be scalable, innovative, entrepreneurial and export-focused. These are the types of businesses that are likely to add most to Northern Ireland's economic growth.

Funding available for individual companies will be from £1,000 up to £2 million in any 12-month period, depending on need. The funds will be managed on Invest NI's behalf by approved fund managers, who will take all investment decisions and manage the funds on a fully commercial basis.

Mrs McKeivitt: I thank the Minister for her reply. What is her view of the role of public-private partnerships in filling investment gaps?

Mrs Foster: We recognise that there was very much a gap in the capital available to small and medium-sized companies. That is why we, as a Government, felt that we needed to intervene in the market. As I said, the funds will be run on a commercial basis by independent fund managers. They will not be run by Invest Northern Ireland or by government but will be run independently. They will fill a gap, particularly the micro fund, which will, hopefully, go live in July, and the small business loan fund, which will go live next month. I hope that they will make a difference to companies, especially those that want to expand but cannot currently do so because of the difficulties that they have with their banks.

Mr I McCrea: I commend the Minister on her efforts to ensure that her Department and Invest NI do whatever they can to promote economic growth. Will the Minister update the House on any meetings or discussions that she is holding with the banks to ensure that they continue to provide much-needed help to businesses?

Mrs Foster: I thank the Member for his question. He is right to put the focus again on our

local banking sector. Obviously, a stable and competitive banking sector that meets the needs of not only businesses but individuals is vital to the economic recovery of Northern Ireland. Although we have no statutory control of the banking sector, I have met representatives of the main banks in Northern Ireland again to emphasise the importance of supporting business growth in Northern Ireland. Most recently, on 5 March, I met the new chief executive officer of Danske Bank, which owns Northern Bank, and I tried to underline to him the need for Northern Bank to be an open bank, to work with government and to try to deal with the specific circumstances of Northern Ireland. We will keep doing that, but it is right for the House at ministerial level, at Committee level and on the Floor to keep the focus on the banks to ensure that they are as open as possible.

3.00 pm

Ms J McCann: Go raibh maith agat, a LeasCheann Comhairle. Given the potential of credit unions in helping to promote economic growth and the recent constraints imposed on them by the FSA, will the Minister ensure that any legislation coming through the Assembly in relation to credit unions gives them room to develop social investment, particularly in areas of deprivation and need?

Mrs Foster: The Member is right to point out the potential of credit unions. Now that they are FSA-regulated, it is my hope that they will be given more scope to do that. She will probably be aware that the big society capital initiative, launched earlier this month, will be available to the whole of the United Kingdom, including Northern Ireland; that was a very significant announcement. It will help to drive and develop a more sustainable social economy sector. It is my hope that we will be able to get our share of that money in Northern Ireland. The social economy sector should look to that as well as, of course, other mechanisms.

Mr Principal Deputy Speaker: That concludes questions to the Minister of Enterprise, Trade and Investment. I ask that Members take their ease for a few minutes while we reorganise the desk.

(Mr Deputy Speaker [Mr Dallat] in the Chair).

Private Members' Business

Fuel Duty

Debate resumed on amendment No 1 to motion:

That this Assembly condemns the forthcoming 3p rise in the cost of fuel; notes that our people pay some of the highest fuel costs in Europe; and calls on the Executive to start negotiations with the British Government regarding the devolution of powers on fuel duty. — [Mr McKay.]

Which amendment was:

Leave out all after "Europe;" and insert

"and calls on Her Majesty's Government to halt their planned fuel duty increase and, due to Northern Ireland's peripherality within the United Kingdom, to devise and implement a scheme for Northern Ireland similar to the rural fuel duty relief scheme which was recently introduced for the Inner and Outer Hebrides, the Northern Isles, the Islands of the Clyde and the Isles of Scilly." — [Mr Hamilton.]

Mrs Overend: I beg to move amendment No 2: Leave out all after "Europe;" and insert

"recognises the potentially significant cost to the block grant of devolving fuel duty; and calls on the Executive to lobby Her Majesty's Government to take action to address high fuel prices in Northern Ireland."

I thank the Members who tabled today's motion, as it gives the House a good opportunity to debate what is a very important and topical issue. However, at the outset, I will say that the Ulster Unionist Party will not be supporting the motion as tabled by Sinn Féin; instead, we propose amendment No 2, which recognises the significant cost of devolving fuel duty and calls on Her Majesty's Government to take action to address high fuel prices in Northern Ireland.

The current price of fuel in Northern Ireland is a particular worry for individuals and businesses right across the Province. The latest fuel price report from the AA, produced as recently as last Friday, stated that the average UK petrol price has risen to a new high of 142.48p a litre. Although that is concerning in itself, the fact is that prices in Northern Ireland are even higher, with motorists here paying about 1.5p more than the national average. The recent price rise is,

of course, linked to panic buying at forecourts across the mainland last month. As an aside, I am concerned that the Minister affirmed during Question Time that the Department has no contingency plan in place should a similar scenario occur in Northern Ireland.

It is not just petrol prices that are high. Aside from south-east England, Northern Ireland also has the highest diesel prices, at 148.2p a litre, which is also above the national average. It is not just within the United Kingdom that Northern Ireland's fuel prices are disproportionately high; they are also high compared with those in the rest of Europe. Given that the UK has the seventh highest petrol prices in Europe and the second highest diesel prices, Northern Ireland has among the highest prices in the whole of Europe, as the motion suggests.

The statistics give us a sense of the seriousness of the situation we are facing. Therefore, the proposed increase of 3p in August will worsen what is already a bad situation. At the outset I mentioned the particular worry that that brings for individuals and businesses, at a time when many families are already finding it hard to get by. It is becoming increasingly difficult to afford to run a car, and the cost of fuel in general accounts for a major part of a household's expenditure.

As regards businesses, fuel prices are driving up transport and haulage costs, and our private sector businesses are suffering as a result. The uncertainty surrounding prices also makes it hard for businesses to plan for the future. I accept that the volatile price of oil is not something that can be cured by the House or in Westminster. However, high fuel prices are obviously detrimental to the Executive's aim of rebalancing the Northern Ireland economy and ending our well-publicised overreliance on the public sector.

We must also take particular account of the fact that rural areas suffer more. I know that only too well from my own constituency of Mid Ulster, where I hear weekly from local businesses and people who find it difficult to cope with fuel prices at their current level. As with other issues, such as youth unemployment, it is an unfortunate fact that rural areas are often hit harder. Due to the increased transport costs that are associated with being so dependent on cars to travel, the price of fuel has a major effect on those who live and trade in rural

communities. Indeed, the DUP amendment highlights the rural fuel duty relief that is provided in Scotland for exactly those reasons.

The issue of fuel laundering should also be touched on in the debate. We have a particular problem in some areas of Northern Ireland. Fuel laundering undoubtedly plays a part in driving up the price of fuel. I know that that is an issue for the Minister of Justice and the PSNI. Although I would never condone any criminal activity, high fuel prices lead to more fuel laundering, which, in turn, drives prices up.

We have debated fuel fraud in the House previously. We are all aware of the extent of that problem. Her Majesty's Revenue and Customs (HMRC) estimated that, in 2009-2010, the revenue that was lost to fuel fraud was in the region of £70 million. As well as that, convictions for that particular crime are relatively low. Performance statistics that HMRC and the Minister of Justice provided show that between 2001 and 2009 there were only 47 prosecutions for fuel fraud in Northern Ireland. We must work to alleviate the factors that lead to fuel fraud. That will have a positive effect on fuel prices.

In the light of what I said, the Ulster Unionist Party has no problem with the part of the Sinn Féin motion that sets out that fuel prices in Northern Ireland are high. We also have no issue with condemning the 3p rise —

Mr A Maginness: Will the Member give way?

Mrs Overend: I will in a wee second.

We also have no problem with condemning the 3p rise in the cost of fuel that was outlined in the recent Budget that the Chancellor brought forward. Indeed, my colleague Danny Kennedy spoke out against that increase when the Budget was announced. We cannot, however, support the start of negotiations to devolve fuel duty. That would come at a significant cost to the block grant. In February this year, the Finance Minister outlined that the fuel duty that is collected in Northern Ireland amounts to around £900 million per annum. As my colleague Leslie Cree will outline in more detail when he speaks, we are already working to devolve corporation tax to Northern Ireland. The cost of devolving both would have significant effects on funding for other areas, such as health and education.

Does the Member still want me to give way?

Mr A Maginness: Yes, indeed. I am grateful to the Member for giving way. One reason that fuel fraud exists is the differential in fuel prices, particularly for diesel, between the North and the South. Does the Member agree that one way to address that would be to try to harmonise duty on diesel, and, indeed, petrol, between the North and the South so that that would at least act as a disincentive to those who launder fuel?

Mrs Overend: I thank the Member for his comments. Although I am not saying that fuel duty powers should be devolved, I think that the Government at Westminster need to look at the different areas in the United Kingdom.

Mr Beggs: Does the Member accept that, if that movement occurred, difficulties could arise with fuel laundering and smuggling between Northern Ireland and the UK? The problem of dye being stripped from diesel would remain. That is a major problem in which fraudsters are involved. Undoubtedly, if the Republic were to increase its fuel prices in line with those of the UK, that would also get rid of the other issue.

Mrs Overend: That is a very good point. Thank you very much, Roy.

The Ulster Unionist Party considers the SDLP amendment to be unrealistic, because it seeks to set up a commission with a view to devolving all fiscal powers to Northern Ireland. I want to make two points on that. First, the last thing that we need is another commission. We should seek to deliver efficiencies by rationalising existing commissions and quangos. My party has committed to bringing those efficiencies into government. Secondly, cost is, again, an overriding factor. I will be interested to hear how the SDLP proposes that its amendment will work to Northern Ireland's economic advantage.

My party believes that our amendment is pragmatic. It addresses specifically the main issue that we have with the Sinn Féin motion.

Mr D Bradley: Will the Member give way?

Mrs Overend: I think that I will just keep moving on. Thank you.

We believe that our amendment is pragmatic and that it addresses specifically the main issue that we have with the Sinn Féin motion, which is the huge cost that the devolution of fuel duty and subsequent lowering of tax would have on the block grant. Our Executive must lobby Her Majesty's Government to bring about an

equitable resolution for the people of Northern Ireland.

Mr D Bradley: I beg to move amendment No 3: Leave out all after "regarding the" and insert

"establishment of a commission to assess the devolution of further fiscal powers, such as fuel duty, which would enable the Assembly to serve the people of Northern Ireland better."

Éirím le leasú uimhir a trí a mholadh. Before I continue, I will respond to some of the points made by Mrs Overend. She suggested that we were proposing the establishment of a quango. A commission is not a quango; it exists for a short period to deal with one particular issue, as was the case with the Calman commission in Scotland.

The SDLP has been highlighting the issue of high fuel costs for a long time at Westminster. I pay tribute to the work done there by my colleague Margaret Ritchie, the MP for South Down, who has been campaigning long and hard on this subject. The issue of fuel costs should not be seen in isolation, but should be viewed as part of a process of rebalancing the Northern Ireland economy. Short-term action may be useful in staving off the immediate effect of a particular escalation, but it is much better to look at things in a more holistic and strategic way to obtain a wider set of levers that would give us more control and help us to shape our own economic future.

We all agree that we have few enough tools in our economic toolkit and that we need more, so I believe that we should seek them. The original motion confines us to seeking one particular lever. Amendment No 1 confines us to a single scheme, and amendment No 2 does not even go that distance; it is all too vague in its import. The SDLP amendment does not preclude short-term action, but it places the issue in the wider, more strategic context of rebalancing the economy around this issue and others, which might include landfill tax, vehicle tax, enterprise zones, Crown Estate assets and winter fuel payments. That is not an exhaustive list. That is why I ask the House to take a wider view and support the SDLP amendment.

There has always been some controversy in the House when tax-varying powers are mentioned. The issue of cost obviously comes to the fore, and the question is whether the acquisition of a certain power would be a cost or a benefit to

Northern Ireland. Indeed, many of these issues are complicated, and, in some cases, it is difficult to answer with accuracy, as was found with corporation tax. People are understandably wary that costs may outweigh the benefits, but rather than constantly reverting automatically to the default position, I believe that we should seek to explore what may be available to us on a cost/benefit basis.

I was going to say that the Minister of Finance and Personnel will, no doubt, rise to his feet, do a merry dance and berate us, but he is not in his seat today. We have the heir apparent here, although his succession is not always that apparent. In any case, on the question of the transfer of corporation tax powers, we have seen the wide variance in the estimates of costs and benefits between the Department of Finance and Personnel (DFP) and the Treasury. Although work is ongoing on reconciling these estimates, the variance illustrates some of the difficulties involved. I congratulate the Minister on taking up the SDLP's suggestion to bring in external experts to assist DFP in its negotiations with the Treasury, and I am glad to hear that progress is being made.

As I said, rather than treat each potential tax-varying issue singly, the SDLP believes that we should look at the situation in the round through an inquiry into all the possibilities open to us and the potential impact of each. The issue of fuel duty is most pressing at the moment, and I am not suggesting for one minute that it should be kicked into touch.

Recently, public transport fares have increased, and we hear today that Translink is under huge financial pressure —

3.15 pm

Mr Deputy Speaker: Bring your remarks to a close.

Mr D Bradley: — largely due to —

Mr Deputy Speaker: Sorry, you have 10 minutes.

Mr D Bradley: Thank you very much, Mr Deputy Speaker. Those financial pressures on Translink are largely due to escalating fuels costs. As we have heard, petrol prices have reached astronomical proportions, with prices as high as 144p a litre being reported. We are now said to have the sixth highest price in the world, higher than anywhere else on these islands or in Europe. It is estimated that it now costs over

£70 to fill the average family car tank, and, as the Minister and Members know, that is not an insignificant cost for the vast majority of people at a time when they are already suffering, with welfare reforms coming down the line and the cost of motor insurance being much higher here than in other areas. This is a particular problem in rural areas compared with other areas.

The average family sends around £700 a year to the Treasury just to cover fuel duty. The high cost of fuel is particularly problematic for the poorest in society, for whom such an amount represents a significant portion of income and for whom the use of the car is most important for their remaining economically active. There is not only a discrepancy between regions but within them, with rural areas here suffering particularly high prices.

As I said, we cannot separate this problem from the issue of investment in public transport services. Historically, we have received the lowest spend per capita on transport infrastructure, leaving the car as king and often the only viable choice.

Mr Ross: I thank the Member for giving way. He rightly says that families are struggling in the current economic climate, but he offers up devolving fuel duty as some sort of panacea for all these problems. Will he not accept that, if we are to get fuel duty devolved to the Assembly, there will be a significant cost to the Executive and that that means less spend for the very things that he has just laid out, such as public transport?

Mr D Bradley: I thank the Member for his intervention. I am afraid that he is wrong in insinuating that I am offering a reduction in fuel duty as a panacea. I do not think that I have said that anywhere in my speech. What I have said is that we should set up a commission to examine all the possible levers available to us and to examine them on a cost-benefit basis. That is exactly what I have said, and I do not think that that is suggesting that one lever rather than another is a panacea.

To get back to the transport issue, people have no option but to get into their cars. Those who are priced out of the market by high fuel prices are often left economically and socially isolated. Indeed, there seems to be little joined-up thinking on a North/South basis regarding the fuel duty regime to avoid striking disparities, particularly around the border. This problem distorts the local market for fuel and leaves local retailers and consumers at a marked disadvantage. As

other Members have said, it also encourages fuel smuggling and fuel laundering.

These problems are faced not only by people and by families but our businesses. As we know, oil is the blood that drives the heart of industry and commerce, and, when oil prices are high, costs soar, which weakens competitiveness and, in turn, threatens jobs. We hear the Secretary of State for Northern Ireland and Treasury Ministers talk about rebalancing and growing the Northern Ireland economy. This seems to be rhetoric in search of a policy at the minute. One of the main things holding back business growth in Northern Ireland is the punitive price of fuel. Action here would be an ideal way for the Treasury to demonstrate its commitment to growing the Northern Ireland economy.

In conclusion, short-term action is useful, but it will only really be a stopgap and will not address the underlying issues in our economy. That is why I ask the House to support a holistic and strategic approach to our problems and to do so by supporting the SDLP amendment.

Mr Lunn: I thank Mr McKay and his colleagues for bringing the motion to the House today, even though we will not support it. It has given us an opportunity to discuss the matter at least.

I remember not so long ago when people were fearful of the £5 gallon. I am going back to old money here. For the record, at the moment, based on a price of £1.50 a litre, a gallon of diesel would cost just under £7. That is where we are with this at the moment. It is a serious situation. Somebody said that £70 is an average fill for a car. I do not drive a very big car, but I can get more into it than that at the moment.

I confirm that my party will oppose the motion, and I acknowledge Mr McKay's belief that a 5p reduction could be sufficiently beneficial to the Northern Ireland economy to make the measure cost-effective. However, I do not accept that that is the case. Mr Hamilton said earlier that it could cost close to £100 million to test such a measure. It is not feasible to do that. The whole principle of the devolution of tax-varying powers to the Northern Ireland Executive has been the subject of much discussion, principally around corporation tax. A little bit of time has been spent on air passenger duty, and, probably because of the relatively small amount involved in one long-haul connection, that has been able to be sorted out and has been solved fairly quickly. However, when we start to talk about

serious money, as evidenced in the argument on corporation tax, it becomes much more difficult, and the length of time that that is taking, because the stakes are so high and the consequences of getting it wrong are so serious, is an indication of how difficult it would be to undertake the same exercise on fuel duty.

Amendment No 3, the SDLP's amendment, makes more sense to us, and we could support the call for a commission to assess the viability of the devolution of fiscal powers in general across the board. Indeed, if we get to the point of voting on that amendment, we will support it. However, that suggestion is perhaps aimed at the longer term, and it does not address the immediate, serious problem that the high cost of fuel is now having a noticeable effect on the lives of people in Northern Ireland.

Mr D Bradley: Will the Member give way?

Mr Lunn: OK.

Mr D Bradley: The Member said that the SDLP amendment does not address the immediate problem, but neither does it preclude action on the immediate problem. I made that point several times during my speech.

Mr Lunn: Mr Bradley did indeed make that point, but I am going on what the amendment says, not what it might have said. It proposes a commission to look at the problem of the devolution of fiscal powers generally, and we would support that.

All this is now having a noticeable effect on the lives of people in Northern Ireland, through transport costs, commercial activity and day-to-day usage of cars, which we rely on here, and public transport.

Amendment No 2, tabled by the Ulster Unionists, is more immediate. Indeed, the amendments seem to get more sensible and agreeable the closer we get to the top of the page. We agree that the Executive should lobby Her Majesty's Government to take action. Indeed, frankly, I would be very surprised if that has not already happened, but I am not in a position to tell.

The preferred amendment to us is the DUP one, which points to the extension of a scheme that is already in place for reasons that could, at a stretch, be justified in Northern Ireland. It happens to give the same concession of 5p a litre. The peripherality — lovely word — and the rural nature of much of Northern Ireland are

valid reasons for special relief, and I hope that the Assembly will vote amendment No 1 through and that the Westminster Government will take it seriously.

Mr McKay: Will the Member give way?

Mr Lunn: I am getting a bit tight here, thanks.

At Westminster, Margaret Ritchie is not the only one who has been pursuing the matter. Naomi Long, in her response to the Budget, also registered her dissatisfaction that no recognition was given to higher fuel costs over here and to our greater dependence on the private car, which exacerbates the problem.

As I said at the start, we are in a new area here. The £1.50 litre has arrived, and it will not stop there. The cost of crude oil will continue to rise. That leaves the only significant variable in that equation as the amount that the Exchequer takes for each litre and gallon of fuel that is used. The only way to make a significant and immediate difference is to get the Exchequer to take a smaller take, to recognise the particular problems that we have over here and, in the terms of the DUP amendment, to make us a special case once again. At least there is a precedent for it. The islands off the Scottish coast or on the Clyde might be pretty small, but the situation is the same. It costs more to produce the fuel and bring it to the pump in those places, just as it does here, particularly in our rural areas.

I hope that the House will support the DUP amendment on this occasion. If it does not, we will support either of the other two amendments, but not the motion.

Mr Irwin: I welcome the opportunity to comment in this debate on a growing issue for everyone in Northern Ireland. The price of fuel in Northern Ireland continues to rise and to put a heavy strain on not only drivers but our businesses and industries that rely heavily on transport. A report from the AA this week states that it costs more to fill up a car with fuel than the average two-child family spends on groceries in a week. That is a startling reality, and it shows just how serious the situation is getting. The amendment set out by my colleagues focuses attention on what is within the powers of Westminster as regards fuel duty and draws attention to the relief scheme operating in more rural areas of the UK. It would be excellent to see a similar

scheme in operation here in Northern Ireland, given the significant price differences that exist here.

As someone who comes from a farming and rural background and who represents a constituency that is largely rural, I can certainly say that travel and transport costs are significant across all sectors. Many who live in rural areas and travel to work are under enormous pressure in terms of fuel costs, and we all know that driving for miles on rural roads requires a greater amount of fuel than driving on motorways or A-class roads. Many of my constituents drive to larger towns and then opt to use public transport to travel to work because they feel that that saves money and avoids serious wear and tear on their vehicles. However, after Minister Kennedy's announcement last week, we now have the added expense of higher public transport costs and higher car parking costs for those who choose to use public transport. It is quickly becoming a no-win situation for commuters.

Turning to the farming industry, and speaking as somebody who is involved in the industry, I know that fuel prices are becoming a massive issue for the industry in general. Fuel price rises affect everyone involved in the agricultural sector, from the farm gate to the supermarket shelf, and it is staggering just how much of an impact fuel costs have on margins within the industry. Farmers and the wider agricultural industry have deep concerns that, as we head into harvest season this year, fuel prices will be at a record high, with no signs of stability or reduction. In the harvest season, as you know, farmers have lots of heavy machinery out in the fields and on the roads, and it is staggering just how much fuel that work uses. The costs must be met upfront by the farmer.

Stiff competition among the major food retailers and large supermarkets mean that those rising fuel costs cannot simply be offset by asking for more for the product, as we know that the farmer has no control over the pricing. The farmer is left to pick up the tab for any rise in fuel and production costs.

Another sector that feels every penny rise acutely is the haulage industry. Only a few weeks ago, a well known haulier in the Newry and Armagh constituency had to close its doors after 40 years in the business. That came as a great shock to the workers and the industry generally. The high cost of fuel is the major issue facing our hauliers at this time, and it is

getting more and more difficult to make haulage pay. Competition is fierce in the industry, and operators really have their backs against the wall in trying to find work and keep contracts. It is now more important than ever to ensure that some meaningful solution is found to help offset the mounting cost of motoring and transportation within Northern Ireland.

I fully support the Assembly in making approaches to Westminster to discuss the matter and to work towards ensuring that Northern Ireland is no longer burdened with such significant cost differences. I support the amendment in the name of my party colleagues.

3.30 pm

Mr Murphy: Go raibh maith agat, a LeasCheann Comhairle. I support the motion and welcome the opportunity to contribute to the debate. I am a bit disconcerted that we will not have a ministerial response to today's debate. I was here from the outset of the debate, and I am not sure whether we received an explanation of why the Minister of Finance has chosen not to attend. I hope that it is something that the Speaker can address. A debate on fiscal powers in the Assembly, with all the participants and the amendments, is an indicator of the interest in the issue. The fact that the Minister who has responsibility for some of those fiscal powers is not here to respond on behalf of the Executive undermines and undervalues the debate somewhat. I hope that an explanation of why we did not manage to secure a ministerial response to today's debate will come through the Speaker's office.

The debate and the amendments show the level of interest that there is in the issue of fuel duty and costs. Even though there are differences in the debate, there is a broad range of acceptance of the nature of the problems that we confront in relation to fuel duties. The spiralling costs have put us at the top of the European leader board when it comes to fuel prices. There is a general condemnation — certainly a lack of acceptance — of the fact that the British Government intend to put another 3p on the price of fuel later this year. Even Mrs Overend, on behalf of the UUP, accepted that these issues and the rising cost of fuel are damaging business and the rural way of life and are making it difficult even for the Executive to achieve Programme for Government targets in relation to rebalancing the economy. It has a

serious impact right across our economy. The question is what to do about it, and that is where the disagreement arises.

I am disappointed with a number of amendments. The DUP's argument appears to be that we could have the power among a range of other fiscal levers that we could balance against one another and decide how to deploy in the interests of our economy. However, its preference is simply to lobby the Treasury, not to take the power on behalf of the people who elect us and hold us accountable. Mr Hamilton, speaking to his amendment, was not optimistic about the outcome of any such lobbying. The DUP amendment suggests that we should deploy this on the basis of a scheme given to the islands. When people talked about going for the same reduction in air passenger duty as applies to the highlands and islands, the Department of Finance and Personnel accepted that that was not possible; Treasury had ruled that out. However, Mr Hamilton's amendment seems to send us down the same route. I am not surprised that he is not optimistic about the outcome of any such argument to the Treasury, given that the previous one about air passenger duty, according to DFP, failed. I will give way.

Mr Hamilton: I will give the Member the opportunity to answer the question that his colleague to his left abjectly failed to answer during the debate. The Member has just said that we would take a range of measures and balance them against one another. What other taxes would the Member wish to devolve to the Northern Ireland Assembly, and, more importantly, which ones would he want to put up to achieve the balance that he mentioned?

Mr Murphy: My party position has always been quite clear: we wish to devolve the entire range of fiscal measures to the Assembly.

Mr Hamilton: What will you put up?

Mr Murphy: I am happy to put up wealth taxes and introduce a range of duties that would balance these off. The logic of the DUP defies the logic of its approach to corporation tax, where it can envisage a cost to the block grant that will have a greater economic benefit but only on that issue alone. If that logic applies to corporation tax, surely it should apply to a range of other fiscal measures, so that we could balance the benefits to the economy and the benefits in revenue to the Executive against the cost of deploying the measures. We have rates

and other smaller fiscal measures available to the Assembly, and we decide how to deploy those as we see fit.

The UUP amendment —

Mr Beggs: Will the Member give way?

Mr Murphy: I am sorry; I am running short of time. The UUP amendment proposes less than that: simply knock on the door and hope for the best. Our MPs who sit in Westminster say that they are lobbying hard on the issue, but they actually produce very little.

The SDLP amendment is interesting, and whatever means we can deploy to look at the full range of fiscal powers that are available would be useful. It is somewhat surprising that the SDLP has decided to attach that argument as an amendment to this motion. Perhaps it should have put forward the idea of establishing a commission to look at the broad range of the issues when we were dealing with the Programme for Government or debating rebalancing the economy, rather than tagging it on as an amendment to a single issue like fuel duty. Nonetheless, I think that the idea is worthy of support and that we should find ways and means of looking at the broad range of fiscal powers.

Other than that, Members are content to be a glorified county council, simply administering whatever moneys are given to us with all the strictures that are applied by the Treasury. Do we not want to deploy the full range of powers available to us in the interests of the people to whom we are accountable, whom we represent and who come to us to provide some sort of difference to them in the issues and struggles that they face in their everyday life? The answer from the opposite side of the Chamber appears to be “Don’t call us, call the Treasury, and we will do our best.”

Mr D McIlveen: I welcome the opportunity to speak in the debate. It is clear from the various contributions that there is a great deal of disagreement on how we approach the issue. However, it is important that we look at the issues on which we are agreed, as there are some issues that unite the House. We all agree that fuel in Northern Ireland is too expensive. In February, during a debate in Westminster, my colleague Ian Paisley Junior said:

“the little piece of water between the mainland and Northern Ireland ... is the most expensive stretch of water in these islands”.

There is a lot in that.

We also agree that businesses that rely on fuel are being put under severe pressure. One of my good friends has a medium-sized business, and it costs him £80,000 a month just to keep his vehicles on the road. That is not sustainable. We also accept that the price of fuel causes a lot of pressure for individuals and families, and we have seen a 20% rise at the fuel pump over the past few years. We are agreed that a further 3% rise on top of what we have had to endure is a bad thing. We can all agree on those issues.

What we cannot agree on, however, is how we will get there. Whether we like it or not or deny it or not, when we devolve fiscal powers to the Assembly, it costs us money. My accountant has a saying, and, when he says it to me, it usually does not mean good news. It is “You can’t saw sawdust”. We should think about that. That is exactly where we are when it comes to the block grant that we receive from the Treasury.

Ms J McCann: Does the Member agree that, although there has been some work done on the cost of the transfer of corporation tax, there has not been any work done on other taxation powers being devolved to the Assembly? As no figures have been given, we do not know what the cost benefit will be.

Mr D McIlveen: I thank the Member for her intervention. Mr Hamilton dealt with that point in his contribution. I will not go over it again, but exact costs have been calculated and attributed. I encourage the Member to read the Hansard report when it is available. I will also deal with corporation tax in a moment.

Again, I ask the Members who tabled the motion where the money will come from. I am sure that there will be another contribution from a Sinn Féin Member, and I ask that Member to please give us the answer. Sinn Féin has Ministers who, I am sure, will be willing to step up to the mark and surrender the money to pay for it. Do we take it out of Agriculture, DCAL or Education? It has to come from somewhere.

Mr Ross: Does the Member share my concern that not only has Sinn Féin not said where the money will come from but, in her intervention, the Sinn Féin Member from West Belfast did not even know how much it would cost? Is that

not the height of irresponsibility? Sinn Féin has tabled a motion, and its Members do not know how much it will cost us.

Mr D McIlveen: I thank the Member for his intervention, and I will let Members from Sinn Féin defend themselves.

The Member for North Antrim who tabled the motion asked why we could not treat fuel duty in the same way as corporation tax. The very simple answer is that they are two completely different types of taxation. When we try to sell Northern Ireland plc to companies around the world, I admit that we can demonstrate that our education system and skill set are much superior to those in the Republic of Ireland, but we cannot compete with a 10% lower tax rate. There is no alternative for us when we go to sell Northern Ireland plc around the world but to bring in something to incentivise companies to invest in Northern Ireland. That means that there is no alternative other than this issue of corporation tax. That is why we are fighting so hard to get it. Incidentally, there has been broad support for that, apart from, I think, one Member.

Fuel duty is different. When we speak out against something, we are always asked what the alternative is. We have presented the alternative here in black and white. There is a system in place —

Mr McKay: Will the Member give way?

Mr D McIlveen: I am running out of time. There is a system in place. It is regarded as being generally successful in the other parts of this island. That alternative is there, and we can draw on that. It is not a matter of just knocking on the door and hoping for the best, as was insinuated. This is something that happens in other parts of the United Kingdom, so why can it not happen here? It is a very strong and forceful argument that we can make.

Our amendment is fair. We are asking for something that can be delivered. Although what is asked for in the original motion might be worth considering if we lived in an ideal world with infinite resources, we do not live in such a world. We have to accept that the motion is unrealistic. Therefore, I will oppose it but, of course, support our amendment.

Mr Cree: Many Members have outlined the differentials in fuel prices between Northern Ireland and the rest of Europe. I will resist the

temptation to rehearse those figures. Suffice it to say it is clear that fuel prices in Northern Ireland are higher, much higher in some circumstances, than in many countries in the rest of Europe. The figures are clear in that respect. With growing levels of fuel, pensioner and child poverty, it is certainly not an ideal scenario for Northern Ireland to be in. High fuel prices are also bad for business as they push up costs. That is counterproductive for our economy, which is, of course, the Executive's number one priority.

I want to deal in some detail with the issue of devolving fuel duty to Northern Ireland, which is the proposal put to us by Sinn Féin. First, we must consider the cost of such a move in line with the Azores ruling. The Azores ruling by the European Court of Justice means that regional differences in direct taxation must satisfy fiscal autonomy. That means that Northern Ireland's block grant would have to be adjusted to reflect the cost of a reduction in fuel duty. We must ask whether Northern Ireland would be best served by a reduction of the block grant in this scenario.

Secondly, we must look at the cost of administering that tax. I do not think that has been referred to today. Currently, Westminster bears all the costs of the collection and administration of that tax, given that it is an excepted matter. If we were to devolve that tax, the Executive would have to foot that bill. Has Sinn Féin got a figure for what that cost would be? Probably not.

Ms J McCann: Going back to 2008, does the Member remember the huge hike in electricity and gas prices? Just that increase cost £40 million. That £40 million over a short time went directly into the British Treasury instead of going into the Executive here. Does the Member not think that it would have been better going into the Executive so they could have put that money back into services that were needed here?

Mr Cree: I thank the Member for that interjection, but the money did not go to the Treasury.

Thirdly, it is important that we are able to plan our public expenditure in a strategic, long-term manner. The income generated from fuel duty is not constant from one year to the next. Therefore, it is different from the block grant, which has been outlined over the four-year cycle, which we are currently in, and allows us to plan accordingly.

We are, of course, in the process of working towards the devolution of corporation tax to

Northern Ireland, and many Members referred to that. The joint ministerial working group on rebalancing the Northern Ireland economy is considering the cost to the block grant, and estimations so far range from £225 million to £400 million. Corporation tax is an issue that the Ulster Unionist Party has lobbied extensively on. We support its devolution, as we are convinced of the economic benefits it can bring to a growing private sector. However, we do not support it as a basis for opening the floodgates to the devolution of all fiscal powers, such as fuel duty, as that simply does not make economic sense. The cost to our block grant would be too severe to take the measures in the motion forward, and it is for that same reason that we have argued that the devolution of corporation tax powers should be phased in as foreign direct investment increases and our gross value added also increases. That is the big difference. The motion departs from that measured approach.

3.45 pm

Lastly, it is useful to look at current government policy on fuel duty. The fair fuel stabiliser was announced in the Budget of 2011 and replaced the fuel duty escalator. At the same time, the Chancellor postponed the planned annual inflation-linked RPI part of the duty rise from April 2011 to January 2012 and from April 2012 to August 2012. The fair fuel stabiliser annually increases fuel duty by the rate of the retail price index when the price of oil is above a certain trigger level. That trigger level is \$75, which is approximately £45 according to OBR estimates. Should the price of oil be below the level of that trigger, the annual increase in fuel duty will be by the rate of RPI plus 1p per litre. The decrease in fuel duty, at times when oil is above the trigger level, is to be funded by higher taxation on the profits of the oil and gas companies. By contrast, the fuel duty escalator annually increased fuel duty by RPI plus 1p per litre, irrespective of the price of oil. Therefore, the coalition Government have made some attempt to deal with the issue. However, my party contends that they have not gone far enough. It is for that reason that I support my party's amendment.

Ms J McCann: Go raibh maith agat, a LeasCheann Comhairle. I am glad of the opportunity to speak in the debate. I apologise for missing the beginning.

As many people have already said, maybe the one thing that we will agree on today is that soaring fuel prices are causing greater financial difficulties to families. That is the important issue that we need to debate. The average cost of petrol is approximately 143.9p per litre, and the average cost of diesel is 148.2p per litre. It costs £4.28 more today to fill a petrol car and £6.60 to fill a diesel car than it did this time last year. That is very worrying for families, motorists and businesses.

Mr Beggs: Does the Member accept that reducing the tax will impact on the Northern Ireland block grant? The only thing I have heard her colleagues talk about is Northern Ireland rates. If rates go up, that will affect homeowners and those who rent because landlords will put up rates. Rates were mentioned earlier. How will you plug the £100 million gap created by reducing the price of a litre of fuel by 5p?

Ms J McCann: I will come to taxation in a minute; I have only started. The issue of raising taxes is a red herring that you are throwing out. I go back to my point earlier: £40 million of tax revenue was raised by the electricity and gas hikes in 2008, which happened over a short period, and we did not see a penny of that here.

Mr McKay: The rate we were referring to earlier in the debate was the fuel duty rate. The fact of the matter is that the British Government have responsibility for that, and they have failed entirely to be innovative with that when it comes to our local economy. They are setting rates in the interests of the economy on the island of Britain, not here. If we can be innovative and take into account the fact that there are two rates on this island, maybe we can reduce the rate. By doing that, fewer people will go elsewhere on the island for fuel, which means that there will be more revenue for the Executive, which will make ends meet.

Ms J McCann: I thank the Member for his intervention.

Due to the rural nature of the North of Ireland, there is an even worse impact here. Public transport infrastructure here is so underdeveloped that people depend on their cars. Regional variations in prices, particularly at the large supermarkets, mean that people can pay up to 5p more for a litre of petrol or diesel. It is important to remember that this does not just have an effect on your finances; it has an effect on accessing work, going to the shops and getting children to

school. It affects all the social aspects of your life. It is very important that, when we speak about it, we remember we are talking about real people's lives. It might not always seem like that when we listen to some of the debate.

A number of reasons are cited for rising fuel prices. One of those is the speculative practices of those playing the stock markets. We also have talk about the unrest in the Arab world and the price of crude oil. However, the main component in the price of petrol and diesel at the pumps is taxation: that is the reality. The rise in VAT from 17.5% to 20% on the pump price has had an even more adverse effect. The British Government's tax take is 58.5p of every pound that you spend on petrol and 56.5p of every pound you spend on diesel. Therefore, it is about 60% of the overall price.

Mr Beggs: Will the Member give way?

Ms J McCann: I am not giving way any more.

The fact that the British Chancellor is set to raise that again in August by 3p beggars belief. When we talk about tax-varying powers in the Assembly, the red herring is always thrown in about its effect on the block grant. What I really meant earlier is that there has been no clear study of what effect it has on the block grant. We cannot just keep throwing out the line, "What about the adverse effect on the block grant?". We need to reflect the particular needs of the people here in the North of Ireland. Any tax derived from the rising cost of fuel needs to come back to the Executive here to be redistributed to people here and into services here and not, as I said, to the British Treasury. Some Members corrected me on that, but it does go to the British Treasury and into what they feel is important in their place.

We have all been part of the debate on the transfer of corporation tax and the particular circumstances of the North in relation to that. We had the motion in the Assembly and debates on it. We have also talked about other taxes, such as the aggregates levy in the Committee for Finance and Personnel.

Mr Deputy Speaker: Bring your remarks to a close, please.

Ms J McCann: As my colleague said, we need to be responsible legislators here. However, as someone else said, we also need to have all the tools —

Mr Deputy Speaker: Time is up.

Ms J McCann: — at our disposal for the people here and to address the particular circumstances that affect the people in the North of Ireland.

Mr Allister: It has to be common cause that fuel prices are horrendous. All of us in the Chamber know that. If we know that, how much more do those who are in far more straitened circumstances than any Assembly Member will ever be know it? It is truly hurting all our constituents very deeply. It hurts them not just in the price that they pay at the pumps but in the price that they pay at the supermarket till, because everything that they buy is transported. Therefore, it cuts across the entire cost of living with the most horrendous effects. There can be no dispute or doubt about that. The motion identifies that in the first clause but then departs into a land of fantasy and the fantasy economics of Sinn Féin. There is the amazing suggestion, "Oh, we might be a region that is dependent on the United Kingdom for subvention. Oh, we may be a region that raises less in tax than we spend. Nonetheless, give us tax-raising powers on this and everything else that we can think of." They say that without ever bothering to ask the question, "How will we pay for what we spend?".

The inevitable consequence of the lunacy of Sinn Féin's position is that you move as a region that is dependent on subvention to one that collects all its own taxes and raises all its own money and then you wonder where you will get the money to pay for welfare, for the various subventions right across the community and to pay the £16 billion. Where will we find it? The attitude of Sinn Féin is "Never worry", because, in fantasy land, such things are not a bother. In fact, according to the previous Member to speak, they are a red herring. I am afraid that, far from being a red herring, they are a reality. Regions that spend more than they raise should be very careful what they wish for.

Mr McKay: Will the Member give way?

Mr Allister: I am sure that it will be beneficial.

Mr McKay: In respect of the block grant, fuel duty revenue is apportioned according to share of consumption. Therefore, if fuel duty were devolved, we could make ends meet, and we could be innovative and ensure that revenue actually increases. The Member may not have

any ambition to better the lives of the people that we represent, but we need the devolution of fuel duty powers to ensure that prices can be put down.

Mr Allister: I do not know what fuel is required to engage your brain before you engage your mouth, but the Member should reflect on what he has just said, which is that we could raise it. That is exactly the first question that arises. In fantasy land, if fuel taxes were devolved to Northern Ireland, what would you do with them? Would you raise them or reduce them? Would you reduce them to help people? If so, how would you pay for the deficit? That is the question that has been asked a dozen times in the Chamber today and to which there is no answer.

Mr McKay: Will the Member give way?

Mr Allister: If, on the other hand, he is saying that we are going to look after ourselves somehow, that is a coded way of saying that, in fact, we are going to raise fuel taxes —

Mr McKay: Will the Member give way?

Mr Allister: — because we want to spend more. Sinn Féin is all about spend; it is a high-spend party. Its attitude is “Let someone else pay. Sponge off someone else, and they will pay”.

Mr McKay: Will the Member give way?

Mr Allister: That is the essential kernel of Sinn Féin economics. What will we do about VAT on fuel duty? Do we want VAT devolved as well? Do we live in a parallel universe where we think that we can have a different VAT rate in this part of the United Kingdom? Is that where we go next?

Sinn Féin has been clear. It wants all tax-raising powers transferred, not because it thinks that it makes economic sense or because there is a compelling financial case for it but because it ticks the boxes of its political agenda that you must cut all ties of whatever nature between London and Belfast because that is part of its paramount agenda. The Member nods in agreement. Whatever the price to the citizens of Northern Ireland, it is Sinn Féin's crazed policy. Fortunately, it is not a policy that I believe will command support today.

There is a little bit of merit in one thing that Sinn Féin has raised today: the parallel that it has drawn between opening a door to tax transfer and corporation tax and saying that, once you have opened the door on that, why

not open it on everything. It brings me back to the point that a region that cannot raise all its spend should be careful what it wishes for — including on corporation tax.

4.00 pm

Mr Deputy Speaker: May I remind Members not to persist when it is clear that the Member on the Floor does not wish to give way?

I call Mr Alban Maginness to wind on amendment No 3.

Mr A Maginness: It is regrettable that the Minister has not attended the debate. It would have been useful to hear his view and, I suppose, the view of the Executive in relation to the proposition that has been put forward by Sinn Féin. There is a degree of agreement in the Chamber on the horrendous price of fuel which is causing great hardship throughout the community. It is causing hardship not only to families, but to businesses. In fact, it is impeding business in this region. Therefore it is incumbent on the Executive, and on the Minister of Finance in particular, to address the issue openly and to seek innovative ways in which to reduce the pressures that exist.

Mr D McIlveen: Does the Member agree that one factor widely regarded as being responsible for the success in keeping fuel prices largely under control on the mainland is that there is greater competition there in the form of a lot more branded supermarkets than we have here? Does he agree that slightly more liberal planning policy in relation to supermarkets, as well as what he has suggested, may also help to bring the prices down?

Mr A Maginness: It could well do, but I am sure there is some political point behind that intervention. The fact is that you cannot build supermarkets overnight, and we still will not have the sort of keen price competition that exists in England and Wales. Therefore, we have to start from where we are, and we are in a very difficult situation. The pressures are going to increase unless something is done. At the very least, the Westminster Government should not proceed with the 3p rise in the autumn. That should be a demand coming from the Assembly and the Executive.

We need to be innovative about this. A number of ideas have been expressed through the amendments, and each one is meritorious in

one respect or another. The reason why we brought our amendment relates to how such taxes should be considered. When you are considering the whole issue of tax, duty and so forth, you should not be doing so on a piecemeal basis. You should examine it on a comprehensive basis. The Calman commission in Scotland dealt with devolution at large. It did not deal only with taxation issues, although it did deal with taxation. We have suggested by way of an analogy that we use a commission such as that to examine the impact of taxation here in Northern Ireland and the implications of transferring some or all taxation powers to the Assembly. If we do that, we will be in a proper context in which to consider whether those powers should be transferred.

Let us say that we had the power in relation to fuel duty, as opposed to VAT, as Mr Allister referred to. Could we not use that innovatively, in terms of a significant reduction, which could, in fact, give us a competitive advantage to other regions? Could we not use it to stimulate business in Northern Ireland quite effectively? I think we should consider that thoughtfully and look at the issue much more seriously than we have before.

There is agreement throughout the Chamber on corporation tax, and I think that that opens up a very significant and proper argument that we should be looking at other forms of taxation and duty. Mr Allister said that this has opened the floodgates. It may not have opened floodgates, but it has opened an opportunity for all of us to consider what the Assembly should be like in the future.

Any transfer that takes place will not take place immediately, but over a number of years. I think that we should now be starting to consider what the fiscal powers of this Assembly should be like in, say, 10 years' time. Let us be imaginative and see how the transfer of those powers could, in fact, help to stimulate, rebuild and develop our economy so that we can exercise real control over our economic future. That is the nature of our amendment to the Sinn Féin motion, which we of course welcome. It is not an unreasonable position.

Mr Deputy Speaker: Bring your remarks to a close, please.

Mr A Maginness: I want to thank the Members who brought the motion forward in the first place

for doing so. I hope that they will support the SDLP amendment.

Mr Beggs: The main motion sought to solve the difficulty of the high cost of fuel in Northern Ireland by simply devolving the tax-raising powers on fuel duty. What was not explained, although I did attempt to draw it out, is how that gap in funding would be filled. Clearly, there are European rulings and regulations to indicate that a region, if it is to diversify from other parts of the nation, must stand on its own feet with regard to that form of taxation. If, for instance, we were to reduce the tax on fuel by 5p as has been indicated, it would cost £100 million. Are we going to cut support to the health service or the education service by £100 million? There was no explanation.

The words "rates" and "wealth tax" were mentioned. No mention was made —

Mr A Maginness: Will the Member give way?

Mr Beggs: I would like to pursue my comments. If I have some time, I will give way at the end.

No mention was made of what cost would be involved in administering any such systems and developing such additional taxes. It is not a well developed plan at all. There are huge dangers in what is being talked about, with no significant benefits; it is simply moving tax from one part to another, with no economic benefit clearly illustrated. Therefore, there is a problem with the main motion.

Sandra Overend proposed amendment No 2. She highlighted that one practical issue is that, effectively, we, along with other regions of the United Kingdom, including Scotland, Wales and other northern regions, would have to lobby Her Majesty's Government to highlight the difficulties we are experiencing as a result of the high cost of fuel, particularly in rural areas, where that has a big impact. We have to thank the Assembly's research department for its information. It shows that we have some of the highest petrol and diesel costs in the United Kingdom and that the United Kingdom costs are the second highest in Europe. We are suffering significantly due to our rurality, our peripheral position in Europe and the taxation levels that exist. People living in rural areas of Northern Ireland have to use more fuel to travel to town to shop, to work or to go to school.

My colleague Leslie Cree highlighted the issue of administrative costs. Dream up more and more ideas for devolving taxation powers, but bear in mind the taxation costs and the cost of developing very extensive computer systems to run and administer them. You do not get such things for free. He also highlighted the fact that, in those areas where there has been consensus to devolve powers here, an economic business case has been thought out: for example, air passenger duty for long-haul flights, from which an economic benefit can flow, or, indeed, the potential for revitalising our private sector economy through corporation tax. Were we to eventually get to the stage of that being formally offered, there will be a cost involved. Really, to take anything more on board at this stage could actually rule that out. We cannot overload ourselves. Let us face the fact that we will have a cost to pay to deal with that and to enable our economy to take off. Let us not bring in uncoded, unplanned and uneconomic additional ideas that have been thought up on the back of a fag packet.

In speaking to amendment No 1, Simon Hamilton indicated support for widening the rural fuel duty relief scheme to benefit Northern Ireland. That is another practical solution that could benefit here, and it is something that I can support. We should try for it; there is no harm in trying. He also said that reducing fuel tax in Northern Ireland by 5p would cost £100 million. He and some other Members questioned how that would be funded. We must have a plan for how we will fund it. That issue was highlighted by Trevor Lunn, DUP Members, my Ulster Unionist colleagues and Jim Allister.

Jim Allister, to use his language, spoke about the “fantasy economics” of Sinn Féin, and rightly so. Sinn Féin Members want everything devolved. If you devolve everything, nothing comes, because it is all here. You are almost advocating an independent Northern Ireland in which we would stand now, today, on our own feet and with our own taxation policy. I am sorry, but, as a result of the many years of terrorism, our economy could not do that. At some point, we hope to reach the stage of not being as dependent as we are at present on the rest of the other regions, but we cannot do that today. I ask Sinn Féin Members please to think through the implications of what they are saying. They do indeed have fantasy plans.

The SDLP amendment proposes setting up a commission. We argue that we need to try to do things now. We do not want to wait six months or a year for a commission to report. Let us act now to try to stave off some of the proposed increases already earmarked for petrol prices not only in Northern Ireland but in the rest of the United Kingdom. Let us see whether we can gain some specific benefits for this region, and make our argument. The European Commission has accepted that peripheral regions of Scotland could benefit, so why not try for this part of the United Kingdom?

In conclusion, I ask Members to support the Ulster Unionist amendment and indicate that we can also support the DUP amendment.

Mr Ross: As my colleague stated in proposing our amendment, the problems that high rates of fuel duty are causing people across the Province, and the negative impact that that is having, is an issue on which we have all found agreement. However, trying to find agreement on the method to solve it is something very different.

Members have asked why there is no Executive response to the debate. The clue is probably in the fact that this is a reserved matter. It is perhaps interesting to note that two of the three signatories to the Sinn Féin motion are Members of the House of Commons. Perhaps if they took their seats in the Commons, they could raise these issues in the appropriate forum. Indeed, as other Members said, other parties have been doing so. Other Members of Parliament have been pushing those ideas.

It is no surprise that Sinn Féin Members want to have more power devolved to the Assembly. Politically, we all understand that they want to pull as many powers as possible away from our national Parliament at Westminster. Therefore, even if we do not agree with it, we understand the rationale. However, when it comes to the economic argument that was put forward, I think that Mr Allister used very kind language when he called it “fantasy politics”, “fantasy economics” and “lunacy”. We could agree on the use of many more derogatory terms.

It makes no sense whatsoever to propose the devolution of fuel duty, and without VAT, the devolution of which would also be required in order to do this properly. Indeed, far from benefiting people in Northern Ireland, it would make things worse. That is why Sinn Féin did not refer specifically to the costs. Even when

I asked Mr McKay — after eight minutes of his opening remarks — to tell us the cost and where he would find savings, he failed to do so. Other Members repeatedly asked Sinn Féin the same question during the debate.

Being unionists does not mean that we are opposed to looking at other powers that could be devolved. Indeed, the two examples used were corporation tax, about which discussions with Treasury are ongoing, and air passenger duty, on which we have got a positive result. Those are issues on which we found general agreement in the House. However, the two examples differ greatly from that of fuel duty. For example, a reduction in the rate of corporation tax is about rebalancing the economy by helping to grow the private sector. In the longer term, projections show that we will have a cost benefit from that. Likewise, with air passenger duty, the cost to the Executive is relatively low. The change will affect strategic air routes that are important for our economy and tourism and will be a benefit to Northern Ireland.

The issue that I heard from both nationalist parties is that they are both very keen to get as many taxation powers to the Assembly as possible. At least the SDLP takes a more sensible approach, in that it wants to look at this in more detail before saying that we should devolve the power. Indeed, from listening to some of the recent debates, where the nationalist parties talked about getting taxation powers and lowering taxes, you would almost think that they were now parties of low taxation and small government — big society parties. Of course, we know that that is not the case, because you need to pay for the taxes that you are looking to devolve. That means that you either radically cut public spending in education, health, road building, welfare, or you have to get powers over other taxation — the SDLP's Mr Bradley mentioned this — that inevitably will have to go up to cover the cost of fuel duty, which we want to reduce.

4.15 pm

So, while families are struggling at the moment, the nationalist parties' solution is not to lower taxes and the cost to families but to put up other taxes to compensate, thus hitting families harder.

Mr D McIlveen: I thank the Member for giving way. Does the Member agree that, even if Sinn Féin Members perhaps have ideas in their minds about

how this can be paid for, unless they verbalise them, we cannot make an objective decision?

Mr Ross: Absolutely, and the statistics and evidence that we have suggest that it will cost in the region of £1 billion a year. As we heard, a 1p cut will cost between £17.5 million and £18.5 million annually. Getting the 5p cut that Members proposed will cost upwards of £100 million at least. If the price of crude oil rises in the future, as we all predict it will, the cost gets higher and higher. That means that they will either, in tandem, put up other taxes to the same level, which I think that they must inevitably do, or they will cut public spending at the same amount so that we have less and less money over the next number of years to spend on public spending. I do not think that that is viable either.

Those Members proposed a motion, which they think is a good idea, but they have not thought about it. If they have, they do not want to own up to the fact that it is not affordable for Northern Ireland. It is not a sensible motion. It would damage Northern Ireland's economy and would mean that we would have less money to spend on crucial public services. It is economic nonsense.

I ask the House to support the amendment in my name and in that of Mr Hamilton. It is the most realistic and sensible amendment, but I recognise that the others have some merit. However, other Members, including Mr Lunn, said that the DUP amendment is the most sensible. I hope that Members support us today. I also hope that they support us in our attempts, with Her Majesty's Treasury and the Government at Westminster, to ensure that we have a scheme that operates across the United Kingdom, recognises the unique circumstances of Northern Ireland and helps to ensure that people in Northern Ireland are not hit hardest by any increase.

Mr P Maskey: Go raibh maith agat, a LeasCheann Comhairle. I have listened to the debate. Usually, debates last one hour and 30 minutes, but this has already lasted one hour and 40 minutes. I am due to speak for 10 minutes, if I take that long. We are grateful to you for letting the debate overrun by 20 minutes.

I listened very carefully to each and every one of the other parties in the Assembly discuss the Sinn Féin motion. All sorts of reasons have been given as to why they cannot support it.

However, there is a word in our motion that is quite clear. All the parties in the Chamber will tell you that they were all very good at this when it came to the talks. That word is "negotiations". That is the key word. You enter into negotiations with the British Government and then take the best out of that. That is very important. I am sorry that all the other parties missed that. They claim that they are very good at negotiations, but what they tell me and all of us here is that they are afraid of negotiations on the devolution of fuel duty at this stage.

Mr Beggs: I thank the Member for giving way. Does he recognise that there are already European judgements on this? Where negotiations are concerned, costs have to fall on the region that will benefit. What does he say about that?

Mr P Maskey: What I say about that is that our party, as well as the Member's, has an MEP. We will take the negotiations to Europe as well, if that is what we need to do. Do not be afraid of negotiations, Roy. I think that we have to get involved in them.

We need to consider a lot of issues. The important point is that we talk to people and negotiate the best means. If we do not negotiate, we will have failed all the citizens who put us into the Assembly and other places.

We tabled the motion because many people are suffering. That is the one area of common ground that all parties covered today. Many people in our communities are experiencing hardship because of fuel costs. Families on low incomes are affected, and people travelling to work are affected greatly.

At the weekend, I spoke to a man who challenged me on what we were doing about fuel costs. I told him that we had a motion coming to the Assembly on Tuesday and that I hoped that we could get all-party support for it: obviously, we will not. Every single day, that man has to travel from Belfast to Tyrone, which costs him over £100-odd a week. He is thinking of leaving his employment in Tyrone to try to find an employment opportunity somewhere in Belfast that will help to reduce that cost, because with fuel costs continuing to rise, it is becoming unaffordable for him to travel to work. It will be especially hard when the 3p increase is introduced in August. That will add to his hardship and that of the young family whom he is rearing.

In opening the debate, Daithí McKay stated that we have some of the highest fuel costs, the majority of which are because of the level of taxation. He mentioned that the high price affects many drivers' businesses and that it costs hauliers somewhere in the region of an additional £1,200.

Mr McKay: Does the Member agree that the scheme that the DUP amendment calls for, which is currently in place in the north of Scotland, excludes hauliers? That has been of some local concern. Also, the Highland Council has highlighted the fact that, because the repayment of that 5p a litre is in arrears, it is putting a lot of businesses at risk.

Mr P Maskey: I agree that it is having an adverse effect on many businesses throughout society, probably more so on hauliers, taxi drivers, and so on. That means, as was mentioned earlier, that food costs go up, taxi costs go up, and people cannot travel to and from work, go shopping or carry out their daily business. However, it is also stemming economic growth, which I think would be a major issue if we were able to have proper negotiations with Westminster on fuel duty.

We could look at a wide range of issues, including hauliers. Hopefully, we could create more employment opportunities that would not cost the amounts of money that Simon Hamilton talked about earlier. In proposing the amendment, Simon agreed that we pay far too much for fuel, but he was, unfortunately, unwilling to take control of the issue. He seems to be running scared of devolving powers from Westminster to here. He stated that the cost to us would be £100 million. However, I think that he may be putting some of those costs forward as a scare tactic. I agree that every 1p reduction would cost £17.5 million, but the issue is one of entering into negotiations with the British Government in the hope that we could reduce that cost to make it much more affordable.

With devolved power, we could control our destiny. I am not sure whether it would be possible, but this is about the art of negotiation. Could we go and look at places such as Venezuela, where fuel costs 2p or 3p a litre? This is what it is all about. I do not think that we should be afraid of having these discussions, because we all have a duty — *[Interruption.]*

Mr Deputy Speaker: Order. A number of Members need to switch off.

Mr P Maskey: I appreciate that, a LeasCheann Comhairle.

This is where the conversation needs to be had. We should not be afraid to go around the world to look at where fuel is more cost-effective, as that could be much more beneficial for our citizens in the North. Those are some of the main issues that we have to deal with, and I am not afraid to start tackling them. Other parties may be afraid to do so, but I am not.

Dominic Bradley proposed amendment No 3, and we talked about the SDLP looking at a full range of taxation policies being devolved. In the previous term, Mitchel McLaughlin tabled a motion on the devolution of more fiscal powers to the Assembly. Unfortunately, however, we were unable to get the Assembly to pass that motion. I am glad that some parties are now saying that we need to look at having many more fiscal powers devolved to the North. That may be a step in the right direction.

Trevor Lunn said that he would support a debate on the devolution of powers. That is also to be welcomed. His preferred option is the DUP's amendment. However, again, in my view, he is shirking the responsibility that we as legislators have to take control and govern for ourselves. That is one of the serious issues today.

William Irwin said that he represents a rural area, and he, too, mentioned the cost of fuel for rural people as well as the added cost of public transport, especially given the announcement last week that those costs will increase in the very near future.

There are many issues. Conor Murphy stated that he was disappointed that the Finance and Personnel Minister is not in attendance today. When I asked him a question about the devolution of some fiscal powers from Westminster, he said that, because he is a Unionist, he simply does not want any more powers. I do not think that that is an option; it is not good enough. We need to take control of this. I do not think that even Sammy Wilson's supporters would be happy with that answer either. We need to take the lead. Sinn Féin is very happy to have all powers devolved from Westminster, and we make no excuses about that. We would like to have more control over our own destiny.

David McIlveen said that this is costing some businesses an additional £80,000 a month. So,

we agree on many issues but not on a way to deal with them. That is some of the issue. It has a massive cost effect, and we need to take it seriously.

Leslie Cree talked about fuel poverty and child poverty and the cost of fuel adding to that burden. Again, he questioned the benefit of this power being devolved. I believe that it would benefit us, and it is important that we continue with this. Jennifer McCann raised the issue of the hike in electricity costs and the £40 million that went to the Treasury in taxation. Leslie may be getting confused about where some of that taxation goes. The fact of the matter is that when the price was hiked up, an additional £40 million went to the Treasury. That is a major issue.

Mr Beggs: Will the Member give way?

Mr P Maskey: No. I am running out of time. Sorry about that.

Jim Allister stated that the Sinn Féin position was lunacy. Jim just needs to look at himself in the mirror when he looks at loony policies, because I think there would be quite a few of them looking back at him. He did say that we can go and sponge from somewhere else. The fact is that the British Government have been sponging from the people of Ireland for hundreds of years, and it is time for some of that money to be paid back into the system. That is where we are at, and I think that we need to get real about how we look at it. I am certainly not a sponger. Unfortunately, I pay my tax like everybody else, but I pay it to the British Treasury, and I would rather not.

As regards what Alban Maginness said about devolution being done together and not in isolation, why is the SDLP, like all the other parties in the Chamber, supporting the devolution of corporation tax- and air passenger duty-varying powers? That is being done in isolation not collectively. There are reasons why —

Mr Deputy Speaker: Bring your remarks to a close, please.

Mr P Maskey: Thank you. There are reasons and other issues —

Mr Deputy Speaker: Your time is up.

Mr P Maskey: — the likes of which we should continue to look at to bring forward solutions to suit our people here in the North.

Mr Deputy Speaker: Before I put the question on amendment No 1, I advise Members that, if this amendment is made, I will not put the questions on amendment Nos 2 or 3, as the wording to which they relate will have been deleted. I hope that that is clear.

Question put, That amendment No 1 be made.

The Assembly divided: Ayes 51; Noes 33

AYES

Mr Allister, Mr S Anderson, Mr Beggs, Mr Bell, Ms P Bradley, Ms Brown, Mr Buchanan, Mr Clarke, Mrs Cochrane, Mr Craig, Mr Cree, Mrs Dobson, Mr Douglas, Mr Dunne, Mr Easton, Mr Elliott, Dr Farry, Mr Ford, Mrs Foster, Mr Frew, Mr Girvan, Mr Givan, Mrs Hale, Mr Hamilton, Mr Hilditch, Mr Humphrey, Mr Irwin, Mr Kennedy, Mr Kinahan, Ms Lo, Mr Lunn, Mr Lyttle, Mr McCallister, Mr McCarthy, Mr McCausland, Mr McClarty, Mr B McCrea, Mr I McCrea, Mr McGimpsey, Mr D McIlveen, Miss M McIlveen, Mr Moutray, Mr Nesbitt, Mrs Overend, Mr Poots, Mr G Robinson, Mr Ross, Mr Storey, Mr Swann, Mr Weir, Mr Wells.

Tellers for the Ayes: Mr Hilditch and Mr G Robinson.

NOES

Mr Agnew, Ms M Anderson, Mr Boylan, Ms Boyle, Mr D Bradley, Mr Brady, Mr Durkan, Mr Eastwood, Ms Gildernew, Mr G Kelly, Mr F McCann, Ms J McCann, Mr McCartney, Mr McDevitt, Dr McDonnell, Mr McElduff, Mr McGlone, Mr McKay, Mrs McKeivitt, Mr McLaughlin, Mr McMullan, Mr A Maginness, Mr A Maskey, Mr P Maskey, Mr Mollo, Mr Murphy, Ms Ní Chuilín, Mr Ó hOisín, Mr O'Dowd, Mr P Ramsey, Ms S Ramsey, Mr Rogers, Ms Ruane.

Tellers for the Noes: Mr Boylan and Mr Brady.

Question accordingly agreed to.

Main Question, as amended, put and agreed to.

Resolved:

That this Assembly condemns the forthcoming 3p rise in the cost of fuel; notes that our people pay some of the highest fuel costs in Europe; and calls on Her Majesty's Government to halt their planned fuel duty increase and, due to Northern Ireland's peripherality within the United Kingdom, to devise and implement a scheme for Northern Ireland similar to the rural fuel duty relief scheme which was recently introduced for the Inner and Outer Hebrides, the Northern Isles, the Islands of the Clyde and the Isles of Scilly.

4.45 pm

(Mr Deputy Speaker [Mr Beggs] in the Chair)

Motion made:

That the Assembly do now adjourn. — [Mr Deputy Speaker.]

Adjournment

Armagh: East and West Link Roads

Mr Deputy Speaker: The proposer of the topic will have 15 minutes in which to speak, the Minister will have 10 minutes to respond, and, on this occasion, all other Members who wish to speak will have eight minutes.

Mr Boylan: Go raibh maith agat, a LeasCheann Comhairle. Gabhaim buíochas leis an Aire as freastal ar an díospóireacht seo, agus cuirim fáilte roimh an seans an cheist thábhachtach seo a phlé faoi chathair agus cheantar Ard Mhacha.

I thank the Minister for attending the debate, and I welcome the opportunity to bring this important issue for the people of Armagh city and district to the Chamber. Before I comment on the projects, I welcome the support of other Members from the constituency on the matter. The Minister is well aware of Armagh city and district, and, more important, the constituency of Newry and Armagh. Over the past number of years, he has seen how Newry has grown, and, sometimes, the impression around Armagh city and district is that it may be the poor relation to Newry. It is most welcome that the Minister is from the constituency; that is a bit of a bonus to us. I pay tribute to the Department and the work that is ongoing in Armagh city and district. There are a lot of good road schemes, and I pass on my thanks to the Department.

As a resident of the constituency, I know from driving from Keady at the south end into Armagh city that the traffic is atrocious. Anyone familiar with Armagh city and district will know that the build-up of traffic can be atrocious and frustrating at most times, but especially between 8.00 am and 10.00 am and 4.00 pm and 6.00 pm when people are commuting to and from work and when schools are starting and finishing. Whether one is driving to Armagh from Portadown to the north, from Newry to the east, from Keady and Newtown to the south or, indeed, from Monaghan to the west, or from

Dungannon to the north-west, they will find themselves in lines of traffic and frustrated that movement between two points that would normally take a couple of minutes turns into 15 or 20 minutes. That is not helped by the fact that some traffic lights are timed to allow no more than two or three vehicles through. That is the case along Friary Road, especially turning on the Newry Road. Perhaps the Minister will take that into consideration.

Armagh city is in a strategic location. Motorway access can be obtained by travelling north to Portadown, west to Dungannon or east to Newry. It has a main border corridor route with Monaghan. It is a digital corridor, and I hope that, through some infrastructural change, we can utilise that more. Armagh's location has seen it recognised as the main administration centre for the North/South Ministerial Council, the Centre for Cross Border Studies and the Ulster GAA, which is one of the main employers in the city. Hopefully, through improved infrastructure, we can create more opportunities for other bodies to set up in the city, and I hope that that will bear fruit in the near future. Therefore, Minister, it is important that, although Armagh is not on the primary routes of the M1 and the A1, emphasis must be placed on the quality of the links to those main corridors to maximise the possibility of attracting employment, development, business and trade.

Traditionally, Armagh has been an administration centre with the public sector accounting for a relatively high proportion of its workforce, and whatever retail it has sits within that niche market. The review of public administration and the restructuring of healthcare have led to and will further lead to erosion of jobs. Therefore, the city and district need to be in a position to prove to potential investors and employers that the area should have traffic routes that will not be detrimental to business.

In order to address the issues that I have briefly covered, Armagh City and District Council, Roads Service and the Department for Regional Development (DRD) have recognised and agreed that two major link roads are required for the city. The first, which I, personally, argue is probably the most important project, is what is known as the north and west link. Included in the regional strategic transport plan of 2005, the road will form a semicircular route from the A3 Portadown Road to the A3 Monaghan Road, traversing the Loughgall Road, Moy

Road, Cathedral Road and Killylea Road. It is envisaged that there will be access and exits to all the aforementioned.

That out-of-town option was announced as the preferred route by Roads Service in 2008 after a successful lobby by the local community to change the original proposal running through a built-up urban area. The revised route also opens up the possibility of land usage for development alongside the route, be it in business, which has seen interest in recent years, or social development. It would be a major boost and benefit for the city, district and its people. Indeed, I am aware of a major plan with the GAA to develop a centre of excellence on a site at Mullinure if it can get clarification from Roads Service of a slight variation on the route. I hope that the Minister will be able to comment on that today.

The second proposal is related to the linking of the A3 Portadown Road with the A28 Markethill Road, which is otherwise known as the Newry Road. As it stands, the proposed route would traverse the Hamiltonsbawn Road and use the existing Ardmore Road. Some concerns have been raised about that, and whilst the proposal appeared in the 2004 Armagh area plan and a preferred route was announced in March 2007, since then major housing developments have taken place on the Ardmore Road. Many of the mainly young families who acquired properties in Greenfield, Oakridge and Edenvale did so with no knowledge of the proposal to build a major arterial route within metres of their homes. I am not saying, Minister, that it was an issue for the DRD, because some of the estate agents sold off those properties and did not mention the road to some people, especially those who moved into the city in recent years and may not have been aware of it. The road will also impact on the residents of Dobbin Manor, Thornleigh, Jubilee Park and Ardmore estate, and I ask the Minister to review the route as the geography of the area has changed since the initial proposal.

I suggest an alternative route with less impact on residential properties. You could turn off the Hamiltonsbawn Road at the entrance to the industrial estate and proceed to Stockingmans Hill Road, which joins the Edenaveys Road that links directly with the A28 Markethill Road. That is the Newry Road, which, at this moment in time, as the Minister will know, is being upgraded with an overtaking lane, and that suggested route will retain the object of the

project without having a detrimental effect on what has now become a heavily populated area.

In conclusion, I believe that both projects are essential, not only to ease traffic congestion in Armagh city, but to enable the city and district to grow and attract employment. I must also mention that it would be very beneficial to tourism. Armagh is not a big retail centre, it is heavily reliant on the tourism product that it has to offer with the two cathedrals, Navan fort and the planetarium, and the two projects would be beneficial to that. The projects would also complement the traffic management system proposed for the Mall, and that would help traffic flow in the city.

I ask the Minister to sign off on it today and to find moneys in his budget to ensure that the projects are carried out as a matter of urgency for the benefit of the people of Armagh city and district.

Mr Irwin: First, this is an issue that has great significance for Armagh city, especially for residents along the proposed routes, as well as businesses that operate in the city and commuters who pass through Armagh twice a day. The proposals for both an east and west link road around the city have been discussed now for some years. As someone who sits on Armagh City and District Council, I can relay to the House that the issue is the subject of ongoing debate.

On a wider point, the council is currently working on a master plan for Armagh to help improve prospects for the city, both socially and economically. That includes improving the road infrastructure in and around the city. Undoubtedly, one of the main concerns expressed by traders in the city is the need to improve footfall around the streets and encourage more visitors to the area. A key part of the master plan is to remove congestion from the key routes that pass through the city and to improve the flow of traffic. It is felt by those involved in trading in the city, as well as by councillors, that improvements to road infrastructure would make Armagh a more easily accessed venue for shopping and doing business. That is certainly our main aim.

With interest extremely high in the master plan, I am aware that Roads Service, under the auspices of Minister Kennedy, has undertaken a gateway review of plans already compiled and the potential for alterations to original proposed

routes. We wait with interest to see what his Department's intentions are for the proposed schemes.

I must put on record my concerns, in particular my concern over the east link scheme's proposed routing, and express my disapproval at the proposal to take the new link road past a number of established housing developments. I met residents who had contacted me with concerns about the proposed routing, and councillor colleagues from the SDLP were also at that meeting on behalf of their constituents. The proposal to take the road through a heavily built-up area has rightly sparked concern among residents who live literally on the roadside. I also question the wisdom of cutting through that particular ground, given that there are more favourable locations further along the route through which to direct the road. That would account for further development and avoid built-up areas.

I am keen to hear the thoughts of the Minister on the east link road proposals and his view of the residents' concerns over the close proximity of the proposed route to existing dwellings. The proposals in their current form require some work, especially those for the east link project. Of course, the important issue for everyone involved is the timescale for the projects. There appears to be no solid timeline in place for either project, and some certainty on proposed commencement targets would be welcomed. I await the Minister's comments with interest.

Mr D Bradley: Go raibh míle maith agat, a LeasCheann Comhairle. I dtús báire, ba mhaith liom mo bhuíochas a ghabháil leis an Uasal Ó Baoighealláin as an ábhar seo a thabhairt faoi bhráid an Tionóil. Gabhaim buíochas fosta leis an Aire as a bheith i láthair inár measc anseo.

I thank Mr Boylan for bringing the Adjournment topic to the House today. I am also grateful to the Minister for his attendance. I hope that he will be able to reassure me and my colleagues, as well as the community in Armagh, that the very real concerns around aspects of the proposals will be listened to and addressed.

At the outset, I welcome the proposals for the Armagh east and west link roads. They are much needed and, indeed, long overdue. They are necessary as a result of the various traffic bottlenecks that exist in Armagh, especially at rush hour.

5.00 pm

As a constituency colleague, the Minister will be very much aware of the concerns that were raised about the original proposal for the Armagh west link road. Thankfully, Roads Service has listened to those concerns, and a more acceptable route has been chosen, agreed on and settled. Unfortunately, however, the same cannot be said of the Armagh east link road. That route runs through the very heart of a built-up residential area, and it is very strongly opposed by residents who live in the locality. I understand those concerns; people obviously do not want to lose property or gardens as a result of the proposal. For those people, they are very real concerns. The local residents will have to live with the results of that proposal, if it goes ahead. I sincerely hope that it does not. They have real concerns, and we should address them.

The proposed route of the Armagh east link road was identified some 40 years ago. Roads Service continues to prefer that route despite the fact that the volume of traffic around the city has increased. The volume of traffic that would use that route has also increased since the proposal was first brought forward. In addition, hundreds of houses have been built along the route. When planning our roads infrastructure — or, indeed, any infrastructure — government and Roads Service should plan for the future.

The proposal may, in the opinion of Roads Service, suit the needs today, but will it suit the needs of Armagh in the future? If the proposed route is constructed, the Minister or his successor may find that he or she will receive representations from constituency MLAs or the MP for a road further out the Newry Road. The Minister attended a meeting with councillors in Armagh about roads issues. My party colleagues Councillors Campbell and O'Hanlon, and the Mayor of Armagh, Mrs Donnelly, asked the Minister to intervene some months back. The Minister tasked officials to meet councillors directly and to try to address the concerns of the local community. However, the councillors tell me that, in the follow-up meetings, which I believe Mr Irwin alluded to earlier, there did not seem to be any attempt to reconsider the route or to allay the concerns of public representatives and the community.

I ask the Minister to consider withdrawing the proposed route of the Armagh east link road and to consider a new route further out the Newry

Road, with an entrance perhaps at Edenaveys Industrial Estate. That would allow Armagh to grow for the future. It would allow better access to the industrial lands, help job creation and attract inward investment. In addition, that route would have greater support from the local community and residents.

Will the Minister identify when he expects the Armagh link roads to be completed? I believe that it has always been the view of the community, Roads Service and Armagh City and District Council that the Armagh west link road is the priority scheme and should happen first. I ask the Minister to reassure me, colleagues and the people of Armagh that that is still the case and that he will take time to review the route of the Armagh east link road and work with me and other elected colleagues from all parties to ensure that the most beneficial and acceptable route is constructed. Go raibh míle maith agat.

Mr Murphy: Go raibh maith agat, a LeasCheann Comhairle. I also welcome the opportunity to make a contribution to the debate. I congratulate my colleague Cathal Boylan on securing it. I am not so sure that I share his view of the recent investment history in Newry and Armagh; the Edenaveys project perhaps points to that.

This is an important debate, as the issue has been ongoing for a number of years. The Minister will be familiar with it, and I am heartened to see that he is here to respond. Both link roads will be of value to Armagh in curbing the traffic congestion that it and many other urban centres face. Given Armagh's strategic location and its crossroads nature, from North to South and east to west, the value of the link roads has been long established and the business case for them has long been made, albeit with some variations in the route itself. I have no desire to repeat the comments made on the congestion issues that Armagh faces or the benefits that such roads would bring. The case has been well made, and the Minister will be familiar with it.

The opportunities that the west link road, in particular, and, I am sure, the east link road will open up relate not just to the relief of traffic congestion or the potential leisure investment that they could create in the vicinity. However, the Minister will know that leisure investment is economic investment, and the creation of any facilities in that area would be beneficial to Armagh. More than most urban centres, Armagh is dependent on public sector employment,

and the creation of more opportunities for development potential around that city, be those in the leisure field or any other, would be welcome to its people and help to redress the balance of the local economy.

I understand, better than most, the capital difficulties that the Department for Regional Development faces and the difficult prioritising decisions that have to be made. Nonetheless, such an investment, which is substantial, yet modest in the broader scheme of the capital investment available to the Department and Executive, could yield huge benefits for economic development and the quality of life of the people of Armagh. Like others, I would be interested in hearing the latest update on the proposals.

I understand that there are further issues with the east link road, and that view has been reinforced by the contributions today. There may be some minor outstanding issues with the lie of the west link road, but the east link road seems to be dogged with more issues of contention. If it is the case that the route of the east link road has to be reviewed, I hope that that will be done with all haste, or at least that the issues of contention will be addressed with residents. That will mean that, while we await the capital moneys coming through, all issues can be resolved by the time the schemes are ready to be funded, and they can, hopefully, begin and be completed. I am interested to hear from the Minister on those points.

My colleague Cathal Boylan mentioned the traffic progression issues in Armagh, particularly those around the Mall and in front of the jail. He also mentioned that Roads Service has been working on those and that it plans to bring in a new traffic directional system. Perhaps the Minister can update us on that. In the immediate term, that will have the effect of easing traffic flows in the centre of Armagh, and the greater impact on through traffic would then come through the development of both link roads.

The west link road appears to be in a better place to go ahead than the east link road, both in the agreement of its route and the benefits that it will bring. Nonetheless, I concur with the view that both projects are important to Armagh, and I look forward to hearing a report from the Minister on their time frames.

Mr Kennedy (The Minister for Regional

Development): Thank you for the opportunity to contribute to the debate. I thank the Member

who secured the debate and the other Members who contributed to it. As an Assembly Member for the constituency of Newry and Armagh, I am very familiar with the road network and traffic conditions that prevail in Armagh city. I have also had the opportunity to meet and correspond with other elected representatives and colleagues, council officials and people who live and work in our historic cathedral city.

The regional development strategy, 'Shaping Our Future', which was endorsed by the Assembly in 2002, identified Northern Ireland's regional strategic transport network, and the city of Armagh is placed at the intersection of two link corridors. All Members are very familiar with the area. The A28/A29 link corridor extends south from Armagh city towards Newry and north towards Dungannon. The A3 link corridor extends east towards Craigavon and Belfast and west towards the border with County Monaghan.

Traffic levels on routes on the outskirts of Armagh city range from 9,000 vehicles per day on the A3 Monaghan Road to 18,000 per day on the A3 Portadown Road. The two link corridor routes along the city streets are fronted by retail, commercial and residential properties. In addition, several schools, churches and other community facilities are situated along, or close to, those routes.

In Armagh, therefore, as in most of our towns and cities, there are competing demands for road space between passing traffic, parking, and loading and unloading activities. That gives rise to congestion, especially at times of peak traffic flow, which is compounded by pedestrian crossing activities at formalised crossing points and elsewhere along the streets. We heard Members highlight some if not all of those issues.

Within Armagh, the routes of those two link corridors coincide along a busy short section of the road network immediately adjacent to the city centre. By way of example, the traffic volume on Barrack Street, which forms part of that section, is 15 vehicles per day. Therefore, I confirm that I and Roads Service are aware of the range of benefits that the two link road schemes proposed for Armagh city may be able to provide. Both proposals are included in the Roads Service strategic road improvement programme and are being progressed on the basis of the three-stage procedures outlined in the Highways Agency's design manual for roads and bridges.

Roads Service officials have advised that in the case of the A28 east link proposal, and following an assessment of several corridor options, stage 2 has been completed and the preferred line confirmed. That reflects the corridor indicated in the Armagh area plan of 2004. The proposed road will be approximately two-and-a-half kilometres long and link between the A28 Markethill Road and the A3 Portadown Road around the eastern outskirts of the city of Armagh. The cost of that is estimated to be in the range of £12 million to £20 million.

I am aware of the concerns of Members, which we have heard. However, I am also aware of the concern of residents in the vicinity of the Ardmore Road area in the city about the prospect of that stretch of road becoming part of the A28 east link. I am also aware that the selection of the preferred line for the east link, which follows the line of Ardmore Road for 460 metres, and which was made public at an information event in March 2007, follows the careful assessment of several corridor options. It also corresponds to the line indicated in the Armagh area plan.

I can confirm that officials from Roads Service have met concerned residents and elected representatives to brief them on the proposal, including explaining the assessments that led to the selection of the preferred route. They explained what is involved in the progressing of the scheme through the statutory proposals, which will provide a formal opportunity to submit representations on the proposal, including objections. In due course, we will decide whether or not a public inquiry is required to decide whether the scheme should proceed as planned. Having listened carefully to Members, however, I will reflect on their comments and take careful note of their concerns.

In the meantime, my officials will continue to be available to meet those who have concerns, to describe and explain the scheme as it continues to develop and to discuss the impacts of the scheme and appropriate mitigation measures. I will continue to look closely at these issues, and I will carefully consider views, particularly those of householders or, indeed, landowners impacted by it.

5.15 pm

Roads Service has advised that work is progressing towards confirming a preferred line and junction strategy based on the out-of-town

corridor for the A28 Armagh north and west link proposal that was published in July 2008. That work has included significant consultation with elected representatives, council officials and other important stakeholders. Roads Service is indicating that it expects to conclude that work in the coming months. Members are aware of the detail of the scheme. The current estimate of the cost is between £55 million and £75 million.

The objectives of the two schemes are to improve journey times and the reliability of journey times on that part of the strategic road network, to improve safety and, of course, to continue to improve traffic conditions and the general environment in the historic city of Armagh.

Traffic modelling has been undertaken, which indicates traffic volumes for the two Armagh link road schemes of around 6,000 vehicles a day on the proposed A28 east link road and around 9,000 vehicles a day on the proposed A3 north and west link road. The subsequent reduction in traffic in the city centre road network would make a significant contribution to the improvement of traffic conditions and the conditions generally in the city centre, where, for example, pollution associated with traffic congestion could be reduced.

I will pick up on a number of points that Members raised in the debate. The new proposed traffic arrangements around the Mall are a matter of interest to Members. The issue was raised by Mr Murphy, and we will provide an update on that, because Armagh City and District Council has been moving that forward as part of the overall master plan.

As both a Member for Newry and Armagh and as Minister, I very much support and am convinced of the merits of these road schemes and the benefits that they can provide for Armagh city and the wider region.

Members will know that, as part of the Budget for the period to 2015 and following the agreement that was reached at the Executive, it was announced on 14 February that there would be improvements to sections of the A5, A8 and A2. So, delivery of other schemes, such as these in Armagh city, will be dependent on the funding levels envisaged in the investment strategy for Northern Ireland 2011-2021, which is being finalised. It would be very supportive to me if all the Members who have spoken continue to press the case for further investment in the roads infrastructure all over

Northern Ireland, because it would help me carry forward these very worthwhile schemes in Armagh city and, indeed, other places.

In the meantime, I anticipate bringing forward a proposal for the preferred route for the A3 north and west link scheme in the coming months. Thank you.

Adjourned at 5.19 pm.



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