



Northern Ireland  
Assembly

Committee for Enterprise, Trade and  
Investment

# OFFICIAL REPORT (Hansard)

Inquiry into Developing the Northern Ireland  
Economy through Innovation, Research and  
Development: DETI Response

8 November 2012

# NORTHERN IRELAND ASSEMBLY

## Committee for Enterprise, Trade and Investment

Inquiry into Developing the Northern Ireland Economy through Innovation, Research and Development: DETI Response

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

Mr Patsy McGlone (Chairperson)  
Mr Phil Flanagan (Deputy Chairperson)  
Mr Steven Agnew  
Mr Gordon Dunne  
Mr Alban Maginness  
Ms Maeve McLaughlin  
Mr Stephen Moutray  
Mr Robin Newton  
Mrs Sandra Overend  
Ms Sue Ramsey

**Witnesses:**

Mr Eoin McFadden	Department of Enterprise, Trade and Investment
Mr Ciaran McGarrity	Department of Enterprise, Trade and Investment
Mr David Thomson	Department of Enterprise, Trade and Investment

**The Chairperson:** The next item on the agenda is the departmental response to the report on the inquiry into research and development. We will receive an oral briefing from Department of Enterprise, Trade and Investment (DETI) officials. Papers on this are in members' packs, and in those papers is the Department's official response to the inquiry and a letter from the Committee for the Office of the First Minister and deputy First Minister on the inquiry. The Committee Clerk has also provided a briefing paper with a background summary of contents.

With us from the Department are Mr David Thomson, Mr Ciaran McGarrity and Mr Eoin McFadden. Mr Thomson is head of the policy group, Mr Ciaran McGarrity is head of the innovation policy unit, and Mr Eoin McFadden is a deputy principal in the innovation policy unit. Gentlemen, you are all very welcome indeed today. As you probably know, the format is that you will make your opening statement and then take queries from members. If you choose to start, please proceed.

**Mr David Thomson (Department of Enterprise, Trade and Investment):** Chairman, thank you. It is good to be here. First, I do not know whether you have heard this, but Graeme Hutchinson, my assistant secretary who leads on economic policy and who has been involved in innovation and other economic issues, has taken seriously ill. He is likely to be off work for at least six to nine months. Graeme was meant to be here this morning, but I am stepping in for him. I apologise if I do not have the vast amount of detail that he has, but I know that Ciaran and Eoin are on top of this.

**The Chairperson:** Could you convey to him our sincerest best wishes for his recovery, please?

**Mr Thomson:** We will do that. Thank you very much, Chair.

To set the scene, I would like to say a few words about innovation strategy and where we are with it. I will perhaps comment on your recent report. Before I discuss the strategy, I will say that I think that there is always a danger that we ignore lots of things that are happening. A lot is happening on the R&D front, especially through not only Invest Northern Ireland but organisations such as the science park. Recently, I was looking at some figures that showed me that, since April 2011, Invest Northern Ireland has supported £85 million-worth of business investment in R&D. Of that, 56% comes from what we would classify as small to medium-sized enterprises (SMEs). Therefore, it is not as though nothing is happening in R&D and innovation.

If I may go back to the context, earlier this year, we published the economic strategy. Its themes include rebuilding and rebalancing the economy. On rebalancing, we have a number of themes. The first is about stimulating innovation and creativity, and there is quite a lot in the economic strategy about that. We saw that, despite what is happening and what I have said, a lot more needs to be done. The economic strategy contains quite a lot of commitments about things that we will do in the area of innovation. One of those is the production of an underpinning innovation strategy. I will say a word about that in a second. In doing that work, we are doing a lot of research on what is happening in other places, and, of course, the Committee's report has been very helpful. We used that as we developed our thoughts on the innovation strategy.

The innovation strategy will be based around three very broad themes. It is not rocket science, but it is a good way of corraling thinking. The first of those is knowledge generation, which is about how we encourage the generation of ideas, whether in companies or in universities. A lot of that is happening, and many people in universities and companies have very good ideas. However, we may be able to do other things on that theme.

The second theme is knowledge exchange. Once those ideas ferment, the point is to exchange the knowledge. That can happen either between companies, which could be in the same sector and collaborating, or it could be exchanged between companies and universities. We may have a bright research student with an idea. How does he know that a company somewhere might be able to develop that idea? Likewise, there may be a bright engineer working in his engineering company somewhere in Northern Ireland who has an idea. How does he know that a research academic may be able to help him with that or that another company somewhere is facing the same problem? We want to find out whether there is more that we can do to help with that knowledge exchange.

The third theme concerns knowledge exploitation and what more we can do to make those ideas, if we can get them built up, commercial ideas. It is only when they become commercial and start to make an impact that we will get the benefit of the jobs, employment, growth and sales, and so forth.

So, the themes are knowledge generation, knowledge exchange and knowledge exploitation. Underpinning all those is obviously a change in the culture and a commitment to deal with issues such as risk and leadership.

We are very keen that the strategy will not just be more words, which is always a danger when you create strategies. Like the economic strategy, we want it to be action based, and we wanted to be sure that it is not just a DETI strategy. One of the great things about the economic strategy was that all Departments fed into it, and an Executive subcommittee of Ministers took responsibility for it. We want to make sure that the innovation strategy that we are developing is not just a DETI strategy. So, we are working with Departments on that, and, indeed, we have another workshop with Departments in the next week or two to make sure that they are included.

The Minister has challenged us to have a first draft of the strategy by the end of this year. There is another meeting of the Executive subcommittee on the economy in December, and the Minister wants to be able to report that a strategy is well advanced. That is a tight challenge, and with Graeme being off, it is even greater for us. However, that is what we are working towards.

I want to say a word about the Committee's report. We are very grateful to the Committee for producing it. You will see that we have accepted all but one of the recommendations. That was the recommendation that there should be a single unit to "coordinate all innovation and R&D". We are a little unsure about that, we are still considering it, and we have debated it at length. We certainly agree with the objective of better co-ordination and alignment and the need for things to be more joined up; there is no debate on that. We are taking a broad definition of innovation. In fact, we have

a draft stating that innovation is just the successful generation and exploitation of new ideas. If it is as broad as that, it would be difficult to have one organisation trying to cover all of it. We also wonder about whether we should be mixing policy and operational roles. That is why we parked the response to that. However, it is still something that we are thinking about in the context of the innovation strategy, so we are not ruling it out but we just did not feel that we could commit to it at this point.

That is a quick run through of where we are. I am happy to take questions.

**The Chairperson:** Thanks. Were you here for the entire presentation from the Technology Strategy Board (TSB)?

**Mr Thomson:** I heard most of it.

**The Chairperson:** I note that you will be having a workshop with Departments. You also picked up on some of the thematic stuff as to how there is collaboration and joined-up departmental stuff around some of the very valuable information that they provided to us and the interesting projects. Do you intend to include some of that thinking and those ideas and projects that were mentioned here today as part of that, to give it a wee bit of a lift as well?

**Mr Thomson:** Yes. In particular, we are looking intensively at the small business research initiative (SBRI). I can refer to the Executive's announcement last night, and made formally this morning, which contains the proposal that the Executive will put in approximately £250,000 a year to enable us to recruit three or four — and I apologise for the use of the horrible title — "innovative procurement executives". Their task will be to work with the public sector to identify and generate more SBRI projects, and engage specifically with the SME base to build capability and promote SBRI opportunities. The Executive recognised that we should be pursuing the SBRI route. They recognised that we are not as far along that route as we perhaps should be. Therefore, this is one of the things that the Executive agreed in the jobs announcement last night.

**The Chairperson:** As you have raised the matter, have you any detail as to when those people will be placed? Will they work completely cross-departmentally?

**Mr Thomson:** I do not know how long it will take to recruit them, but this money is not four years down the track. If it is not available this year, it will be available next year. Forgive me for not spending time digging for the details, but it will happen fairly soon. This is an immediate action.

**The Chairperson:** OK; thanks for that.

**Mr Flanagan:** Gentlemen, you are welcome and thanks for coming. My questions primarily concern recommendation 13 of the report on the availability of venture capital. It is accepted that there is a need to increase venture capital, which is not something that we have much benefited from, historically. In response to recommendation 13, you state that the Department has developed an access to finance strategy and that the economic advisory group will undertake the review of access to finance for businesses. You state that that review will include examining the venture capital market. When will the review take place? Without trying to influence the outcome, what can we expect to emerge from the review and what actions may be considered?

**Mr Thomson:** I have two points to make on that, if I may. First, the access to finance strategy that we refer to relates to the various funds that Invest Northern Ireland has announced or will be announcing — the growth fund, the development fund, and those sorts of things.

The economic advisory group's work is wider than just venture capital. There has been a lot of discussion of, and I am sure that every member of the Committee has heard about, the difficulties that businesses have in getting bank finance. One of the problems is that although you are hearing it, actually getting hard data is a little more difficult. Working out whether it is happening because the banks are not giving out money or whether it is because companies are not applying for it is more difficult. If companies are not applying for the money, the question is, why? If it is that companies are applying for money and not getting it, the question is also, why?

Some quite good research on SMEs has been done, in particular, by Central Bank in Dublin. This is relevant, because most banks here are Irish banks. However, we do not have a lot of research up here. So, the economic advisory group (EAG) has commissioned the Strategic Investment Board to

do a detailed piece of research asking for information from banks and companies on a confidential basis. That work is ongoing. I hope that the EAG will be reporting towards the end of the year or the beginning of next year.

The group met about a month ago and had the consultants in to give it a progress report. However, at the moment, it is research. I do not know whether it will pull up anything new or just reinforce what we know. However, it would be good to know where the big pressure is. Is it the supply of finance from the banking side or is it the demand for finance from the firms' side?

**Mr Flanagan:** I want to talk specifically about moving towards a venture capital model in which it is not simply about banks giving out loans and getting a simple interest return. We must move away from our reliance on the banks and support companies that are trying to get venture capitalists and people that have money to invest in things. People are very reluctant to invest their money in stocks and shares, but they want to invest it somewhere. Recently, I met representatives from InterTradeIreland. An awful lot of good work is being done through venture capitalism across the island, particularly in research and development and innovative companies, which is where venture capitalists would like to go. An awful lot of progress is to be made there.

I suppose I am disappointed that it all goes back to the banks lending money. There is a story that the banks are not lending money, but you are right to say that we do not know whether it is because businesses are not applying for funding or because the business plans are not up to scratch. It is all anecdotal at the minute. Without statistical information, we do not really have anything to go on. There is a huge opportunity in venture capital, and I would like to see more work being done on that.

**Mr Thomson:** I agree. I do not want to give the Committee the impression that we are ignoring venture capital. It is one particular piece of work that the EAG is doing. The Committee will have seen the funds that Invest Northern Ireland has been promoting. For example, we had a meeting this week with the Northern Ireland Science Park. Through the Halo network, it is reporting that almost £5 million has been invested in local companies from high-worth individuals in Northern Ireland in the past three years. Approximately £140,000 per company is being invested by individuals in Northern Ireland.

You referred to the work that InterTradeIreland does on venture capital, which is brilliant. Having said that, there is quite a lot of reluctance in SMEs to tap into the venture capital market, because of all that it brings with it. However, venture capital is an important element.

**Mr Newton:** I welcome the departmental representatives to the Committee. By and large, based on the response from the Department to the R&D document, I see that there is a great deal of clear thinking between the Department and the members of the Committee. It is really good to see that.

I will just raise one small area. Recommendation 11 is for the target time of the payment of grants. In the analysis of the reasons for businesses going out of business, a cash flow situation creates more downturns. I was under the impression that the target figure for the payment of accurate receipts was down to 30 days. Will you comment on the Department's response to the payment of invoices? Is it 30 days? Is it more than 30 days? Is the figure coming down? Where exactly are we?

**Mr Thomson:** There are two issues. First, there is the commitment to pay invoices, which is a general cash flow situation. I am not talking about grants; I am talking about the payment of invoices. Secondly, there is a target that we would do that within 10 days of receipt. I do not have stats with me, but my understanding is that most central government bodies are meeting that target. We call it the prompt payment initiative.

We are doing a lot to ensure that grants payments are out as fast as possible. There is clearly a balance. In a former life, I spent a lot of time at the Public Accounts Committee (PAC). You have to make sure that proper processes, checks and balances are in place for the payment of grants. However, as part of the jobs announcement this morning, Invest NI is committing to introducing new fast-track application casework and approval processes for all expansion projects.

**Mr Newton:** That rolls off the tongue.

**Mr Thomson:** Yes. I do not know who writes this.

We are introducing a new streamlined fast-track application for all selective financial assistance projects under £100,000. In other words, we have taken a risk-based approach. Bear in mind what I said about the PAC and that side. You need to look at that, but if something is under £100,000, you can take a greater level of risk. We are committing to fast-tracking those smaller grants through the system. That commitment is in today's announcement.

**Mr Newton:** That has to be a welcome step, particularly since it was a report recommendation.

**Mr Agnew:** Thank you, gentlemen, for being with us today. You touched on the three key broad themes of the forthcoming research and development strategy. I appreciate that the strategy is still being developed, but I was particularly interested in whether you could provide any more information at this point on your thoughts on knowledge exploitation. The previous witnesses said that, across the UK, we are very good at inventing things but not so good at bringing those products to market. Are any more ideas coming out about how we can improve our performance when we innovate to bring the products to market?

**Mr Ciaran McGarrity (Department of Enterprise, Trade and Investment):** You are absolutely right. As David mentioned earlier, the challenge is to translate ideas into money. That is the bottom line. How do we do that? We have an excellent university system here. There is world-class leading research. We fund the universities through the Department for Employment and Learning (DEL) and the higher education innovation fund system by encouraging that knowledge and making links with local businesses. There are issues about intellectual property (IP), such as how to make it easier for SMEs. We have asked MATRIX to look at that, and it will report back next year. I think that it briefed the Committee in September about how we develop and improve guidance on IP for companies, about exploitation, about protection and about its usage. As David mentioned in his previous commentary about venture capital, it is a chicken-and-egg situation. Venture capital is not here because there is no market for it here. How do we create and help to support the stimulation of that market? So, as we mentioned earlier, we are working with the science park and, through CONNECT, with Steve Orr's team to make those connections, to make it more attractive and to encourage venture capital firms to base themselves here, and not just to come here once a year or every six months. Those are some of our actions.

Similarly, Invest NI has propel programmes and accelerator programmes. We have been looking at and concentrating on those areas in which we have the greatest potential to trade products globally. We are looking at the idea of accelerator programmes, some of which have been very successful in Dublin, the UK and the States, whether it be TechStars or Dogpatch Labs. We are looking at those syndicated programmes. Again, with the market, we have to stimulate and support SMEs and microbusinesses to go onto those programmes. That is the biggest challenge.

As David mentioned earlier with regard to exchange and generation, we have excellent research facilities here. We pump a significant amount of public sector money into research facilities, and we are doing great work. We encourage and improve linkages through MATRIX and with other organisations through business. The next challenge is the development of products — or, indeed, services — that we can trade globally. It is not just about R&D. That is a huge area for us. It will require more work on IP and accelerators and in trying to stimulate and support venture capital.

David mentioned other issues about how we approach cultural change towards risk in the public sector. The small business research initiative, which I think you heard about earlier, will be an important tool. The small business innovation research (SBIR) programme, as it is in the States, is seen as an important tool for venture capital. Firms and SMEs in the States access venture capital through the SBIR programme. So how do we translate that here? We are looking at a number of programmes and issues. We will build on what we have and will certainly reconsider how we might use future European regional development fund (ERDF) structural funds and how we align those with the exploitation element.

**Mr Agnew:** Thank you. That was a very comprehensive answer. Certainly, as we have seen with the green new deal, the public sector sometimes has a risk-averse nature. Any attempts to improve that would be greatly appreciated.

**Mr Dunne:** Thanks, gentlemen, for coming to the Committee today. With regard to recommendation 14, we touched earlier on access to European funding. Will you elaborate on the work that you have been doing? I understand that the Department has recently appointed a Horizon 2020 manager. Can we get some details on that?

**Mr McGarrity:** We are happy to do so. Previously, we provided a paper to the Committee on our progress on Horizon 2020. The paper mentioned, and the Minister has said, that we are happy that Dr Simon Grattan has been appointed as the new Horizon 2020 manager. We made the offer to come to the Committee and share our thinking. In simple terms, we see Horizon 2020 as a huge opportunity for Northern Ireland companies and research organisations to draw down additional funding into Northern Ireland. We will do that by working with DEL to introduce a new programme — the EU higher education support programme — which will involve the appointment of research experts to work directly with companies and research organisations to make them aware of forthcoming competitions and help them to develop new partnerships and collaboration —

**Mr Dunne:** For SMEs or for everybody?

**Mr McGarrity:** For SMEs and right across the business board. As part of that network, Invest NI will fulfil the role of direct responsibility for SMEs. With Simon and the Department, we are also developing a new action plan, which will take us through to December 2013. It will outline a series of actions. There are huge issues with communication, branding and awareness. We want to exploit the Irish presidency of the EU in the first six months of 2013. We are trying to tie in events to promote and encourage collaboration between organisations here, the public and, indeed, elsewhere. Representatives from all member states will come to the South of Ireland during those six months. We want to exploit the opportunities that that creates.

So we have identified a range of actions in our action plan. That will be made available towards the end of the year.

**Mr Dunne:** You mentioned some £85 million that has been spent on R&D since April 2011. That is significant, is it not? Consider what the Technology Strategy Board has put into Northern Ireland, which is around £15 million to date. Obviously, you are the leaders in R&D. I take it that you still feel that much more could be done to encourage uptake.

**Mr Thomson:** Absolutely. The Programme for Government and the economic strategy have a target of supporting £300 million of investment, with at least 20% of that coming from SMEs. That is for over the Programme for Government period, and it is quite a challenging target, but we are still optimistic that it will be met. That is one of the reasons why we believed it necessary to have a separate innovation strategy underpinning the existing economic strategy.

**Ms Maeve McLaughlin:** Thank you for your attendance. Issues with Horizon 2020 have been raised, and I welcome the appointment of a manager. I noted what you said about the action plan. That is a critical piece of work, because there are a number of organisations and sectors, in R&D and beyond, that have issues with accessing particular streams of European funding. It is important that we get a sense of the timeline for all of this and the action plan. You said that it was up to December 2013, but when it is likely to be implemented and rolled out?

**Mr McGarrity:** Implementation of some of the actions is ongoing. We will have the action plan out before the end of this calendar year and have sent a draft of that to the constituent bodies involved in a group that I chair. That group was the seventh framework programme (FP7) steering group for Northern Ireland, and it will become the Horizon 2020 steering group.

Last week, we had a meeting of the NI ERDF group, which Belfast City Council co-chairs with the Office of the First Minister and deputy First Minister, and we shared some of the ideas there. The action plan being out by the end of this year and so in place for 2013 is deliberate, because Horizon 2020 starts on 1 January 2014. The action plan is about improving and enhancing our structures to make sure that companies and research organisations are better placed. Other European states have early intelligence of the calls that are coming up, and they have good linkages through Brussels.

As you will be aware, we have four desk officers in Brussels as part of the Barroso task force. The question is how we best utilise them to communicate the information from the various working groups, and that is what we are working on. We have sent the draft to the stakeholder groups, which include the Confederation of British Industry (CBI), other Departments, local authorities such as Belfast City Council, the universities and other parts of government. We will update that, and the final version will come out shortly after Minister Farry and Minister Foster make an announcement on the Horizon 2020 network that I mentioned.

**Ms Maeve McLaughlin:** You mentioned the EU higher education support programme. Is there likely to be a technical assistance budget attached to any of that? One of the issues raised across the sector and within university structures is the resource element that goes alongside accessing some of these programmes. That can often be an obstacle. Is there likely to be any technical assistance?

**Mr McGarrity:** Invest NI, through its project definition phase, makes funding available to FP7 applicants who are deemed eligible. It has also introduced a mentoring programme. The issue with EU funding programmes is the length and complexity of the involvement. It is not necessarily the early resource that puts people off, but it is not a cash-flow solution for a company. Companies must realise that their funding might not come through for 18 months. The Commission has agreed to shorten that period, but it could be 18 months from when the application is submitted. If successful, there is then negotiation. The feedback that we got from companies and organisations was that they want support and information rather than resource. Invest NI already provides financial support and a mentoring scheme through both universities, and the network that we are putting in place will be there to ensure that the right information is disseminated in the right way and at the right time.

**Ms Maeve McLaughlin:** From what I pick up from the University of Ulster, two members of staff can be required to work on a programme two or three times a week for a number of months, particularly if the programme requires a European partner. So there are issues with support.

**Mr McGarrity:** I do not disagree that there is complexity and bureaucracy involved in managing any EU programme. I do not want to give that impression. The university makes that commitment and draws down some of the overheads as part of its overall costs. You are absolutely right: that is not where a national Government steps in and provides financial support to help to pay the salary costs for those staff.

Through Invest NI's offices, we will support applicants to help to define their project before it is submitted. They can draw in some expert support from a business or from the university so that they can define what they want to do. The competitive standard is just so high in Europe. As the Committee is well aware, the success rate is one in five. Everyone thinks that because there is £80 billion, or £50 billion as it is now, it is easy to be successful — it is not. With the succession states coming on, the standard is getting higher, and there is pressure on national budgets. The Republic of Ireland's Government have pushed their organisations towards Europe and slowly turned off the tap of national funding.

We are putting in place the structures. It is about people and communication, and there is a branding issue. We recognise that there has been an issue when organisations within government have not been directly eligible. The PSNI has been hugely successful in FP7 projects on child protection and the movement of children. However, the PSNI is not eligible for Invest NI funding, so that is an issue that will be part of our action plan. How, with that project definition, can we support arms of government?

**Ms Maeve McLaughlin:** It will be useful and important for the Committee to get more evidence on the action plan as it is developed.

My final points are specifically on recommendation 3. I listened to what you said about the single unit. However, throughout the process and the report, we constantly heard about a range of organisations and programmes that need to communicate and work together. You said that the idea of a single unit had been parked. Does that mean that it has not been ruled out? The Committee is concerned about duplication and about being able to identify gaps. Having listened to the earlier presentation, I think it is important that we do all that we can to avoid duplication and identify gaps. Has the single unit been ruled out or simply parked? Is it likely that more conversations about that will take place?

**Mr Thomson:** I think that it is the latter. As I said, we recognise the objective behind what you are saying and do not disagree at all with the points that you make. The innovation strategy is under discussion. That was our initial thinking, and it was the Minister's thinking when we responded. Let us work through the innovation strategy and have the debates. I have to take that to the Ministers again, and it will have to go to the Executive subcommittee as well as being shared with this Committee. Until that happens, it would be wrong of me to say yes or no to something.

**Ms Maeve McLaughlin:** So it is parked, OK.



Finally, I want to ask about recommendation 12, which deals with procurement. Central Procurement Directorate (CPD) is now flexing some of its processes on timelines and displaying similar projects. We know that there is huge income through procurement. We can see the £3 billion in the North, and I could talk about the allocation to the north-west, but I am sure that you will hear about that anyway. I am picking up from the sector that there is a flexibility now that was not there previously but which needs to be tested. Specifically from an R&D perspective, is there a mechanism through which the Department monitors or promotes that?

**Mr Eoin McFadden (Department of Enterprise, Trade and Investment):** That is a fair analysis. From the perspective of the SBRI initially but then going into wider procurement, it is useful to set the context. The parallel issue of pre-commercial procurement was identified at the same time as the TSB and MATRIX were looking at it. It formed part of the government response to MATRIX in November 2009. Following the Tourist Board competition, which Stephen Browning mentioned in evidence, David Sterling took a paper to the procurement board in November 2011, seeking its endorsement for innovative forms of procurement. SBRI will also look at forward commitment procurement (FCP). We are aware of FCP at a policy level and are interested in it. However, it does not happen at all in Northern Ireland and, to be fair, very little in the UK. The procurement board endorsed the paper.

Following on from that, Des Armstrong, the director of CPD, and David had a series of meetings with departmental boards across government. I think that we talked to five Departments. Part of what has driven this, clearly within CPD and the procurement board, is the realisation that the power of that public expenditure and its impact on the local economy must not be ignored. They have been working with CBI and other business bodies to see what they can do to try to make procurement procedures more streamlined and more user-friendly. There is no question that we can do more, but there is definite buy-in to efforts to try to make procurement more innovative and more SME-friendly. It is also worth pointing out that, as David mentioned, the innovation strategy will be across government. As with the previous regional innovation strategy action plan, we anticipate that CPD and the Department of Finance and Personnel will participate to see what they can do to work smarter.

I have just one final small point about the SBRI. It is still likely that the SBRI or innovative procurement executives or experts — however they are described — are likely to be sitting in Invest NI and DETI because it is more about the procurement of R&D. CPD is heavily involved in even the early-stage discussions on projects. We will, for example, have such a meeting about a project this afternoon. So CPD has fully bought into and supports what we are trying to do.

**The Chairperson:** This engagement on procurement has been going on for quite a while, has it not?

**Mr McFadden:** It has, yes.

**The Chairperson:** Are we seeing any product?

**Mr McFadden:** It possibly has not been that neat a fit. As the guy from the TSB said, there have been questions about where it sits within government and how you go about driving projects. We have been working with a number of Departments, but one of the issues with SBRI is that you do not always get a project out of the work. You can start a project definition and look at a problem only for the decision to be that it is not the right approach for a particular problem because it does not match up with all policy issues or initiatives.

**The Chairperson:** Was that a yes or a no? Are we seeing much product?

**Mr McFadden:** We are seeing buy-in, yes. In the next two days, we will have the Technology Strategy Board folks over —

**The Chairperson:** Sorry, but are you hopeful that it will come to fruition within the next few days?

**Mr McFadden:** Yes. That is subject to our commitments, we will certainly be talking to four Departments in the next two days.

**The Chairperson:** I am not seeking to bounce you now. However, after a year, we are entitled to ask these sorts of questions. It is important that the Committee hears what progress is made on those matters.

**Mr McFadden:** Yes.

**The Chairperson:** OK. Thank you for that. I am well aware of the context, as outlined by Mr Thomson, in which the innovation strategy is being developed. The departmental response was to agree with you and then expand on that agreement. However, there is a dearth of action. I can understand the current policy context within which you work. At what point are we likely to see the blanks filled in with actions and time frames?

**Mr Thomson:** As I said, the Minister has given me the task of producing a draft innovation strategy by the end of this year, and I will do that.

**The Chairperson:** Good. Will the recommendations in that be correlated, and will we get an update on how they have been —

**Mr Thomson:** As I think I said at the start, I do not want the strategy just to be warm words and the sort of thing that you could read in an academic textbook. It has to have actions, so the innovation strategy —

**The Chairperson:** Do not worry about it being academic or otherwise, as long as there are actions, we can work with that.

**Mr Thomson:** There will be actions in the draft strategy. We have already started to populate what those actions will be, but there is still work to be done.

**The Chairperson:** So is the time frame for that the end of the year?

**Mr Thomson:** There will be a draft.

**The Chairperson:** Secondly, you expanded on some of the detail of the Executive's announcement yesterday evening. You outlined some of the measures, and I am sure that some of them were very welcome news in light of the presentation that we heard prior to your giving evidence. Can the Department expand any further? We are just hearing the headlines this morning? Does the Department have at its disposal some detail that could be shared with members pretty quickly? You touched on some of that, but could that be presented to us as soon as possible please? Grand. Thank you again for your time. We will, inevitably, have you back to talk about the actions column.

**Mr Thomson:** Thank you, Chair.