



OFFICIAL REPORT

(Hansard)

Volume 19
(15 May 2006 to 11 August 2006)

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Volume 19

15 May 2006 to 11 August 2006

The Northern Ireland Act 2006 made provision for Members of the Northern Ireland Assembly to meet in an Assembly.

The Act gave the Secretary of State power to refer to the Assembly the election of persons to hold the offices of First Minister and Deputy First Minister on the restoration of devolution; the nomination of persons to hold office as Northern Ireland Ministers on the restoration of devolution; and such other matters as he thought fit.

In addition, under the provisions of the Act, the Secretary of State directed that a Committee on the Preparation for Government and a Subgroup on the Economic Challenges Facing Northern Ireland be established.

This Bound Volume contains the Official Reports of all the plenary meetings of the Assembly and the meetings held by the Committee on the Preparation for Government and the Subgroup on the Economic Challenges facing Northern Ireland during the period 15 May 2006 to 11 August 2006.

ASSEMBLY MEMBERS

Adams, Gerry (West Belfast)	Kennedy, Danny (Newry and Armagh)
Armstrong, Billy (Mid Ulster)	Kilclooney, The Lord (Strangford)
Attwood, Alex (West Belfast)	Lewsley, Ms Patricia (Lagan Valley)
Beare, Mrs Norah (Lagan Valley)	Long, Mrs Naomi (East Belfast)
Beggs, Roy (East Antrim)	McCann, Fra (West Belfast)
Bell, Billy (Lagan Valley)	McCarthy, Kieran (Strangford)
Bell, Mrs Eileen (Speaker)	McCartney, Raymond (Foyle)
Berry, Paul (Newry and Armagh)	McCartney, Robert (North Down)
Birnie, Dr Esmond (South Belfast)	McCausland, Nelson (North Belfast)
Bradley, Dominic (Newry and Armagh)	McClarty, David (East Londonderry)
Bradley, Mrs Mary (Foyle)	McCrea, Dr William (Mid Ulster)
Bradley, P J (South Down)	McDonnell, Dr Alasdair (South Belfast)
Brolly, Francie (East Londonderry)	McElduff, Barry (West Tyrone)
Buchanan, Thomas (West Tyrone)	McFarland, Alan (North Down)
Burns, Thomas (South Antrim)	McGimpsey, Michael (South Belfast)
Burnside, David (South Antrim)	McGlone, Patsy (Mid Ulster)
Campbell, Gregory (East Londonderry)	McGuigan, Philip (North Antrim)
Clarke, Willie (South Down)	McGuinness, Martin (Mid Ulster)
Close, Seamus (Lagan Valley)	McLaughlin, Mitchel (Foyle)
Clyde, Wilson (South Antrim)	McMenamin, Eugene (West Tyrone)
Cobain, Fred (North Belfast)	McNarry, David (Strangford)
Copeland, Michael (East Belfast)	Maginness, Alban (North Belfast)
Coulter, Rev Dr Robert (North Antrim)	Maskey, Alex (South Belfast)
Cree, Leslie (North Down)	Molloy, Francie (Mid Ulster)
Dallat, John (East Londonderry)	Morrow, The Lord (Fermanagh and South Tyrone) ¹
Dawson, George (East Antrim)	Moutray, Stephen (Upper Bann)
Deeny, Dr Kieran (West Tyrone)	Murphy, Conor (Newry and Armagh)
Dodds, Mrs Diane (West Belfast)	Neeson, Sean (East Antrim)
Dodds, Nigel (North Belfast)	Nesbitt, Dermot (South Down)
Doherty, Pat (West Tyrone)	Newton, Robin (East Belfast)
Donaldson, Jeffrey (Lagan Valley)	O'Dowd, John (Upper Bann)
Dougan, Mrs Geraldine (Mid Ulster)	O'Rawe, Mrs Pat (Newry and Armagh)
Durkan, Mark (Foyle)	O'Reilly, Thomas (Fermanagh and South Tyrone)
Easton, Alex (North Down)	Paisley, Rev Dr Ian (North Antrim)
Elliott, Tom (Fermanagh and South Tyrone)	Paisley, Ian Jnr (North Antrim)
Empey, Sir Reg (East Belfast)	Poots, Edwin (Lagan Valley)
Ennis, George (Strangford)	Ramsey, Pat (Foyle)
Ervine, David (East Belfast)	Ramsey, Ms Sue (West Belfast)
Farren, Dr Seán (North Antrim)	Ritchie, Ms Margaret (South Down)
Ferguson, Michael (West Belfast)	Robinson, George (East Londonderry)
Ford, David (South Antrim)	Robinson, Mrs Iris (Strangford)
Foster, Mrs Arlene (Fermanagh and South Tyrone)	Robinson, Ken (East Antrim)
Gallagher, Tommy (Fermanagh and South Tyrone)	Robinson, Mark (South Belfast)
Gardiner, Samuel (Upper Bann)	Robinson, Peter (East Belfast)
Gildernew, Ms Michelle (Fermanagh and South Tyrone)	Ruane, Ms Caitriona (South Down)
Girvan, Paul (South Antrim)	Shannon, Jim (Strangford)
Hanna, Mrs Carmel (South Belfast)	Simpson, David (Upper Bann)
Hay, William (Foyle)	Stanton, Ms Kathy (North Belfast)
Hilditch, David (East Antrim)	Storey, Mervyn (North Antrim)
Hillis, Norman (East Londonderry)	Trimble, The Lord (Upper Bann) ²
Hussey, Derek (West Tyrone)	Weir, Peter (North Down)
Hyland, Davy (Newry and Armagh)	Wells, Jim (South Down)
Kelly, Mrs Dolores (Upper Bann)	Wilson, Jim (South Antrim)
Kelly, Gerry (North Belfast)	Wilson, Sammy (East Antrim)

¹ Ennobled on 7/6/06; previously Maurice Morrow.

² Ennobled on 2/6/06; previously Rt Hon David Trimble.

PRINCIPAL OFFICERS AND OFFICIALS OF THE ASSEMBLY

<i>Speaker</i>	Mrs Eileen Bell MLA
<i>Deputy Speakers</i>	Mr Francie Molloy MLA Mr Jim Wells MLA
<i>Office of the Speaker</i>	
<i>Private Secretary</i>	Ms Georgina Campbell
<i>Special Adviser</i>	Mr Richard Good
<i>Clerk to the Assembly</i>	Mr Arthur Moir
<i>Deputy Clerk to the Assembly</i>	Mr Joe Reynolds
<i>Deputy Chief Executive</i>	Mr Tom Evans
<i>Director of Legal Services</i>	Ms Clare McGivern
<i>Examiner of Statutory Rules</i>	Mr Gordon Nabney
<i>Editor of Debates</i>	Mr Simon Burrowes
<i>Clerk Assistant</i>	Ms Nuala Dunwoody
<i>Director of Research and Information</i>	Mr Allan Black
<i>Keeper of the House</i>	Vacant
<i>Principal Clerks</i>	Mr Alan Patterson Mrs Debbie Pritchard Mr John Torney Mr Martin Wilson
<i>Clerk to the Assembly Commission</i>	Mr Tony Logue

THE ASSEMBLY

Monday 15 May 2006

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

ASSEMBLY BUSINESS

Madam Speaker: Members, please take your seats.

In accordance with the Northern Ireland Act 2006, the Secretary of State has directed that the Assembly should sit on Monday 15 May 2006 at 10.30 am to consider business as it appears in the Order Paper.

Before we proceed, I wish to read into the record some letters of appointment.

First, in a letter to me dated 9 May 2006, the Secretary of State said:

“By virtue of my powers under Paragraph 3(1)(a) of Schedule 1 to the Northern Ireland Act 2006, I hereby appoint you as Presiding Officer of the Assembly. Your appointment shall take effect from today’s date.”

Secondly, in a letter dated 11 May 2006, the Secretary of State said the following:

“I am writing to formally notify you that I have today appointed Jim Wells MLA of the Democratic Unionist Party and Francie Molloy MLA of Sinn Féin as Deputy Presiding Officers of the Assembly and have placed a Written Ministerial Statement before Parliament to this effect.”

I offer my congratulations to my two colleagues and look forward to working with them both.

Finally, Members, in a letter of intent to me dated 12 May 2006, the Secretary of State said the following:

“You will have received my letter of 11 May setting out the matters which I am referring for the first week of Assembly business.

I know from our discussions that you are fully aware of the challenges and opportunities that lie ahead and I have every hope that you will be able to oversee the rapid transition of the Assembly to full devolution. There will, of course, be obstacles to overcome and they must be overcome if MLAs are not to stand accused of perpetuating the democratic deficit which Northern Ireland has seen in recent years. But, given the bitter history of Northern Ireland, it is important that we recognise and understand the difficulties for all sides in what the Assembly is now being asked to do. No-one underestimates the challenges ahead and the divisions which remain.

If we are to heal those divisions then this must be a time to focus on what unites us. All the political parties, the British and Irish Governments and, most importantly, the people of Northern Ireland, are united in their belief that devolution and power-sharing are the only way to establish an enduring, stable future. That is why the

Assembly has been recalled with the express purpose of electing a First and Deputy First Minister and forming an Executive, with the opportunity to consider issues of vital importance for their constituents. Now is the time for Northern Ireland’s politicians to shoulder this responsibility for their people’s future, as they have been elected to do; it is time to open a new chapter of stability, opportunity and restored devolution in Northern Ireland.

As I have said before, the decisions which will have to be taken are not easy ones, but history has presented us all with a decisive opportunity to move forward in the coming weeks. The tragic events of recent days have once again shown how desperately the people of Northern Ireland need a new vision for a truly shared society. I know that the promise of a better future for the young people of Northern Ireland will be uppermost in the minds of all MLAs as they approach the days ahead in a spirit of partnership and generosity.”

I have placed copies of these letters in the Assembly Library.

SILENT REFLECTION

Madam Speaker: Members will have noted that, as is the custom at the first sitting, we do not have Prayers on our Order Paper. I am, however, conscious, as we meet this morning, of the tragic death, on Monday last, of Michael McIlveen.

In recent days, I have heard expressions of sympathy made publicly and privately by Members on all sides of the House. With that in mind, I ask Members to stand and join me in observing one minute’s silent reflection.

Members observed one minute’s silence.

ASSEMBLY BUSINESS

Roll of Membership

Madam Speaker: The next item of business on the Order Paper is the Roll of Membership. As required by Standing Order 3(a), a Member shall be regarded as having taken his or her seat only when he or she has signed the Roll of Membership. I do not therefore propose to take any points of order until after the Roll has been signed by all Members present.

I shall now explain the procedures that will be followed for the signing of the Roll. These have been discussed and agreed at meetings of the Business Committee.

In order to avoid the Chair being vacated, I will sign the Roll at the Speaker's Table, after which the Roll will be placed on the table in front of me. I shall then invite Members of the Assembly to come forward in their party groupings to sign the Roll. I will call the parties in alphabetical order by name of the party. Independent Members will be called in alphabetical order at the end.

When your party name is called, I ask Members of that party to rise in their places and proceed through the Aye Lobby on my right. Members should then come forward to sign one of the two Roll pages placed on the table in front of the Speaker's Table.

Members should enter today's date, print and sign their name, and may enter a designation of identity. I draw Members' attention to the provisions of Standing Order 3(e), regarding the designation of "Nationalist, Unionist or Other". A Member who does not register a designation of identity will be deemed to be designated "Other" for the purposes of the Standing Orders.

The process of signing the Roll will take some time, and I ask Members for their patience during this procedure.

Clerk, if I may now sign the Roll.

Madam Speaker signed the Roll of Membership as follows:

Bell, Eileen

Other

Madam Speaker: Members of the Assembly, I should like to make a brief personal statement before others sign the Roll.

I consider it a great privilege to have been appointed to hold the office of Speaker of this Assembly. In any elected body, the office of Speaker draws much of its authority and dignity from the respect and co-operation of the Members, particularly in their relationship with the Chair. I hope that I can rely on your support as I try to uphold the values of the tradition. For my part, I will do my utmost to maintain your respect for the office of

Speaker, and I trust that I can count on your co-operation.

Like each of you, I have been elected to serve my constituents and, in whatever role I can play in this place, to work for the best interests of all the people of Northern Ireland. I regard that as a greater privilege, and I commit myself to assisting you to perform that task on behalf of your own constituents and the wider community.

This Assembly has been established to make preparations for the restoration of devolved Government in Northern Ireland and a fully restored Assembly. How we conduct ourselves in this Chamber, and particularly in regard to each other, will contribute to our electorate's view of our entitlement to hold office in that Assembly. That stands as both a challenge and a standard against which each one of us will be measured.

For my part, I want simply to state to you that I stand before you as a servant of the Assembly. I intend to follow the established precedent of not making political comment to the media; I intend to stand aside from party politics and to offer myself as a spokesperson for the Assembly, its collective will and particularly its secretariat, which has served us all so well.

I look forward to whatever time I will have in this position. I am indebted to you for your patience as I strive to serve you all.

We shall now proceed.

I invite Members of the Alliance Party to come forward to sign the Roll of Membership.

The following Members signed the Roll of Membership:

Close, Seamus

Other

Ford, David

Other

Long, Naomi

Other

McCarthy, Kieran

Other

Neeson, Sean

Other

10.45 am

Madam Speaker: I invite Members of the Democratic Unionist Party to come forward to sign the Roll of Membership.

The following Members signed the Roll of Membership:

Beare, Norah

Unionist

Buchanan, Thomas

Unionist

Campbell, Gregory

Unionist

Clyde, Wilson

Unionist

Dawson, George

Unionist

Dodds, Diane

Unionist

Dodds, Nigel

Unionist

Donaldson, Jeffrey

Unionist

Easton, Alex

Unionist

Ennis, George	Unionist
Foster, Arlene	Unionist
Girvan, Paul	Unionist
Hay, William	Unionist
Hilditch, David	Unionist
McCausland, Nelson	Unionist
McCrea, William	Unionist
Morrow, Maurice	Unionist
Moutray, Stephen	Unionist
Newton, Robin	Unionist
Paisley, Ian	Unionist
Paisley, Ian Jnr	Unionist
Poots, Edwin	Unionist
Robinson, George	Unionist
Robinson, Iris	Unionist
Robinson, Mark	Unionist
Robinson, Peter	Unionist
Shannon, Jim	Unionist
Simpson, David	Unionist
Storey, Mervyn	Unionist
Weir, Peter	Unionist
Wells, Jim	Unionist
Wilson, Sammy	Unionist

11.00 am

Madam Speaker: I invite Members of Sinn Féin to come forward to sign the Roll of Membership.

The following Members signed the Roll of Membership:

Adams, Gerry	Nationalist
Brolly, Francie	Nationalist
Clarke, Willie	Nationalist
Doherty, Pat	Nationalist
Dougan, Geraldine	Nationalist
Ferguson, Michael	Nationalist
Gildernew, Michelle	Nationalist
Hyland, Davy	Nationalist
Kelly, Gerry	Nationalist
McCann, Fra	Nationalist
McCartney, Raymond	Nationalist
McElduff, Barry	Nationalist
McGuigan, Philip	Nationalist
McGuinness, Martin	Nationalist
McLaughlin, Mitchel	Nationalist
Maskey, Alex	Nationalist
Molloy, Francie	Nationalist
Murphy, Conor	Nationalist
O'Dowd, John	Nationalist
O'Rawe, Pat	Nationalist
O'Reilly, Thomas	Nationalist
Ramsey, Sue	Nationalist
Ruane, Caitríona	Nationalist
Stanton, Kathy	Nationalist

Madam Speaker: I invite Members of the Social Democratic and Labour Party to come forward to sign the Roll of Membership.

The following Members signed the Roll of Membership:

Attwood, Alex	Nationalist
Bradley, Dominic	Nationalist
Bradley, Mary	Nationalist
Bradley, P J	Nationalist
Burns, Thomas	Nationalist
Dallat, John	Nationalist
Durkan, Mark	Nationalist
Farren, Seán	Nationalist
Gallagher, Tommy	Nationalist
Hanna, Carmel	Nationalist
Kelly, Dolores	Nationalist
Lewsley, Patricia	Nationalist
McDonnell, Alasdair	Nationalist
McGlone, Patsy	Nationalist
McMenamin, Eugene	Nationalist
Maginness, Alban	Nationalist
Ramsey, Pat	Nationalist
Ritchie, Margaret	Nationalist

11.15 am

Madam Speaker: I invite Members of the Ulster Unionist Party Assembly Group to come forward to sign the Roll of Membership.

The following Members signed the Roll of Membership:

Armstrong, Billy	Unionist
Beggs, Roy	Unionist
Bell, Billy	Unionist
Birnie, Esmond	Unionist
Burnside, David	Unionist
Cobain, Fred	Unionist
Copeland, Michael	Unionist
Coulter, Robert	Unionist
Cree, Leslie	Unionist
Elliott, Tom	Unionist
Empey, Reg	Unionist
Ervine, David	Unionist
Gardiner, Samuel	Unionist
Hillis, Norman	Unionist
Hussey, Derek	Unionist
Kennedy, Danny	Unionist
Kilclooney, The Lord	Unionist
McClarty, David	Unionist
McFarland, Alan	Unionist
McGimpsey, Michael	Unionist
McNarry, David	Unionist
Nesbitt, Dermot	Unionist
Robinson, Ken	Unionist
Trimble, David	Unionist
Wilson, Jim	Unionist

Madam Speaker: I invite the Member from the United Kingdom Unionist Party to come forward to sign the Roll of Membership.

The following Member signed the Roll of Membership:

McCartney, Robert *Unionist*

Madam Speaker: I invite the Independent Unionist Member, Mr Paul Berry, to come forward to sign the Roll of Membership.

The following Member signed the Roll of Membership:

Berry, Paul *Unionist*

Madam Speaker: I invite the Independent Member, Dr Kieran Deeny, to come forward to sign the Roll of Membership.

The following Member signed the Roll of Membership:

Deeny, Kieran *Other*

Madam Speaker: Finally, I invite any Member present who has not already done so to come forward to sign the Roll of Membership.

11.30 am

I thank Members for their co-operation and patience during the signing of the Roll of Membership. The Roll will be located in the Chamber during sitting days to enable any Member who has not been able to sign the Roll to do so.

Standing Order 3(a) states that my decision as to whether a Member has taken his or her seat in accordance with the Standing Order is final. I can make that decision only after scrutinising all of the entries on the Roll. I intend to make an announcement on this matter at the start of the next meeting of the Assembly.

Mr P Robinson: On a point of order, Madam Speaker. One of the other duties that you and your staff are expected to perform today is to publish a list of Members of each of the parties. Standing Orders are clear on the matter and refer to the:

“list of seats in the Assembly held by members of each party”.

They do not refer to a group or to those who are taking the whip of a particular party but to members of the party itself.

There are public indications that the Ulster Unionist Party intends that a Member for East Belfast, Mr Irvine, be a member of its group. Will you clarify the situation, either now or after you have taken counsel's opinion? There are political implications — perhaps long into the future — with this matter and as to whether it falls within the interpretation of the Standing Order that deals with being a member of a party. I understand from the constitution rules of the Ulster Unionist Party that, in order to be a member of that political party, a person cannot be a member of any other political party.

Madam Speaker: I thank Mr Robinson for his point of order. It is a serious matter and has to be looked at very carefully. I will be taking counsel and I will, hopefully, be making a ruling at tomorrow's sitting.

Rev Dr Ian Paisley: Further to that point of order, Madam Speaker. Will you explain why you took the decision today to allow another Member to be incorporated under the Official Unionist banner?

Madam Speaker: I was provided with the information about party membership in accordance with Standing Order 3, and that information has been set out accurately in the published list.

Rev Dr Ian Paisley: Further to that point of order, Madam Speaker. The list that we received showed:

“Progressive Unionist Party

Members (1):

Mr David Irvine”.

Madam Speaker: That list was from Thursday. An updated list was issued after we received the list from the Ulster Unionist Party Assembly Group. That list should now be in your possession.

Rev Dr Ian Paisley: We never saw that list.

Madam Speaker: It was circulated this morning before 9.30 am, which is in line with convention. However, as I said to your colleague, it is a serious matter that will be looked at.

Adjourned at 11.34 am.

THE ASSEMBLY

Tuesday 16 May 2006

The Assembly met at 2.00 pm (Madam Speaker in the Chair).

Members observed two minutes' silence.

ASSEMBLY BUSINESS

Roll of Membership

Madam Speaker: In accordance with the Northern Ireland Act 2006, the Secretary of State has directed that the Assembly should sit on Tuesday 16 May 2006 at 2.00 pm to consider business as it appears on the Order Paper.

I have had an opportunity to scrutinise the entries in the Roll of Membership, and I am satisfied that all 108 Members have taken their seats in accordance with Standing Orders.

Regarding designations of identity, six Members entered designations that I have deemed to be "Other" for the purposes of Standing Orders. Members will find details of the designations in the minutes of proceedings for yesterday's sitting.

At the end of yesterday's sitting, a matter was raised as a point of order, and I agreed to give it careful consideration. I am currently seeking advice from Speaker's counsel, and I shall report back to the House when I have had the opportunity to consider the matter fully.

Mr Robert McCartney: On a point of order, Madam Speaker. Before the business of this body commences, I wish to make a point of order on the status of this body and you as its appointed Speaker. The media in general, and the British Broadcasting Corporation (BBC) in particular, continue to refer to this body as "the Assembly". That has caused widespread public confusion, which should be removed.

Madam Speaker, you are aware that this is not the Assembly to which Members were elected in November 2003: it is simply a body that the Secretary of State has invited the Members then elected to attend.

Madam Speaker: Thank you, Mr McCartney. Can I stop you there? According to the Northern Ireland Act 2006, this is "the Assembly". It is not the Northern Ireland Assembly and will not be the Northern Ireland

Assembly until we restore full devolution. I was appointed by the Secretary of State, as were the two Deputy Speakers, under the Act, which is at the direction of the Secretary of State. All Assembly business is at the direction of the Secretary of State.

Mr Robert McCartney: Perhaps, Madam Speaker, you would permit me to finish my point of order. The Assembly, or this body, like Parliament, Congress or the French National Assembly, elects its Speaker to determine the Standing Orders for the conduct of business and the nature of the business to be debated. None of that applies to this body, convocation or assembly, however it may be described. You, Madam Speaker, were nominated by the Secretary of State, and, as you rightly say, the Secretary of State describes how business is to be conducted because he determines and amends, on a daily basis, the Standing Orders. He also determines what the business is to be. Now you, Madam Speaker, I believe unwittingly, said yesterday that you were the servant —

Madam Speaker: Mr McCartney, have you a question?

Mr Robert McCartney: Yes, but I have to frame it.

Madam Speaker: I have to say that your information so far has been quite inaccurate. As I said before, this is "the Assembly" and it is at the direction of the Secretary of State. All business must first be agreed in the Business Committee; it then goes to the Secretary of State, and an Order Paper comes back. That is the way it is. Unfortunately, until we get restored devolution that is the way it will remain.

Mr Robert McCartney: Madam Speaker, with respect, that may be the case. However, yesterday you declared that you were, and hoped to be, the servant of this Assembly. Since the New Testament was published:

"No man can serve two masters".

Which is to be your master, Madam Speaker?

Madam Speaker: Order. After my appointment by the Secretary of State, I asked, in my personal statement, that Members realise that I am here as their servant. I hope that when we get full devolution we can look at the matter and, if necessary, elect a Speaker as you suggest. I think that we have had enough of that point of order.

SECRETARY OF STATE MOTION

Economic Challenges and Proposed Working Group

Madam Speaker: I wish to advise that the motion was referred to the Assembly by the Secretary of State and is not subject to amendment. The Business Committee has agreed that a minimum of two hours be set aside for the debate. The Committee also agreed that the first round of speeches should be limited to 10 minutes, with subsequent Members being allowed five minutes. I intend to send a copy of the Official Report of the debate to the Secretary of State.

Motion made:

That the Assembly considers the economic challenges facing Northern Ireland, in the context of both the UK and all island economies, to be a key priority for a restored Executive and calls on the Business Committee to take forward establishing a working group on this issue to make recommendations to a restored Executive. — [*The Secretary of State.*]

Mr Simpson: It is fitting that we discuss the Northern Ireland economy after this morning's presentation from the Northern Ireland Business Alliance. I put on record my appreciation of those who gave it. It was informative.

Like so many people, families and communities, Northern Ireland's entire economic fabric was targeted for destruction by terrorists. When the IRA gave its stand-down order last year, it claimed that on every front where it had visited death and destruction, it was, and I quote, "entirely legitimate".

Those who gave their unqualified support to that claim must convince us that they now have a true concern for our economic well-being. One of the first duties of an Administration is to advance its country's economy. Ongoing criminality means that Northern Ireland is still denied devolution in which local economic affairs are administered by locally accountable representatives. However, it is my hope that others will embrace democracy and that we shall have it.

The absence of full devolution should not inhibit direct rule Ministers from exercising their powers to do what is right by Northern Ireland's economy — and there is much to do. Northern Ireland has enjoyed steady economic growth, with employment at an all-time high. However, our manufacturing base is eroding steadily, basic business costs are on the up, and reliance on the public sector remains dangerously high.

We need to find ways to diminish or even eradicate those elements that are a cause for concern and ensure that any economic indicator points in the right direction. Any future Executive must grapple with eight key foundations to encourage and underpin economic growth. These are a reduction in red tape

and regulation; a concentration on skills development; an enhanced infrastructure; an improved planning process; lower business costs; a more attractive taxation system; reform of Invest Northern Ireland; and an efficient Government. If ever there were unnecessary intrusion of politics into business, it is in the expansion of business-based bureaucracy.

A priority for any future local Administration should be the unravelling of as much Government-generated red tape as it can. Businesses should be set free and allowed to get on with their work. Our economy lacks the required skills in many sectors, and that is not helped by high levels of economically inactive people. Business and Government need to combine to bring the right people with the right skills through the education system.

A proper partnership between an Executive, business and the individuals themselves is required to tool our economy for an increasingly competitive and cut-throat global economy. My party is consistent in calling for any future economic package to be ploughed into enhancing our ailing infrastructure. Thirty years of terrorism have deprived our roads, water and sewerage systems of much needed funds. Business would benefit as much as the general population from a better infrastructure.

Too many potential new investors or existing companies with an eye to expansion are put off by our cumbersome and constricting planning laws and procedures. An overhaul of the planning process could assist business growth immensely. Increased energy, insurance and fuel costs and new costs such as industrial rates deter growth and even discourage many from continuing to operate in this country.

Some of those costs are the Government's direct responsibility. The Government must strike the right balance between making business a financial contribution to the economy and ensuring that business retains its competitive edge. My party and I have pressed the Government hard on reducing our corporation tax rate, and some months ago I secured an Adjournment debate on that subject in the House of Commons. Some progress was made with the then Minister with responsibility for Enterprise, Trade and Investment, and I hope to take this up soon with her replacement.

In our competition with the South — and let us not forget that the South is our economic competitor — corporation tax is the main and crucial difference. A rate of corporation tax lower than that of the Republic could increase the overall tax take as existing companies expand and new ones enter Northern Ireland. If that is too unpalatable for the Government, then we need to examine the possibility of bringing about a cocktail of measures that has the same net effect of lower overall tax for businesses.

Mr Burnside: I thank the Member for giving way. Does he agree that there will be a major problem in getting a reduction of corporation tax in Northern Ireland with the continuing joint administration between the British Government, the Northern Ireland Office and the Southern Irish Government?

It is highly unlikely that the South of Ireland that he refers to as our competitor will allow us to introduce a more incentive-based corporation tax system in Northern Ireland than exists in the Republic.

2.15 pm

Mr Simpson: I do not think that we should have that defeatist attitude, but I see where the Member is coming from. I accept that it will be difficult, but through a cocktail of funding we may be able to get to the level that we require.

Madam Speaker: I would be grateful if the Member could address his remarks through the Chair.

Mr Simpson: That is not a problem, Madam Speaker, and I apologise. I will ensure that I keep looking in this direction.

Mr S Wilson: A very pleasant view it is too.

Madam Speaker: Order.

Mr Simpson: Madam Speaker, you will notice that I did not say that.

Reform of Invest Northern Ireland is also required, but equally important is a refocus of its work. Instead of concentrating on micro businesses that merely redistribute wealth or looking into the world for solutions to all our economic ills, let us make the most of what we have, sell it well, and assist it to the full instead of chasing pipe dreams.

Any future Executive should make efficiencies in its own structures. Efficiency does not necessarily equate to job losses in the public sector, but there should be a realisation and recognition that we can no longer rely on the public sector to drive Northern Ireland. Progress on those issues is absolutely essential if Northern Ireland's economy is to lead in the right direction. However, I caution everyone not to fall into the trap of thinking that the Assembly is the answer to everything, given that we are as susceptible to global economic trends as every other economy.

Government must fix what is wrong instead of pursuing their fascination with fads and fantasies such as an all-Ireland economy. The motion is interesting, however, in that it refers to the UK economy, recognising our place there, and simply to an all-island economy, recognising the existence of two jurisdictions. Perhaps we could help our Southern neighbour and use the gravitational pull of the much larger UK economy to drag the South closer to the United Kingdom. We wish for good relations with our

nearest neighbour. We are willing to co-operate if there are clear lines of self-interest for Northern Ireland, but the economic and financial cake is far greater and the benefits far larger.

Rev Dr Ian Paisley: Does my hon Friend remember that the South of Ireland benefited by £5 million a day for a number of years from the European fund? If Mr Simpson gave me that for Northern Ireland, I, too, could have a tiger machinery for business — the Celtic tiger — I am sorry, I missed its nationality.

Mr Simpson: I do not know whether to comment on that, Madam Speaker. A debate will soon take place in the Province on whether the Celtic tiger is sustainable, so it will be interesting to hear the outcome of that. To concentrate exclusively on an all-Ireland economy might do well for a tree-hugger but not in the real world.

Madam Speaker: I remind the Member that his time is drawing near. *[Laughter.]* Time is short, Mr Simpson.

Mr Simpson: I am nearly finished. We have had many advantages that have often been overlooked, not least our inherent spirit of entrepreneurship. Government should work alongside business and not against it. That can become the challenge that faces us to start us on our way to a brighter economic country.

Sir Reg Empey: In recent years, an element of complacency has entered into the treatment of our economy. This is partly due to the fact that we have been consistently producing low unemployment figures that are very appealing on the surface and look as though we are, in fact, making progress, but they hide a number of underlying weaknesses.

No regional economy, such as our own, is isolated from the real world. We are well aware of that. In Northern Ireland, to some extent, we live in a public expenditure bubble, which is relatively high. However, many would argue that it is entirely consistent with our needs. Nevertheless, our entrepreneurial private sector is much smaller than those in other regions of the United Kingdom and, indeed, further afield.

We must highlight, therefore, that, although the surface level of unemployment appears low, it disguises the fact that there are skills shortages and that we are bringing in foreign labour. Many manufacturing plants in Northern Ireland are dominated by labour from other parts of the European Union or from further afield. It disguises also the fact that there are still large numbers of people who do not have fulfilling and worthwhile jobs. Although that situation is, to some extent, disguised by events, it is an underlying fact that must be taken into account.

Just as our politics and society need devolution, it is important to note that the experiences in Scotland and Wales have shown that those regional economies,

which face similar challenges to our economy, have benefited from local Ministers and devolved institutions.

Mr Burnside: Does the Member agree also that the advantages of devolution in those two parts of the United Kingdom — Scotland and Wales — have been based on coalition Government, agreed voluntarily by democratically elected parties? Is today not a fine example of how the democratic parties here could move ahead to form a voluntary coalition?

Sir Reg Empey: The Member makes a valid point. Indeed, one hopes the day will come when that is exactly how Governments are formed here — if we have them. However, not only have the devolved Administrations in Scotland and Wales delivered coherent economic strategies, related education and skills policies to economic needs, and worked in partnership with the business and trade union sectors, they have used UK, European and international platforms to talk up their regional economies. Indeed, even though they do not have devolution, regions in the north-east and north-west of England have developed elaborate skills policies and have been trying to retain their young graduates so that they can reduce the brain drain.

As Northern Ireland's business community knows, the contrast between the performance of devolution in other parts of the UK and our direct rule Administration is inevitably stark and obvious. Clearly, Northern Ireland used to be the odd man out in the UK, as the only area with devolution. Now, the situation has turned around, and we are the odd man out because we no longer have devolution. Although we should not exaggerate what devolution can do, it can make a contribution.

Recognising the key role of the manufacturing sector must be fundamental to the economic vision of any future devolved Administration in Northern Ireland. Again, the lead given by the Scottish and Welsh devolved Administrations offers a model for us in this part of the UK. Scotland's manufacturing strategy, entitled 'Created in Scotland', and the Welsh manufacturing forum are evidence of a genuine commitment to a dynamic future for the sector in those regions.

While the Scottish Executive have given a commitment to keep business rates competitive, alongside a small business rates relief scheme, Northern Ireland's manufacturers are, of course, facing the imminent end of industrial derating. This historical concession predated our entry into the EU. Thereby, it was not contrary to EU competition laws. Now, manufacturers will be disadvantaged because of Northern Ireland's differences and because of the fact that our energy costs, which were the quid pro quo promised to the manufacturing sector if rates were introduced, have not been reduced. The commitment of £200 million made by Minister

Pearson in September 2003 to offset the cost to industry has not been followed through as envisaged.

Consequently, the manufacturing sector is facing the double whammy of increasing rates and energy costs and, of course, transport costs.

This Assembly ought to be able to address that fundamental issue. The manufacturing sector has convincingly demonstrated that the Administration's present policy could cost the Northern Ireland economy job opportunities.

The hon Member for North Antrim, Dr Paisley, made the point about aid to the Republic — I believe it was called the cohesion fund, and it was available to only four countries in the European Union — which has given them an enormous boost, but in fairness they have gone further and identified their next target area, namely fourth-level education. When we were dismantling our technical school and college education, they introduced it, and that provided a flow of labour qualified to meet the needs of industry. A local Administration could tailor policies to the needs of local businesses.

Ensuring that our workforce has the skills to compete in the knowledge-based economy of the twenty-first century must be a priority. Whether it is ensuring that our higher education institutions and colleges are attuned to the needs of our economy, or addressing the scandal of poor literacy and numeracy skills among our school-leavers, any economic vision for Northern Ireland will be mere words unless small and medium-sized enterprises (SMEs) and multinationals have access to a skilled labour market.

The hon Member for Upper Bann, Mr David Simpson, mentioned regulation. Attempts have been made to reduce regulation but, sadly, much of it derives from European Union legislation, to which our national Government sign up without necessarily understanding the downstream consequences — and they certainly do not have to meet the downstream costs.

Mr S Wilson: Does the Member accept that when we sign up to EU directives we "gold-plate" the regulations, thus making them far more severe in this part of Europe than in other parts? Perhaps that is what we should be addressing.

Sir Reg Empey: That is a valid point. It is often said that a seven-page document from Brussels comes out of a Whitehall Department as a 70-page document. We seem to be excessively rigorous in the enforcement of these measures.

Mr Paisley Jnr: I am sure that the Member is aware of the recent report titled, 'Investing in Regeneration, Unlocking the Belfast Opportunity'. It makes a salient point about the problem of over-regulation, which the Member has touched on. However, it also states that in

2004 in excess of £1 billion was taken away from local investment in Northern Ireland and put into GB, principally because regulation here was preventing the entrepreneurial spirit from flourishing.

Sir Reg Empey: I agree that there has been a significant and proud tradition of innovation and entrepreneurial skills in this part of the United Kingdom. Somehow we seem to have moved away from that. At this morning's presentation, Mr Paisley Jnr referred to the paintings of industrial scenes in the Senate Chamber, and that is very poignant. A local devolved Administration could contribute to encouraging the restoration of such industry. Of course, that cannot be achieved without the link to education at basic, further and higher levels.

We should not ignore the challenges, but nor should we fail to recognise the potential of the innovative approaches that our colleagues in the rest of the United Kingdom have taken. Devolution can mean the end of complacency and the beginning of a new, dynamic, nimble and agile approach — an expression that was used in this morning's presentation. I commend those ideas to Members.

Dr Farren: The SDLP supports the general terms of this motion. We accept that, as we prepare for devolution, we need to examine not just how we can modernise and develop the economy of Northern Ireland on its own, but how we must do so bearing in mind the opportunities offered by a joint approach to Ireland-wide economic development, as well as the opportunities that exist in the wider EU and global contexts.

I stress the SDLP's outward-looking approach, because of frequent accusations that we are fixated on looking inward or southward and have no regard to other dimensions and contexts — the SDLP recognises the global nature of the economy in which we live.

2.30 pm

The SDLP's objectives include maximising the economic potential of the whole island through a joint approach to planning and delivering infrastructure developments in roads, transport, energy supply, telecommunications, health, education and many other services where it makes sense to do so and where, in the words of the Good Friday Agreement, such developments would be to the "mutual benefit" of communities in both parts of the country. As has often been stated recently, those opportunities have never been better. At current estimates, over £100 billion will be spent over the next decade on basic infrastructure, North and South.

The distance we must travel in order to become a more successful economy can be measured in the gap between two major investments announced just three months ago: one for an enlarged retail development in east Belfast and the other for a pharmaceutical

enterprise near Cork. Each promises around 400 new jobs, but there the similarities end.

The investment in east Belfast — welcome as it is — promises jobs at the lower end of the skills range; many are part time and many are at the lower end of the wage scale. In contrast, 80% of the jobs at the pharmaceutical enterprise in Cork, announced in the same week, will be for highly qualified and skilled graduates. When did we last have such investments? It is very hard to recall, because they have been few and far between.

To reach the point where the norm is investment offering many more opportunities for highly skilled, well-paid technicians and graduates, where those investments challenge our universities and institutes of further and higher education to produce a workforce capable of servicing technologically and intellectually challenging employment and where research and development increases from its current very low levels, needs a much more concerted and comprehensive approach than at present.

That approach must be supported by new fiscal and other incentives that put us on a more level playing pitch with the South's headline-grabbing 12.5% corporation tax and with the many other economies emerging in central and eastern Europe. Those economies are liable to attract much of the mobile international investment, if we are not able to match the incentives that they offer.

Mr Paisley Jnr: Although I welcome and acknowledge that our neighbour's economy is doing extremely well, does Dr Farren accept that Northern Ireland's economy was blighted and stymied for years by gunmen and gangsters, who carried out the most vicious campaign of terror against the economy to wreck this country, to wreck investment and to wreck stability — and all in the name of Ireland? Does he thoroughly oppose that?

Dr Farren: Not only the effects of the troubles, but the failures to develop sustained partnership arrangements within this institution and to sustain the North/South institutions established by the Good Friday Agreement have continued to inhibit the development of the economy. The SDLP is working to ensure that all institutions are restored, so that we can ensure that the economy moves forward in the way that we all want.

To return to my theme, incentives alone will not be sufficient to enable us to move the economy forward in a step change. Underlying the success that we have seen in the South, there has been a strong social partnership with real buy-in from all of the key partners: trade unions; the voluntary sector; and business. This partnership has been in existence for well over 15 years, and it has given a high degree of stability — both political and social — to the South's economy.

The right fiscal incentives and the right workforce are also key to thriving economies worldwide.

Therefore, if we are to move from a public sector-dependent economy to one that has a greater reliance on wealth creation, we will not do so over the heads of the social partners. We also need a similar strong social partnership. I do not believe that the Economic Development Forum (EDF) as it is presently constructed — representative and all that it is — is the best forum for ensuring the kind of objectives that I believe need to be set for a real vibrant social partnership.

In such a partnership, poverty elimination stands side by side with wealth creation and greater productivity as common targets. The delivery of quality public services is a common concern. Equality and fair treatment of all workers — whatever their origin or background — are guaranteed. The delivery of such a social partnership requires the leadership that a return to devolution, to the North/South Ministerial Council and to all the other elements of the Good Friday Agreement alone can provide.

While the SDLP supports the motion of creating a working party as a necessary means of preparing for devolution, it is no substitute for devolution. The sooner that we can move towards achieving that aim, the better it will be — not just for our politics but also for our economy.

Mr Neeson: Madam Speaker, I welcome the debate. However, may I say that for months my colleagues in the Alliance Party have been trying to persuade the Secretary of State to set up an economic forum involving elected members of the Assembly. The economy is an issue that has gained consensus across all the political parties, and I am pleased that over recent weeks I have shared a cross-party platform on matters relating to the economy.

The modern economy is very complex. We have the whole issue of globalisation. Who would have thought that we would see such development in the likes of China and India as we have seen in recent times? We are also dealing with issues relating to the enlargement of the European Union, and in Northern Ireland we are in a unique situation in which our nearest neighbour is dealing in a different currency. Therefore, there are a lot of challenges to deal with, but there is also a great number of opportunities. It is also worth saying that society is changing rapidly, and I suggest that in every decade over recent times there has been a new industrial revolution. That is a challenge for us all to meet.

Following on from this morning's meeting with the business sector, an important factor to consider is that in many ways it is up to us to create the climate in which we can move from a public-sector economy to a private-sector economy. An important issue in relation to that is for us to provide the necessary joined-up government.

I pose this question to Members: was the artificial creation of 10 Departments helpful to moving forward the economy? We must deal with that issue. When we had the Review of Public Administration (RPA), the Departments should have been reviewed at the same time.

It is important that we realise the problems that businesses face daily due to lack of co-operation among various Departments. We have been dealing with planning, which is one of the big issues. Other Members — Sammy Wilson in particular — and I have been working on planning, which is one area that must be investigated.

We have discussed corporation tax, particularly when compared with the lower levels in the Republic of Ireland. I know that I will not receive universal support in the Chamber, but I still believe that this Assembly should request tax-varying powers. Those powers could allow us to deal with the issue of corporation tax, as well as a number of other public issues. We have seen how the Scottish Parliament has successfully reformed services as a result of its having tax-varying powers.

Mr S Wilson: Does the Member agree that the tax burden increased when the Scottish Parliament got its hands on tax-varying powers? That seems to be at odds with the argument being made that we should try to encourage the private sector to invest in Northern Ireland, because we know that higher taxation and private-sector investment are not compatible. Higher taxation will tend to discourage the private sector from investing here.

Mr Neeson: I certainly believe that if we are to move forward the economy, we must find some way to bring about the necessary fiscal reform. The issue of tax-varying powers should be considered.

Mr Paisley Jnr: Although it is an enchanting argument that we should have a different rate of corporation tax — I understand how attractive that would be to various businesses — will the Member respond to these two points?

First, does the Member think that a different rate of corporation tax will help to create the 141,000 jobs that we need in Northern Ireland before 2015?

Secondly, if we get tax-varying powers, does he accept that the British Government will ask for a quid pro quo, which could involve putting the Barnett formula on the table? To do so would unravel a very beneficial formula that provides us with the rest of our subvention.

Mr Neeson: As we found out from this morning's discussions, there is more than one issue. We must develop an entire package of reforms in order to create the climate in which the economy can move forward.

In fact, the DUP, along with the other parties, met the Secretary of State for Northern Ireland, Peter Hain, to discuss industrial derating. The purpose of industrial derating was to allow Northern Ireland to compete with the lower rates of corporation tax in the Republic of Ireland. At least some consensus exists. It is important, however, that we develop a package of reforms.

I am also concerned about the amount of investment that is being taken out of Northern Ireland, because of the complex situation here, and invested in other parts of the UK. If I may say so, considerable investment is going to the Republic of Ireland as well. That issue must be dealt with. If we are to create the 141,000 jobs to which Ian Paisley Jnr referred, there must be reform.

Investment in research and development was highlighted this morning. The small-business sector is important, so we should acknowledge one of the biggest problems, which is the fact that 89% of those currently employed in the private sector work for companies that employ 10 or fewer people. That issue must be addressed.

I also hope that the Assembly will get the opportunity to deal with the reform of the education system. It is important that the education system that we develop recognises and acknowledges the needs of modern society and business. When Nortel was expanding some years ago, the local further education colleges provided courses to develop the skills necessary for it. The education system should recognise the needs of business and the economy.

2.45 pm

Apart from Ian Paisley Jnr no one mentioned tourism this morning. It is an important element of the modern Northern Ireland economy, and we can see it expanding throughout Northern Ireland not only yearly, but daily. Tourism must be provided with the necessary facilities to expand. Finally, Madam Speaker —

Mrs D Dodds: Will the Member give way?

Mr Neeson: Yes.

Mrs D Dodds: Tourism is vital to the economy and could form part of a new vision for the economy in Northern Ireland. The Member also referred to the reform of the 10 artificial Government Departments. We also need to look at the creation of the artificial cross-border bodies that deal specifically with tourism. Northern Ireland pays twice as much to Tourism Ireland — over £22 million a year — as it invests in tourism in Northern Ireland. The Northern Ireland Tourist Board announced five signature projects, but the one for Belfast has no central Government funding promised for it and is proceeding with an application to the Big Lottery Fund. Tourism can advance Northern Ireland — *[Interruption.]*

I hope that the Member agrees that not only is tourism important but that the cross-border bodies are also important.

Mr Neeson: I appreciate that very much, but —

Madam Speaker: I am sorry, Mr Neeson, but your time is up.

Mr Robert McCartney: On a point of order, Madam Speaker. Unless the Chair limits interventions, Members will not give way, since the time spent on an intervention comes off their speaking time.

Some Members: Hear, hear.

Madam Speaker: Order. Members must limit their own interventions.

Mr N Dodds: On a point of order, Madam Speaker. There would be merit in considering the procedure in the House of Commons: if a Member intervenes in a time-limited speech, an extra minute or so is added for each intervention, with a maximum of two interventions allowed. It is then up to the Member to decide whether they wish to give way, and if they do they are not penalised for that.

Madam Speaker: Thank you, Mr Dodds. We will certainly consider that at the next meeting of the Business Committee.

Mr Newton: This morning's meeting underpinned the importance of this debate. I am sure that most Members would agree that real peace in Northern Ireland, if we ever get it, would have to be underpinned by economic prosperity. However, underpinning any successful Western economy these days is the necessity for everyone of working age at all levels to attain skills and knowledge. I would like to consider briefly three areas that require understanding and attention to deliver a highly skilled workforce: the background to skills development; skills in the context of industry's needs; and the development of entrepreneurial skills.

Under the Industrial Training Act (Northern Ireland) 1964, Northern Ireland once had a vocational training programme that was the envy of Europe. Statutory training boards covered all major sectors of industry, and the government training centres provided excellence in basic training for those undertaking apprenticeships. That is no longer the case; that system of training was demolished by a Conservative Government.

Recognising the need to move away from what were purely voluntary arrangements for vocational job training, the Government have seen fit to develop an infrastructure referred to as the Sector Skills Development Agency (SSDA). The recent formation of the SSDA — and, coming from that, the Sector Skills Councils — is a welcome move. While they go some way to meeting industry's needs, they do not completely

fill the gap left by the closure of all but one of the statutory boards. The recruitment by employers of eastern European labour to meet skills shortages evidences that.

The UK-wide Sector Skills Councils are currently establishing their presence in Northern Ireland, and the type of provision varies from industry to industry. In order to ensure that the sector skills requirements are met, each council is developing an agreement for its sector. It is fundamentally important that those agreements, developed as they are within a UK-wide framework, are resourced and placed in the context of Northern Ireland industry.

The Government's recent programme of job-training provision, Jobskills, was described as one of the worst initiatives the Public Accounts Committee had ever examined. The poor ethos, delivery and standard of this £500 million programme must never be repeated. It let down the business community. It created poor morale among many trainees and within the bodies that delivered the programme.

Embedded in the Jobskills programme was the modern apprenticeship training programme. The scheme did few favours to our brightest young people who wanted to embark on vocational training as engineers, electricians or plumbers, with many leaving the programme without qualifying. The replacement programmes, as Jobskills is under review, must offer those who want to "serve their time" — our future technicians and technologists — training of the highest quality, based on real jobs, rather than just training places. The young people who take up apprenticeships need good guidance when they are ready to make a career choice. They also need to know that there is a career path in their chosen occupation. Let us remember that many of Northern Ireland's leading businessmen started their careers as apprentices.

The business community needs assurances from Government agencies that a well-trained, educated labour force will be available to meet identified needs. The economy demands a joined-up skills strategy.

In its document 'The Skills Strategy for Northern Ireland: A Programme for Implementation', the Department for Employment and Learning (DEL) identified three different types of skills. First, there are the essential skills of literacy and numeracy and, increasingly, information and communications technology. It is sad that in my constituency 17,000 people have difficulty with reading and writing. Secondly, DEL identifies employability skills to enable young people to learn to work as part of a team and to undertake problem-solving exercises. Finally, perhaps the most important from the economic perspective, there are the work-based skills, specific to a particular occupation or sector.

The document sets out how DEL will take those proposals forward in partnership with employers and their representative bodies —

Madam Speaker: The Member's time is up.

Mr Newton: Madam Speaker, if I could just finish —

Madam Speaker: I am afraid that the Member's time is up.

Dr Birnie: Why should we debate this motion? Well, economic policy is a classic example of how direct rule is not working. There has, first, been pervasive delay in the making of policy. In February 2005, the Northern Ireland Office published 'Economic Vision for Northern Ireland'. That document stated that it would be followed in autumn 2005 by a joined-up economic strategy for all the Northern Ireland Departments. Autumn came, then winter; now we are in summer 2006, and there is still no economic strategy.

Of course, our Secretary of State loves to chide MLAs for supposedly not doing their assigned jobs. It is worse than that, however. Economic policy under direct rule has shown signs of irrationality. When a new policy is introduced, it must be benchmarked by looking at what was done before to see what worked and what did not work. Unfortunately the Department of Enterprise, Trade and Investment and the other Departments have not been doing that under direct rule.

'Economic Vision for Northern Ireland' was published last year with much heralding. It outlined two major targets to test and evaluate economic improvement: first, raising the productivity of people at work; and secondly, raising the proportion of the population in work. There is no quarrel with the objectives; they are sensible. It should always be remembered that some people argue that up to 500,000 people here live in relative poverty. Surely it would have been sensible, before or during the introduction of 'Economic Vision for Northern Ireland', to ask what had become of what was still, at that point, Northern Ireland's economic strategy, 'Strategy 2010', which was published in 1999. Some Members may remember it.

It seems that 'Strategy 2010', like so many others policies, be they in education or in health, has been consigned to that great dustbin of policy documents as if it were some redundant plan that Stalinist Russia threw out. We have never been told whether the policy was working. Did it realise its targets, of which there were 10? In about half of the targets — for example, gross domestic product per head here; wages here relative to those in Great Britain; new-firm creation; R&D spending; and possibly export levels and high-technology structure of industry — Northern Ireland was either falling behind Great Britain or was doing no better than keeping pace. One economic strategy was failing, but the direct rule Minister simply pulled

another one, like the proverbial rabbit, out of the hat. That is not rational policy-making.

The motion, which the Secretary of State has handed down to us in a non-amendable form, refers to the Northern Ireland and Republic of Ireland economies. The Ulster Unionist Party is not afraid of soundly-based, mutually beneficial, democratically accountable co-operation, but we must ask for some economic realism. The Northern Ireland and Republic of Ireland economies are already well integrated. That was recognised in a report this spring by the Irish Business and Employers' Confederation, which is the Republic of Ireland's equivalent of the CBI. The report showed that the flow of road traffic across the Irish border every day is the same as that between England and Scotland. Members may say, "So what?" The combined population of England and Scotland is 10 times that of Northern Ireland and the Republic of Ireland. That statistic hardly suggests that the two Irish economies lack economic integration.

"People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public".

That was written in the eighteenth century by Adam Smith, the founder of economics. I would not apply that quotation to the Northern Ireland Business Alliance and what they said this morning, but there are two necessary points of caution. We must sift business proposals, because not all are for the general social good, and different business leaders suggest different things, such as calling for a change in the rate of corporation tax or for tax allowances.

Mr Dallat: Madam Speaker, this debate comes three and a half years late — certainly too late for the 400 people in the Coleraine area who have lost their jobs in the past 10 weeks.

There have been redundancies and threats of redundancies across the North.

3.00 pm

Mr Poots: Will the Member give way?

Mr Dallat: No, I have only five minutes.

We can expect more redundancies when industrial derating changes rise above 25%. Sadly, many of those jobs will be lost in the most disadvantaged areas of the North. If the economy is to prosper and the haemorrhaging of the population is to stop, unconditional power sharing must be restored. If it is not, the situation will become worse. Indeed, the North/South bodies must be taken off care and maintenance, and the political trips to Killarney must cease to be one-day wonders. Personally, I fancy Kinsale.

Since this Assembly met last, the agricultural industry has gone into rapid decline, with thousands of farmers losing their livelihoods. The textile industry has been

decimated, and many more jobs in call centres and in the engineering and electronics sectors have gone abroad. Our skills shortage, which has been referred to several times, is a serious problem.

Madam Speaker: Members, the chatting that is going on means that it is becoming hard to hear the Member who is speaking.

Mr Dallat: I can cope with it, Madam Speaker. It is not a problem.

In the North of Ireland, 250,000 people are experiencing the skills shortage that Sir Reg Empey spoke so eloquently about earlier. That is a problem for this Assembly. Mind you, judging by the rapport across the Floor, I am not so sure.

Commitments to decentralise the Civil Service must be made to catalyse the regeneration of the economies of our towns across the North.

Mr Hussey: Will the Member give way to a fellow westerner?

Mr Dallat: I have already said that I will not give way.

The 19% rise in regional rates has left many businesses reeling, with no idea how they will absorb this hike now that competition from the multinationals is at an all-time high.

As a direct result of the Review of Public Administration, many people in local councils will lose their jobs. Again, no one has outlined how those jobs will be replaced. For the past three-and-a-half years, there has been no Public Accounts Committee to investigate fraud and to query the way in which civil servants spend public money. That is totally irresponsible. If a working party is to be set up to consider the economic challenges facing Northern Ireland, it must be understood clearly that it is time-limited and cannot be viewed as part of an ongoing shadow Assembly. The SDLP will play no part in that and expects full devolution to be delivered before the deadline set by the two Governments.

We must mark today as a milestone from which there is no turning back. No u-turns, no somersaults, no side deals — only a genuine desire to earn our money by working for this generation and for future generations. Perhaps it is unwise to dream, but I have a vision of a future where there is no bitterness — such as that which I have experienced across the Chamber — and no desire to do people down because they are different or hold political views that are at odds with others. Is it too much to expect that division can be replaced by diversity; that hope will replace hopelessness; and that a new vision will overcome the darkness of the past, which left everyone blind? I thank those Members who had the courtesy to listen to me.

Mrs I Robinson: My contribution is unashamedly parochial. Over the past 10 years, the constituency of Strangford has witnessed a colossal downturn in its indigenous manufacturing industries. The promised peace dividend has not materialised. Industries and businesses, which have formed the foundation of the local economy, are declining and disappearing at an alarming rate.

The cumulative effect of the demise of Harland and Wolff; the job losses from Bombardier Shorts, TK-ECC in Dundonald and the textile industry; and the decline in the fishing industry has been to rob the area of its traditional employment base. At the same time, however, Government has sought proactively to ignore that fact and to avoid, as much as possible, marketing the Strangford and east Belfast area as a location suitable for inward investment.

If 5,000 jobs had been lost in constituencies such as West Belfast or Foyle, there would have been a markedly different response from the Department of Enterprise, Trade and Investment. Instead, there seems to be a fundamental unwillingness to develop a strategic approach to the crisis.

It is as if, when investors fly into Northern Ireland's capital, there is a "No Left Turn" sign at the exit from Belfast City Airport. Instead the Department seems more concerned with rerouting investment to nationalist areas of the Province, at the continued expense of areas such as Strangford.

I wish to make it clear that I have no difficulty with nationalist areas attracting new investment, but I do object to an uneven playing field and the institutional discrimination practised against my constituency and others in the east of the Province. One wonders what must happen in my constituency before the Department of Enterprise, Trade and Investment sits up, takes notice and acts to deal with the crisis.

The inherent danger associated with the continuing decline of our traditional industries is that we are not only losing jobs but witnessing the removal of opportunities for future employment, and skills development and retention. As the manufacturing base continues to shrink there are an ever-decreasing number of opportunities for those with relevant skills. Some TK-ECC employees came from industries that had closed down, such as the textile firm in Newtownards and mid-Down.

Mr Trimble: Is it not a rather old-fashioned view of the economy to keep harping on about manufacturing industry when the most profitable forms of industry are tradable services? These are growing significantly in Northern Ireland and the level of profit is much greater than in traditional manufacturing industries, where we cannot hope to compete with cheap metal-bashing in the East.

Mrs I Robinson: You may say that, but I could not possibly comment. I feel that every job is important.

Mr P Robinson: And every sector.

Mrs I Robinson: And every sector. Thank you for that prompt.

Every time a factory closes, opportunities for employment are removed.

Rev Dr Ian Paisley: Your husband is helpful.

Mrs I Robinson: Sometimes.

If action is not taken to address the situation, the local manufacturing industry will be consigned to the pages of the history books. Mr Trimble seems keen for that to happen.

The TK-ECC situation also illustrates the fragility and uncertainty that comes with new jobs that are not anchored in Northern Ireland and which can easily be transferred to sites outside Northern Ireland and the rest of the United Kingdom. It did not go bankrupt; it was simply axed by its parent company. A company, therefore, can come to Northern Ireland, take advantage of generous Government grants, and subsequently up sticks as soon as the benefit has been obtained. With so much being made of the growth in call centres, one only has to look to the Prudential to see that job security in this sector is all but non-existent.

Invest Northern Ireland holds 917 acres of unused industrial zoned land across the Province, of which 8.6 acres lies in the Strangford constituency — less than 1% of the total. The Government need to look at equality in this respect.

Madam Speaker: I remind Members to address their comments through the Chair.

Mr K Robinson: Members have referred to the fragile condition of our once-thriving manufacturing industry — and I say that in its widest sense, not its traditional sense — and the adverse impact of derating changes on the viability of many of our firms. Across the UK, the manufacturing sector is perilously small at 15%, compared with our competitors in Germany, where it is over 30%.

In the process of downsizing we have lost 500,000 jobs across the UK, but at the same time this Government have created over one million public sector posts. Daily we are assailed by the Northern Ireland Office, the local arm of the Labour Government who have created these public sector jobs, and told that we must correct the problem. They are the people who have caused the problem over the last 30 years.

Our local manufacturing sector has been halved over that period, with a further 18,000 jobs predicted to disappear over the next decade. Our wealth-creating base has been systematically reduced until it is now almost non-existent. Simultaneously, there is the

spectacle of venture capital flowing out of Northern Ireland, often to fund developments elsewhere, and yet many patents created by research and development projects within our universities are still unexploited, mostly through lack of finance.

Those findings, if properly harnessed and financed in a co-ordinated and coherent manner, could provide a platform from which to launch new businesses. If clear links could be developed between those university projects, available venture capital and a focused skills training programme for our workforce, the potential would exist to achieve something worthwhile for our economy.

Many of the vital components required to build a vibrant, successful economy, which increasingly moves from the comfort zone of the public sector and confidently embraces an expanding, adequately financed, sector-focused private enterprise model are already in place. The future co-ordination of efforts between the Department of Enterprise, Trade and Investment and the Department for Employment and Learning, together with the expertise of Invest Northern Ireland, must be seamless. No longer can any vestiges of the silo mentality be tolerated. Equally, those elements within the private sector must move away from lecturing and hectoring mode and instead work in conjunction, providing real vision, entrepreneurial drive and a determination, along with politicians, to lead this community forward into a vibrant and economically stable future.

The Department for Employment and Learning corporate plan perhaps provides a good basis for harnessing the largely untapped expertise of the further education colleges, through its document 'Further Education Means Business'. It is also in a position to ensure that the enormous research and development potential of our universities is properly focused. I should point out, Madam Speaker, that there are about 2,000 jobs directly involved in research and development — much, much too low if our economy is to grow.

The small size of our manufacturing base might also lend itself to closer scrutiny of emerging opportunities, perhaps in niche markets. That, in turn, when supported by a focused upskilling of sectors of our workforce, could provide a much needed source for value-added jobs. The decision as to whether the relatively small size of the Northern Ireland economy represents a threat or an opportunity lies firmly in the hands of the wider business community, academia in all its forms, the financial sector, and politicians — both local and national.

I firmly believe that it is the agreed will of all those sectoral interests that Northern Ireland plc should not only survive, but thrive. This debate is an important initial step towards the completion of that necessary

journey. I support the thrust of the revolution — sorry, resolution — if not the method. *[Laughter]*.

That was a Freudian slip; I have been sitting beside Sammy Wilson for too long.

I support the thrust of the resolution, if not the method by which it has arrived on the Floor of the Chamber.

Mrs Foster: I speak in this debate on the Northern Ireland economy with particular reference to my constituency of Fermanagh and South Tyrone. Madam Speaker, I have been waiting quite some time to say the words "my constituency of Fermanagh and South Tyrone", and I am delighted to be able to say them today.

Some Members: Hear, hear.

Mrs Foster: As the most westerly part of the United Kingdom, Fermanagh and South Tyrone has its fair share of economic challenges, but likewise there are many strengths for businesses that are not being recognised by Government because of its rurality. The strengths are clearly in the quality of the workforce; a workforce and a community that has suffered greatly from the downturn in manufacturing. I note the comments of the Member for Upper Bann, but his attitude clearly shows why the last failed Administration did not deal with the clear signs that the manufacturing industry was on a downward spiral.

The community will again suffer in Fermanagh and South Tyrone, and in the west in general, when the Royal Irish Regiment is disbanded. Where will those men and women go for employment? That is a question that we have been asking, but we are yet to hear the answer. Frankly, if jobs and business opportunities do not present themselves locally, those people will move from rural areas and the depopulation of the west will continue apace — a trend accelerated by the publication of Planning Policy Statement 14 as Government policy.

3.15 pm

The infrastructure is poor in the west. Recently, I had the opportunity to host a visit to Fermanagh by my colleague, Jim Allister MEP, who wanted to look at these matters. My right hon Friend, the Member for North Antrim, Dr Paisley, mentioned European funding and the fact that the Republic of Ireland is a huge net beneficiary from Europe. As a region, Northern Ireland must not continue to be discriminated against in comparison with other European regions. Indeed, my party has set that as one of its primary objectives in Europe. While Jim Allister was in Fermanagh, we learnt of the many problems facing companies in the constituency of Fermanagh and South Tyrone, including energy costs, poor road infrastructure and the differing tax systems in Northern Ireland and the Republic of Ireland, not to mention the ongoing and increasing threat of industrial derating, which is hanging over firms.

My Friend, the Member for West Belfast, Mrs Dodds, referred to tourism and the difficulties faced by Belfast's signature project. At least Belfast has a signature project. It was a quite bizarre decision taken by the Government not to include Fermanagh, which is Northern Ireland's lake district, in signature status. It is a decision that must continue to be challenged and that I will continue to challenge.

Mr Donaldson: Does the Member agree that it is highly regrettable that the Member of this Assembly who represents the constituency of Fermanagh and South Tyrone in the House of Commons is not present in her place this afternoon; is never present in her place in the House of Commons; and, therefore, is incapable of representing the people who elected her? The sooner the Member behind me is the Member of Parliament for that constituency, the better.

Some Members: Hear, hear.

Mrs Foster: You may say that, I could not possibly comment. I will comment, however, on the fact that the Member for Fermanagh and South Tyrone, who sits here and in another place, does not come to represent the interests of her constituents.

The motion looks for solutions. Solutions to all these problems can be found through joined-up thinking, and that is why I support the creation of the working group. However, let me be clear: when looking for solutions, such a working group must take all of Northern Ireland into account and not just, as is regrettably so often the case, seek solutions to fit a Belfast-centric model. One size will not fit all in this instance, which is why I ask that when the working group is set up, it be geographically representative. I hope that the Secretary of State will take cognisance of that point when it comes before him.

I end with a positive message from the west. Business plans are in place for St Angelo airport, situated to the north of Enniskillen, and if the plans come to fruition, the vision of two local businessmen will offer significant economic potential for Fermanagh and, indeed, the whole region. The Member for North Antrim, Dr Farren, made mention of quality skilled jobs, and if the project comes to fruition, the jobs provided will be just so. We need to foster and assist the entrepreneurial talents of our indigenous people, and I trust that the working group will take that into account and make it its primary focus, and that the Government agencies involved with projects such as these will act expeditiously.

Ms Ritchie: There are major economic challenges facing all of us. It is clear also to the SDLP that the people who sent us here expect us to do something about those challenges and to act very soon to correct the punitive policies of the direct rule Administration. Pending restoration, the current political imperative to

enable us to act on those challenges lies with the British and Irish Governments, but the community imperative demands that we get our acts together; get all the institutions up and running, as per the Good Friday Agreement; and set the economic and infrastructure agenda for the next 25 years.

That is a major challenge, which is now more compelling than ever and will not wait for another generation to implement. Despite the improved headline unemployment figures, our economy is not in good shape. By comparison with anywhere else in these islands, a low proportion of our people are economically active. By comparison with almost anywhere in the world, we have an inordinate dependence on the public purse. To put it bluntly, our economy is unsustainable, even in the medium term.

Of all the challenges facing us in the economic sphere, the first and major one, the absolute starting point for regeneration and resurgence, is the lack of political stability.

What our people need above all is a better life; we in this Chamber have the power to give them that. They need each of us to commit ourselves to the re-establishment of political institutions without delay and to a final end to sectarianism, violence, terror, criminality and racketeering, and to stand up for a lawful society and for policing institutions. That is what is needed to unlock our economic potential, to attract more inward investment, and to emulate and share in the outstanding growth and development in the Southern part of our island.

There is also a challenge for each one of us to put in place political structures that will say goodbye to disadvantage and deprivation, which is still rife in certain parts of Northern Ireland.

Mr Paisley Jnr: Will the Member give way?

Ms Ritchie: No, I will not give way; I have only five minutes.

There is also a challenge to each one of us to end the geographical inequalities and inequities of the past. We must ensure that each of our citizens has full access to all educational, employment and economic opportunities. We cannot do these things if we permit the current lack of regional balance, with developments clustering in the east and deprivation clustering in the south and west, to continue. There will not be balanced development unless and until we can offer well-distributed infrastructural investment on the quality levels demanded by investors — a revised and upgraded infrastructure with the development of all transportation networks on an all-island basis. Hence our policy of wanting the establishment of an all-island infrastructure and transportation body.

Solid, joint intergovernmental political action is now required to establish that body and to put it on board the North/South agenda. Economic competitiveness depends on the sound development of roads and railway infrastructure on an all-island basis.

Mr Trimble: Will the Member give way?

Ms Ritchie: No, I will not give way; I have only five minutes.

Many infrastructural challenges that would improve our economy and job-creation potential await us. There is a compelling need for all the political institutions of the Good Friday Agreement to be restored immediately in order to ensure that the infrastructural challenges that we need to address to meet the economic demands and challenges that we were told about this morning are fully addressed for the benefit of all on this island.

Madam Speaker: May I remind Members that several Members are making their maiden speeches in the House. I ask Members to accord them some courtesy.

Mr McNarry: From the boardroom to the shop floor, from the innovative and inventive to the inquisitive and the motivational, from the understanding and development of new technologies to the production of reliable skilled tradesmen — all in the beginning have first to be taught and then to find the opportunity to excel in their choice of future employment.

The consequences of damaging the business community's confidence in our education system's ability to secure proven academic and vocational entrance into the world of employment are too dire to contemplate. In this small nation of 1·6 million people, education has to be the keystone that guarantees Northern Ireland a role not only in job creation but in bringing forward those who can more than hold their own in sustaining our economy by competing with the best of other economies. A strong economy and an excellent education system are dependent on each other. Each will have a lasting effect on people's standards and their quality of life.

Therein lies a challenge. It is, if you wish, a gauntlet to be received and acted on, or some day soon it will be stroked across our faces because too many failed to engage at the first hurdle and too little was done about it in this place.

I refer to House of Commons Hansard and a speech by the late Harold McCusker on 19 June 1979. He said:

"I cite the previous Secretary of State for Northern Ireland as my reason for saying that, because when he visited various parts of the world to attract industry to Northern Ireland at a very difficult time, what was one of his principal arguments?

It was that we have one of the finest educational systems in the United Kingdom. He could show a record in A-level and O-level achievement which was better than that of anywhere else in the United Kingdom. He was citing that as one of his principal arguments

for encouraging industry to come to Northern Ireland at the same time as he was setting about dismantling that system in the Province."

Somehow, I have heard that before. Is it not incredible that, some 27 years later, in this Chamber, I would use Harold McCusker's analogy linking education and business to make the point that, if we want to attract the best business investment, we must offer the best of all educational opportunities?

I support setting up a working group. Let it draw its expertise from this body, and let it report sooner, rather than later. Let it not be just something that we discuss here and then find that it goes to the consultation chamber.

I end by saying that, uniquely, this debate could result in myself and others not making just our maiden speeches, but our only speeches in this Chamber. I hope that, as we contemplate this motion and our responsibilities to the economy, this will not be the last time, and that we will participate in debate and send a message and a signal to the public that this is the place to do business, and this is from where our economy will be driven and survive.

Mr Buchanan: Following my good colleague Arlene Foster, I will mainly focus on the rural constituencies. The constituency of West Tyrone has much to gain from the establishment of a meaningful working group to consider the economic challenges that face our Province. Over the past 35 years, West Tyrone has witnessed the very fabric of its economy torn apart by terrorism. In the most recent years, it has suffered severely from huge job losses.

In Strabane, hundreds of jobs have been lost at companies such as Adria and Herdmans, while Omagh has seen the closures of the Desmonds, Nestlé and Rixell factories, with little or virtually no support or assistance from Invest Northern Ireland when it was requested.

Added to that, we have the uncertainties and concerns surrounding the current vacuum in the provision of proper acute healthcare provision for the south-west quarter of Northern Ireland. Although lifting the ban on exports of UK beef gave some hope to the rural economy, West Tyrone is set to suffer yet another blow through the decision to close the St Lucia and Lisanelly Army bases.

Far too often in the political storm surrounding these announcements, the fate of the many civilian workers is forgotten. Those are the people who will often struggle to find new employment as a result of having previously being employed in security bases. The closure of those bases will bring a large number of people out of economic productivity. It will be a huge challenge to ensure that the economy can be developed and that there are employment prospects for all those people.

There is, of course, also the added knock-on effect from the reduction of spending power, which will affect shops and other businesses in the surrounding area. When we access the indices of deprivation measures, areas such as West Tyrone are shown to be in need of help from a detailed look at the economy. Although I have mentioned some of the larger businesses that have closed in recent years, there are still many companies operating in rural areas that must be given the opportunity to compete on a level playing field.

A border region such as West Tyrone would severely suffer from a decision to push ahead with the end of industrial derating. Businesses in Omagh and Strabane have to look only a few miles across the border to see their competitors operating in a low-cost environment. While I appreciate that it is not the place for Government or this Assembly to do the job of businesses, we must create the best possible conditions for businesses to compete.

Businesses operating across Northern Ireland, particularly in rural areas such as West Tyrone, have much higher costs to contend with, such as electricity and transport costs, to name a few. However, one advantage that we have been able to highlight has been the derating of industrial businesses.

3.30 pm

Manufacturing industries are not unwilling to pay rates, but they have rightly pointed out the need for the current rate of 25% to be kept. That is on a level with the rate set by the Government for freight transport companies and would allow the Government to set a sensible level of rating while not forcing companies to operate at an unsustainable cost base.

The Government have stated that they will listen to the views of the Assembly. I hope that they will follow that through and listen to what has been said today regarding the problems facing our economy and the measures that can be put in place to help remedy them. Areas such as West Tyrone face many problems, and I hope that a meaningful working group will help to deliver a strong and stable economy in my constituency.

Some Members: Hear, hear.

Mr Moutray: At the outset, I wish to express my disgust at the absence of one party from the Chamber. So much for its commitment to the Northern Ireland economy; but then it was always more committed to the night shift than the day shift.

A number of aspects of the Northern Ireland economy must change if the situation is to improve. The Province has a massively inflated public sector, and it is essential that we move quickly from a public-sector-dominated economy to one that is much more heavily influenced by the private sector. Such a transition, clearly, must be delicately overseen and managed.

Private sector investment must be encouraged, as it will prove difficult to sustain the current levels of public expenditure. Likewise, it is difficult to see how, in the short term, the private sector could fully compensate for the decline in historic levels of public expenditure. We currently spend billions more than our economy generates.

A comprehensive, new economic strategy for the Province is needed; a budget allocation for economic development should be ring-fenced and utilised to encourage job creation.

The size of central Government should be reduced. For many years, since the signing of the outdated Belfast Agreement, my party has advocated that.

I remain to be convinced that the Review of Public Administration will effect any substantial savings. In fact, it has been suggested that the new structures for local government, health and education will cost more. A reduction in the number of Government Departments would be much more productive.

Economic and social policy and its delivery should not be considered in isolation from plans for infrastructure, education and training. It will be difficult to increase our competitiveness globally, unless we are able to develop a world-class infrastructure in Northern Ireland. Our schools and education system must encourage children to consider careers in business. Similarly, school leavers must be provided with the necessary skills to succeed. Greater effort must be directed towards improving the marketing and sales techniques of our graduates and workforce.

Our current investment in innovation, research and development is among the lowest in the world. The managed transition away from the public-sector-led economy requires private sector expansion, increased foreign investment, growth in indigenous businesses and an increased entrepreneurial spirit. Relaxing unnecessary legislation and speeding up our labour planning process will stimulate investment in infrastructure and housing as well as reduce reliance on public expenditure.

There may be some areas in which working with the Irish Republic will prove to be in our interest and aid competitiveness. That is what it is about, and it is not an excuse for others to make foolish attempts to obtain political capital.

The percentage of the working-age population in employment or at participation level is at a record low. To meet the UK average participation level by 2015 means creating 68,000 additional jobs in Northern Ireland. Furthermore, our growing population means that 40,000 extra jobs are also required over the same period. Add that to the anticipated number of job losses over the next decade in such sectors as manufacturing and agriculture, and the overall total is above 140,000.

Therefore, to reach by 2015 the average work participation rate for the rest of the United Kingdom, 140,000 new jobs must be created.

When economic indicators are considered, areas of the Northern Ireland economy appear to perform well. Northern Ireland has performed best of all UK regions over the past decade in growth in employment, reduction in unemployment, and the percentage of school leavers with qualifications. The last statistic is one that Northern Ireland Ministers conveniently ignore when they attack our education system.

Business survival rates are also quite good in the Province, but there are a large number of other indicators on which we fare badly. These include long-term unemployment, business formation, activity rates, the proportion of private sector employment, average earnings, and the percentage of the working-age population with more than two A-level passes. It would be remiss of me not to mention business crime, regrettably all too common, and on the increase. As one who has had some experience in the fuel retailing business, I know the impact of smuggling and racketeering, emanating in many cases from the paramilitaries. Business leaders and politicians must be seen to fully back the PSNI and all other agencies in the fight against crime. This gangsterism has caused, and is causing, job losses in businesses and small businesses around Northern Ireland.

Mr McFarland: I want to talk briefly about our skills base. Colleagues have covered the issue of tax rates and the need for some co-ordinated plan. However, how can we hope to compete without a properly developed skills base? A Member has described Northern Ireland as having one of the lowest participation rates in the United Kingdom. The economically inactive surely need to be encouraged to take full advantage of the training programmes available.

More importantly, we have a difficulty with schools. We are sending 25% of children out of schools into the workplace ill-equipped to deal with the jobs available. There are problems with mathematics, speaking in public, writing letters and particularly in the modern age, computer skills. How can our children compete in the job market if we are sending them out of our schools not equipped to do the jobs?

In a more confusing area, we are sending our children out of universities incapable of going into the industrial world. Colleagues will be aware that Bombardier Shorts has a special course for its university graduates. It finds it has to retrain them in mathematics, speaking and writing letters, because they come out of university not equipped for these jobs. It will not allow them into the company without taking this course.

Unless we get our act together with a co-ordinated plan that allows us to train our schoolchildren properly

so that they leave with the skills required; go through university gaining the skills required; and at the end of all this co-ordinate with industry on the skills required by industry, and not on what academia thinks is needed, then we are really going to get nowhere on this issue.

Mr A Maginness: We in this House are faced with an awesome responsibility in relation to the political future of this Assembly and of the institutions under the Good Friday Agreement. That responsibility is a heavy one and is one that we should take very seriously. Many people have come to this House with very little hope, indeed some with no hope.

I remind the House that C S Lewis, who was educated not far from here at Campbell College, said that between little hope and no hope lies an ocean of opportunity. We do have an ocean of opportunity. One of the most vital tasks of this House is to prepare an economic plan that the incoming Executive can implement on behalf of all the people whom we represent, not just in our constituencies, but throughout the whole of Northern Ireland. That is an important task. It is not something to take lightly. There is a false sense of security in the House that the economy will plough on despite everything. That is untrue. This economy is highly subsidised and dependent on the public sector. We need to shift that balance to an entrepreneurial economy in which everybody will be enriched.

We look across the border to the Republic and see the amazing success of the Celtic tiger. That success was based on one basic resource: a highly educated young population. We have that educated young population and we can adjust our education system to service the needs of our future economy and of an entrepreneurial society. We can do that, but we must get our act together politically. The first building block of reconstructing our economy is to create political confidence that will inspire people outside this jurisdiction to come and invest money to create industry in which all our people can partake. That is our solemn task in this House today and throughout the coming months.

It is a pity that some people have absented themselves and have evaded or avoided their responsibilities to complete that task. There is nothing in the motion that is antipathetic to the idea of creating a new Northern Ireland Executive. In fact, the motion is very much attuned with the creation of that Executive. Those people have no political excuse for not being in this Chamber. They are denying their constituents and the rest of the people of Northern Ireland an opportunity for this House to unite around a comprehensive economic programme that can rebuild this society, which has suffered for too long not just from them, their supporters and their allies, but from others who have taken advantage of the situation. Therefore, we must renew our efforts to deal with that situation.

A second important building block is the creation of a new fiscal policy that will encourage industry in Northern Ireland. We have a land border; one of our colleagues said that, in many ways, the economy is integrated both North and South, but we must have a competitive, level playing field for Northern Ireland. Therefore, we must fiscally attune the situation here with that pertaining in the Republic. It is vital that we get that fiscal policy well defined so that we can all unite behind it, and when we go to the Westminster Government, we can say that we have a consensus on which we are all agreed. That will transform our economy and society. We have another advantage, namely that we are members of the European Union, which is an extensive market of which we should take advantage.

Finally, if the Secretary of State is serious about this motion, he should take the serious step of ending the introduction of punitive measures that will undermine business in Northern Ireland.

Mr Ford: There was much talk today, both this morning and this afternoon, about the size of the public sector and the private sector. However, let us be clear that the problem in Northern Ireland is not that the public sector is too big. I am not going to stand here and advocate sacking a single teacher, nurse or police officer. The issue is how we grow the private sector.

It is a simple fact that, within the last decade, in the Republic of Ireland, the public sector has grown. However, the private sector has grown enormously. The balance in the Republic has shifted and we must emulate that.

I wish to refer to some points made by other Members. The key ingredient for growing that private sector is getting away from the current low-skills and low-wage expectation of much of that economy. There is a real need to do much more on worker skills and training, and on integrating the work done by business with further and higher education.

There are real problems in the pseudo-competition that exists among a number of institutions. The Department of Agriculture and Rural Development showed the way when it established the three-campus College of Agriculture, Food and Rural Enterprise.

It deals in a collaborative way with all the aspects that are relevant to one of our major sectors. Unfortunately, the competition among colleges to obtain money by getting people into the lecture halls means that we may not have the necessary level of co-operation. There is much need for competition in the private sector, but there is greater need for co-operation in the public sector to deliver the range of services that is needed to build that private sector economy.

3.45 pm

I refer to the speech — sorry, the intervention — by Mrs Dodds during Mr Neeson's speech; a key issue regarding tourism has not been teased out properly. There is no doubt that we need to build on our tourism honeypots, but there is, moreover, no doubt that the tourism Northern Ireland will attract is heritage tourism or green tourism, and that can apply in every part of Northern Ireland. It is easy to see areas such as my constituency of South Antrim, which sits wedged between the Belfast honeypot and the Causeway Coast honeypot, as being purely for people to drive through, from one honeypot to another. Yet there is potential for developing other aspects of tourism in those areas. We cannot simply leave tourism to crowding people into central Belfast or one or two other resorts.

If we are to look seriously at the target of 141,000 new jobs, we must consider what can be done to attract foreign direct investment. There is no doubt that the record that Northern Ireland had some years ago has slipped recently, and it is a major target for Invest Northern Ireland to reach. We must consider the possibilities and we also have to be realistic, in that certain trades may work to our good, but there are others that we can no longer realistically depend upon. We cannot depend upon heavy engineering as being a growth area; we may or may not hold on to what we have. We need to find such issues as tradable services to avail of the opportunities that are there, and we must also consider the expectation that we will not attract the foreign investment that we hoped for to grow our own SME sector. There are major challenges in developing investment, training and R&D in a sector which is so dependent upon small and medium-sized firms. Yet, if we do not, we will not achieve the growth that is possible in Northern Ireland.

On the issue of taxation, it is clear that merely the ability to fiddle with the regional rate and industrial rates will not meet the needs of this sector. We are in direct competition with a low corporation tax economy and low excise duties across the border. During the economic briefing this morning, the business leaders suggested the need for a detailed research project on how lowering tax rates might improve total tax take in terms of corporation tax and income tax, and there is no doubt that that is of key importance.

However, another aspect, which has been almost ignored this afternoon, is how we actually seek to build a shared future in this society. There is no doubt that the successful economies across the world are those that are open, welcoming and integrated. We are getting a share of that with our new citizens coming from eastern Europe, but it is clear that until we provide opportunities for every person in this society, regardless of background, we will not have the economic growth that we need.

Mr Donaldson: It is almost 20 years since I last spoke in this Chamber, and, on that occasion, the party opposite — the SDLP — was not present, but I genuinely welcome its presence today. Also, on that occasion, the party known as Sinn Féin was absent, and, once again, it is absent today. Republicans ought to have learned by now that abstentionist politics does not get them anywhere, and it fails their constituents. They ought to be here today, putting their point of view. Their failure to attend the debate just demonstrates —

Madam Speaker: Please address the motion, Mr Donaldson.

Mr Donaldson: — demonstrates their apathy, Madam Speaker, towards the business community and towards addressing the problems in our economy, and that is highly regrettable.

Madam Speaker: Order.

Mr Donaldson: The motion calls for the establishment of a working group, and I hope that Sinn Féin will not be absent from that. It is essential that all the parties put their shoulders to the wheel to address the issues that concern the people that we represent. The presentation from the business leadership this morning was important, and I do not understand why Sinn Féin could be there to hear it but did not have the good grace to come and debate the issues that were raised.

We have a window here, an opportunity. There is leverage in advance of the Administration being re-formed at some appropriate time in the future. There is leverage to apply to the Government at Westminster. We must use this opportunity to get what we need in order to build a strong economy. Unfortunately, that will not be helped if one party absents itself from the job at hand.

We heard this morning that long-term unemployment in Northern Ireland is the highest in the United Kingdom. Of particular concern is the fact that youth unemployment here is also the highest in the United Kingdom. We need to offer our young people some hope — especially those who find themselves unemployed. That is why this debate is important.

I listened with interest to the comments made by the hon Member for Upper Bann, who is, unfortunately, no longer in his place — as is the case across the water. It will come as a disappointment to his colleague, who is a party officer. Of course, being an officer in the Ulster Unionist Party Assembly Group means something rather different after yesterday.

Madam Speaker: Mr Donaldson, please keep to the motion.

Mr Donaldson: There is a lot of emotion, Madam Speaker.

His colleague Basil McCrea, whom I have worked with very closely on the issue of industrial derating, will have been disappointed to hear the hon Member for Upper Bann say that manufacturing is not the future for our economy in Northern Ireland. Manufacturing is the future, as indeed are tradable services. Of course we welcome investment in those areas, but we need to support and develop the manufacturing sector.

The reality, as we heard this morning, is that only 65 businesses in Northern Ireland employ more than 500 people. Many of these are manufacturing companies, and they need our support. Montupet (UK) Ltd, in my constituency, has over 700 employees. The company faces an industrial rates bill of almost £1 million. What will that do for the future employment prospects of the people who work at Montupet in Dunmurry, or, indeed, at Harland and Wolff, which is facing a potential rates bill of £4.375 million?

Surely we should be doing something to help the manufacturing sector. Indeed, we took a cross-party delegation to meet the Secretary of State for Northern Ireland to put the case for capping those rates. That set an example. The working group would be able to take that issue forward, and other matters affecting the wider economy.

We need to help our economy; we need to help our businesses; we need to support our manufacturing sector. That means an end to the ongoing situation where the Government are taxing our businesses out of business. We, as political leaders, have a responsibility to do something about that. An all-party approach in the working group is the way forward.

Mr Beggs: Northern Ireland is over-dependent on the public sector. The days of significant increases in public sector funding are over. We face a bleak and degrading future if Northern Ireland has to rely on diminishing public funding in the long term. As politicians, we must help create the space for existing businesses and new enterprises to develop. More importantly, we must not create barriers to industrial development.

Engineers, scientists and entrepreneurs are the drivers of the economy. Politicians must contribute political stability. That may be the greatest contribution we can make to our local economy. We must all lead by example and not allow historic intransigence or emotive rhetoric to be misunderstood by our impressionable young people. We must all support the police and act to end all criminality and street conflict. Was that not agreed eight years ago, but not delivered by some?

We must ensure that Northern Ireland is business-friendly and learn lessons from other successful regions. We must forget about the politically charged rhetoric of an all-Ireland economy, which detracts from

establishing genuine good relations. Manufacturing sales and exports surveys from last November reveal that 43·5% of Northern Ireland exports went to other regions of the United Kingdom, while 11·6% went to the Republic of Ireland. We must not narrow our vision to the so-called all-Ireland economy, but help local businesses to improve and export against European and global competitors.

Mr Hussey: We heard Mrs Foster, John Dallat and Tom Buchanan, representatives from the west, talk about the economic difficulties there. Does my Friend agree that it would be better for us as an Assembly to consider the east-west dimension within Northern Ireland, and with regard to the UK, rather than the Belfast-Dublin economic corridor?

Mr Beggs: The figures that I quoted clearly indicate that I do.

We must look for markets wherever they exist, because with businesses and export markets come jobs. We must allow business to establish where the markets are. If business activity is to be led by Government policy intervention, it must be mutually beneficial and subject to genuine local democratic accountability and scrutiny.

The recent industrial derating issue has shown how disengaged our locally unaccountable Northern Ireland Office Ministers are from the needs of the local business community. Our businesses compete over a land border and within a different fiscal regime, and that has not been taken into consideration. The Treasury and Northern Ireland Office Ministers appear unconcerned about the potential for company relocation to the Republic of Ireland, which is seen by some as more business-friendly. Why should we allow Invest Northern Ireland to spend millions encouraging inward investment when the full rates proposed for industrial premises have the potential to export or end many existing jobs? Clearly the planned manufacturing rates increases must be halted. A convincing and collective case must be put to the Treasury for the improvement of fiscal conditions to encourage development within Northern Ireland.

A prosperous economy will create opportunities for young people and enable any future Northern Ireland Executive to blossom. Market leaders such as Schrader Electronics, and FG Wilson in my own constituency, have led with R&D. They are worldwide leaders, and their exports are significant. As a region we need to change our approach to wealth generation. We must become more business-friendly. The efforts of our schools and colleges must closely meet the needs of local industry.

4.00 pm

We would have liked to improve the wording of the motion, but, regrettably, that has not been possible. In

particular, there is a need for a restoration-of-devolution committee, without which this is a lot of hot air. We could have six months of hot air, so I urge that such a committee be established as soon as possible so that we ourselves can make decisions in the future. I support the motion, and I hope that other Members will do so also.

Mr Dawson: I am glad of the opportunity to take part in this useful, and mostly constructive, debate. I agree with the Member from North Belfast, Mr Maginness, and my own colleague from Lagan Valley that it is a scandal that the Benches opposite are empty today as we discuss the economic future of Northern Ireland.

However, it is not surprising that Sinn Féin, which has nothing to offer economically, is not here to debate the economic future of the country. Whatever its public reason, I suspect that its real reason for not being here is that its Members cannot handle having to operate in a situation where they are armed only with the powers of argument and persuasion, like the rest of us.

Many issues have been referenced over and over again today by Members, both in the Northern Ireland Business Alliance meeting earlier this morning and in this afternoon's debate. Reference has been made to skills, education, reducing bureaucracy, improving planning infrastructure and processes, developing infrastructure, and reducing business costs, including industrial rates. The working party can constructively examine and take forward all of those issues and make recommendations to the Secretary of State on how the economy can be bettered. However, whatever the future arrangements, we must ensure that an Audit Committee is not allowed to strangle a developing flexibility and entrepreneurial culture in Northern Ireland, as it did in the past.

I wish to refer to two specific issues. First, there is the issue of North/South co-operation. I have no hesitation in saying that in regard to strength, scale and long-term stability, Northern Ireland's best economic interests lie within the United Kingdom, and within a United Kingdom context. However, my political convictions do not preclude me from wholeheartedly supporting the principle of economic co-operation with our Irish neighbours where that co-operation is practically and not politically motivated and where it is of economic benefit to the people of Northern Ireland. Trade between our two jurisdictions is of considerable benefit to many companies in Northern Ireland. That is the stuff of normal trade and politics; it is not the domain of politicians.

Dr Farren: Will the Member give way?

Mr Dawson: No, I will not.

I have no hesitation in encouraging companies to avail of that trade or in providing the opportunity for

them to avail of that trade. That might refer to some matter on which the Member wanted me to give way.

However, no one should forget for a second that the Republic of Ireland is our economic competitor. Often, in the clamour to promote a false all-island economy, that fundamental fact is forgotten, along with two other harsh realities: there are two currencies and two tax regimes in the island of Ireland.

That takes me to my second point, which is corporation tax. I can understand the reticence of Her Majesty's Government in relation to differential tax rates across the kingdom, but there are precedents. The challenge to the working party and others will be to convince Her Majesty's Government of the negative effect of a 30% corporation tax in Northern Ireland, in comparison to our competitors in the South. Another challenge will be to convince the Government that because Northern Ireland's position is unique — in that it shares a land border with another European state and is in transition from over three decades of violence and civil strife — it deserves a period of managed special treatment.

If, as they claim, the Government are serious about improving Northern Ireland's competitiveness and making it world class, the Secretary of State's single most important step would be to consider seriously a lower corporation tax rate for Northern Ireland, below that prevailing in the Republic of Ireland. That can be done either by changing the headline rate or by a cocktail of measures focusing on research and development, marketing and training that would help not only foreign direct investors, but indigenous companies.

That, Madam Speaker, brings me to my conclusion. Although on some occasions it seems that Northern Ireland is struggling as an economy, and there are economic challenges facing us in the twenty-first century, Northern Ireland is well placed to meet those challenges. With the right incentives and the right level playing field, Northern Ireland can go forward to a better future.

Question put and agreed to.

Resolved:

That the Assembly considers the economic challenges facing Northern Ireland, in the context of both the UK and all island economies, to be a key priority for a restored Executive and calls on the Business Committee to take forward establishing a working group on this issue to make recommendations to a restored Executive.

Adjourned at 4.04 pm.

THE ASSEMBLY

Monday 22 May 2006

The Assembly met at 2.00 pm (Madam Speaker in the Chair).

Members observed two minutes' silence.

ASSEMBLY BUSINESS

Madam Speaker: In accordance with the Northern Ireland Act 2006, the Secretary of State has directed that the Assembly should sit on Monday 22 May 2006 at 2.00 pm to consider business as it appears on the Order Paper.

At the end of the sitting on Monday 15 May, in response to a point of order from Dr Paisley, I advised him that I had published a list, as required under Standing Order 3(g), before 9.30 am, in line with convention. For the sake of accuracy, I should have said that the list was published before 10.30 am, in accordance with Standing Orders.

In a related point of order, Mr Peter Robinson asked me to “clarify the situation” with regard to that list. I have taken advice and counsel on the matter. The list was prepared on the basis of the information that was available at the time, and I have been advised, and am content, that the decision that I took in publishing the list on Monday was proper and in order. Members will be aware that a fresh list must be prepared in advance of any sitting of the Assembly at which Ministers are to be nominated.

Counsel has also advised me that the Clerk to the Assembly should make further enquiries of interested persons with regard to the meaning of the phrase “political party” in the Assembly’s Standing Orders, and letters have been duly sent to party leaders.

The matter is therefore under consideration, and I intend to make a ruling as soon as those considerations have concluded.

Rev Dr Ian Paisley: On a point of order, Madam Speaker. In relation to today’s business and procedure, it has been rumoured and broadcast that proposals will be made for a First Minister and his deputy, and according to the bush telegraph, which was engineered by a lady from Canada — so she would know something about that — I am to get the most honourable post of First Minister. I want you to tell us how we will

proceed today. I believe that, according to Standing Orders, if a person —

Madam Speaker: Order, Dr Paisley. If you give me a moment, I am about to explain that.

Rev Dr Ian Paisley: Will you call me again then?

Madam Speaker: If necessary.

ELECTION OF FIRST MINISTER AND OF DEPUTY FIRST MINISTER

Madam Speaker: Before we commence, I wish to explain how I propose to conduct proceedings. I will begin by asking for proposals. Members are reminded that, under Standing Order 15, a proposal must include candidates for both First Minister and Deputy First Minister. If a Member wishes to make a proposal, he or she should rise in his or her place. If a proposal is made, I will ask for the proposal to be seconded, as required by Standing Order 15(d). Each candidate will then be asked whether he or she accepts the nomination. There will be no debate at this stage.

I will then seek further proposals. If further nominations are made, the process of seeking seconders and having nominations accepted will be repeated until there are no further proposals. At that point, if there are valid proposals, Members may, if they choose, commence debate.

I intend to conduct a single debate on all the proposals, and no Member will be permitted to speak more than once. At the end of the debate, or if there is no debate, I shall put the Question that the first pair of candidates be elected as First Minister and as Deputy First Minister on the restoration of devolved government.

Under Standing Order 15, two candidates standing jointly will not be elected to hold the two offices without the support of a majority of the Members voting in the election, a majority of the designated Nationalists voting and a majority of the designated Unionists voting. Should the proposal be carried, I will ask those Members elected to be First Minister and Deputy First Minister to affirm the terms of the Pledge of Office.

If the motion is carried, I will deem the other proposals to have fallen, even though they have not been put to the Assembly for decision. If the proposal is not carried, I shall put the Question in relation to the next pair of candidates, and so on as necessary, until a pair of candidates is elected or all proposals are exhausted. If that is clear, we shall proceed.

Rev Dr Ian Paisley: Further to that point of order, Madam Speaker. Can I take it that, when proposing a candidate, there is no debate, only the proposal?

Madam Speaker: That is correct. There is no debate until all proposals have been made. Do we have any proposals?

Mr Burnside: On a point of order, Madam Speaker. Will you give some guidance to the House? Are we electing a First Minister and a Deputy First Minister to the interim Hain Assembly, which will not receive any transfer of Executive power, or are we electing a First Minister and a Deputy First Minister to the Assembly that was elected in 2003?

Madam Speaker: We are electing persons to hold office on the first day of restoration. I hope that that is clear to you.

Do we have any proposals?

Mr Adams: Go raibh maith agat, a Cheann Comhairle. Ar dtús, sula rachaidh mé ar aghaidh, ba mhaith liom comhbhrón a dhéanamh le John O'Dowd, ár gceannaire anseo, nó fuair a mháthair bás ag an deireadh seachtaine. *[Interruption.]*

Madam Speaker: Order.

Mr Adams: Molaim go gceaptar Ian Paisley ina Chéad-Aire agus go gceaptar Martin McGuinness ina LeasChéad-Aire ar athbhunú an rialtais seo.

First, may I extend condolences to John O'Dowd, whose mother, Bridie, died on Friday evening? John is Sinn Féin's leader in this Assembly.

I move that Ian Paisley be returned as First Minister and Martin McGuinness be returned as Deputy First Minister on the restoration of the devolved Administration. Go raibh maith agat.

Madam Speaker: Is there a Member to second the motion?

Ms Gildernew: Cuidím leis an rún. I second the motion.

Madam Speaker: Dr Paisley, do you accept the nomination as First Minister on the restoration of devolved government? Order. If there is not order, I will stop the proceedings completely.

Order. I must say that you are really all terrific parliamentarians.

Dr Paisley — once again — do you accept the nomination to be First Minister on the restoration of devolved government?

Rev Dr Ian Paisley: Certainly not, Madam Speaker. It goes without saying that my reasons are well known across this Province, and they have been endorsed by the majority of unionist voters.

Madam Speaker: Thank you, Dr Paisley. I remind Members that Standing Order 15(d) requires that both candidates state that they accept nomination. That has not occurred. The nomination is, therefore, invalid, and falls.

Is there any further proposal?

The time for proposals has expired.

Mr Ford: On a point of order, Madam Speaker. In accordance with the bizarre and sectarian voting rules that apply for this particular election, it is clear that the only proposal that could command what is laughingly described as a cross-community majority will not be achieved today. I presume that you will be informing the Secretary of State of the outcome. Will you also

inform him of the need to convene immediate, inclusive and intensive all-party talks to deal with the outstanding issues?

Some Members: Hear, hear.

Madam Speaker: Thank you, Mr Ford. As did Dr Paisley, you have anticipated my next remarks. I will notify the Secretary of State that no persons have been elected to hold the offices of First Minister and of Deputy First Minister on the restoration of devolved government.

An Order Paper for tomorrow's business will be issued as soon as the Secretary of State has made a referral under the 2006 Act. Copies will be placed in Members' pigeonholes.

Mr Paisley Jnr: On a point of order, Madam Speaker. Is it not ridiculous that Northern Ireland has been put through this charade today to satisfy the Secretary of State's political machinations, which have failed, and failed miserably?

Madam Speaker: That is not really a point of order, Mr Paisley. Please sit down. We are working under the Secretary of State's direction. Everybody knew what we were going to be doing today.

Adjourned at 2.15 pm.

THE ASSEMBLY

Tuesday 23 May 2006

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

Members observed two minutes' silence.

ASSEMBLY BUSINESS

Madam Speaker: In accordance with the Northern Ireland Act 2006, the Secretary of State has directed that the Assembly should sit on Tuesday 23 May at 10.30 am to consider business as it appears on the Order Paper.

Mr Burnside: On a point of order, Madam Speaker. My point of order concerns the conduct of business in this Assembly. We are at an interim stage where business is set by consultation between the Business Committee, the authorities within the House and the Secretary of State for Northern Ireland. However, the Secretary of State for Northern Ireland was previously Leader of the House in the House of Commons, and the Government have a reputation for having contempt for Parliament, and the House of Commons, in setting future business.

If this House is to establish any dignity and authority and move away from being a talking shop, as it is at present, business should be announced by this House to its Members, and not on the airwaves of Radio Ulster in the morning — I use the example of the possibility, or probability, that a devolution committee may be set up in this House. I ask you, Madam Speaker, to represent this House and to try to give it some authority in its relations with the Secretary of State, or it will be treated with the same contempt as the House of Commons.

Madam Speaker: Thank you, Mr Burnside. Your comments will be passed on, both through the publication of Hansard and by the Business Committee, to the Secretary of State.

PRIVATE MEMBERS' BUSINESS

Rural Planning Policy

Madam Speaker: Before I call Mr McGlone to move the motion, I wish to clarify how I propose to conduct the debate. One amendment has been selected and published on the Marshalled List. Speaking times will be as follows: the proposer of the substantive motion and the proposer of the amendment will each have 10 minutes to propose and 10 minutes for the winding-up speech, and all other Members who speak will have between five and seven minutes each.

When the debate has concluded, I shall put the Question on the amendment. If the amendment is made, I shall put the Question on the motion as amended. If the amendment is not made, I shall put the Question on the substantive motion. If that is clear, I shall proceed.

Rev Dr Ian Paisley: On a point of order, Madam Speaker. The House could sit to 5.00 pm — is that not correct?

Madam Speaker: This House will sit until the conclusion of the debate. We have not decided at this stage whether that will be at 5.00 pm.

Rev Dr Ian Paisley: Further to that point of order. Why are the times curtailed? If we can sit until 5.00 pm, why do we not do so and give people time? This is a very important debate on planning, and we should use the time at our disposal and not be cut off.

Madam Speaker: As I said, the debate may well go on until 5.00 pm. We will listen to everyone who wishes to speak, and no one will be curtailed. Five to seven minutes is more than enough. We would go past 5.00 pm if we allowed any more than that.

Rev Dr Ian Paisley: Further to that point of order. Surely this Assembly should take the time at its disposal? We have been curtailed. We get into criticism from the press because we come and go, but here is an opportunity, because of the fallout of things, to have a full debate. Why can people not have time to put their case?

Madam Speaker: As I said before, this House can sit until 5.00 pm if necessary. Last week, the Business Committee agreed that there would only be a morning debate. However, this week it has been decided that the debate should go on as long as necessary, even if it takes until 5.00 pm.

Rev Dr Ian Paisley: Madam Speaker, that is not the issue. If we finish at 4.00 pm, then we go, because you have limited the time. The time should be unlimited up until 5.00 pm.

Madam Speaker: We will proceed and see how we get on with that, Dr Paisley. The Business Committee

meets at lunchtime. We will debate until then, and come back after lunch for as long as it takes.

Dr McCrea: Further to that point of order, Madam Speaker. Will you confirm that the 10-minute time restriction on this debate was not decided at any Business Committee meeting? Also, what part of the minutes of the Business Committee confirms that it was five minutes for others?

Madam Speaker: You are quite right. There was only a general discussion last week, and a decision was taken about a morning session. The length of the debate is at the discretion of the Speaker with the help of the Business Committee. Five to seven minutes has been the norm in other debates, and I hope that that will be enough. As the debate goes on we shall see. Every Member who has indicated a wish to speak will get the opportunity to do so. That is all I can allow for.

Mr Paisley Jnr: Further to that point of order, Madam Speaker. Are you advising us that if things proceed in a particular way, Members speaking at the commencement of the debate might only have five or seven minutes while later contributors could have 10 or 12 minutes to speak? Surely that is unfair on those who made early contributions to the debate?

Madam Speaker: That is not what I meant. I meant that if there are other Members who wish to speak, they may do so. I do not want to restrict anyone, but the convention is that five to seven minutes is more than enough for any debate.

Mr Dallat: On a final point of order, Madam Speaker. Would it not be a good idea to get on with the debate?

Madam Speaker: That is what I have just asked for, Mr Dallat. *[Interruption.]* Order.

Mr McGlone: I beg to move

That this Assembly condemns the unilateral method by which the document 'Draft Planning Policy Statement 14, Sustainable Development in the Countryside' was introduced and calls on the Secretary of State to cease implementation of PPS 14 pending a comprehensive review of rural planning policy to develop a balanced policy for the sustainability of rural society and the environment. That, in the interim, all rural planning applications received since 16 March 2006 be considered under the application policy: A Planning Strategy for Rural Northern Ireland (1993).

Go raibh maith agat, a Cheann Comhairle. Ar an chéad dul síos, gabhaim mo chomhghairdeas pearsanta leat as ucht do cheapacháin do do phost úr sa Tionól.

Madam Speaker, on my first opportunity to do so publicly, I congratulate you on your appointment as Speaker of the Assembly.

The nature and purpose of our business is to get straight to the point, to do what the people want and to meet the requirements of society. There should be no veneer or pretence that this Assembly has a competence or has powers that it has not.

The Planning Service often dismisses it as the rural remainder. For those of us who grew up — and still live — in the country, on land where generations before us have lived, it is home, pure and simple. However, with that comes the clear sense of attachment, belonging and being part of a community. That strong identity is replicated in rural communities across the country. That is the way those communities are, and it is the way that rural Ireland has evolved over centuries.

It was never an 'Emmerdale' of small rural chocolate-box-style villages and hamlets with a number of scattered, outlying farms. That, coupled with the need for a most basic human entitlement — the right to a home — is why over 300 people turned up at a public meeting in Cookstown that I was recently privileged to chair. They were people from the land, who wanted answers about Shaun Woodward and Lord Rooker's drastic Draft Planning Policy Statement 14, which is wrongly entitled 'Sustainable Development in the Countryside' — because that is the last thing it will achieve.

Allegedly in draft form and out for consultation, the document has been implemented for any applications acknowledged as valid by the Planning Service after 16 March. That raises issues, but there are more fundamental questions, such as why the authors of the document, the Department for Regional Development, cite, among other issues, overdevelopment of rural areas, or bungalow blight. Another issue is preservation of the environment, and in relation to what Mr Burnside said previously I note the attempt to ambush the debate on that matter on Radio Ulster this morning. All those important issues must be considered.

First, the policy prior to 16 March, 'A Planning Strategy for Rural Northern Ireland' (1993) is empowered to address planning and environmental concerns. Proper control of sewage from dwellings does not require a major lurch in planning policy, merely an alteration to its implementation. The onus is on the applicant to provide satisfactory septic tank arrangements, to show that the proposed dwelling is integrated in the rural setting, and to safeguard the integrity of the countryside, while simultaneously providing for its most valuable asset, its people, without whom there is no so-called sustainability.

The mindset of the document interprets "rural" as equalling farming or, specifically, those mainly or exclusively engaged in viable farm businesses. The media slant put on the document is that farmers and their sons and daughters will be catered for and that, therefore, the rural community is all right. A farmer's son or daughter, living and probably working — inevitably part-time — on what is determined by the Planning Service under Draft PPS 14 not to be a "viable" farm business, will simply not receive planning permission. Both the Northern Ireland

Agricultural Producers Association (NIAPA) and the Ulster Farmers' Union have highlighted that to me. Moreover, those engaged mainly in farming will find it nigh on impossible to get planning permission where a site has already been disposed of from a farm holding for a variety of reasons, some of those dramatic.

Will the Department of Agriculture and Rural Development (DARD) please enlighten its Civil Service cousins at the Department for Regional Development about the economic body blow suffered by the farming community over the last number of years? Many farms are no longer so viable as to support full-time occupation, let alone support sons and daughters in the farming business.

The main point is that the overwhelming majority of country people, now including many sons and daughters of farmers, have not been catered for in that document. They will be among the many who will be forced to leave family lands and, in many instances, the whole rural support network — be it family, cultural or sporting — that forms part of it.

10.45 am

The document provides an insight into the knowledge of its authors, whose perception of areas beyond Glengormley is more informed by watching 'Emmerdale' and listening to 'The Archers' than it is by getting out of Belfast to meet the real people who are affected.

One of the absolute ironies of Government policy is that one Department — the Department of Agriculture and Rural Development — supports community-led rural development policies, while another — the Department for Regional Development — will, through Draft PPS 14, undermine any efforts at rural development. What is there to develop if the rural community is having its most valuable asset — its future generations — removed? The irony is that Lord Rooker had ministerial responsibility for both rural development and planning.

A major issue now facing rural dwellers is where this leaves the British Labour Party's commitments to affordable housing. House prices have already soared in Mid Ulster, which I represent. Supply and demand is an issue; demand exists among a growing young population, yet not enough land has been zoned, even in villages. Land price increases have had a knock-on effect on the overall price of a house. Many people have relied on developing a site on family land to keep down overall housing costs. At least through the tradition of passing a site to a son, daughter or grandchild, overall costs are confined to the construction of the dwelling. Draft PPS 14 has removed that option. Any available individual sites that are for sale have already rocketed in price — in some cases by £40,000 to £50,000 — thanks to Lord Rooker's Draft PPS 14.

There has been a similar rise in the cost of development lands in towns and villages that is far beyond the reach of most people, who simply cannot afford to pay £150,000 for a site and then build a home on it.

We have now reached a stage where 40- and 50-year mortgages are being presented to those who, while they are employed and interest rates remain stable, can afford to pay them. This concept raises the spectre of a lifetime of debt, with, conceivably, debt being inherited. Little thought has been given to how a person could repay such a mortgage on retirement, when their income would be much reduced.

I proposed the motion at the request of many constituents from all backgrounds. I have consulted and listened to the major concerns of rural organisations, including the Ulster Farmers' Union, NIAPA, the Rural Development Council and the Rural Community Network. I am a member of the Northern Ireland Local Government Association (NILGA), within which Draft PPS 14 has unified political opinion across the spectrum, as elected representatives know that it will sound the death knell for many of our rural communities. No more houses — that will be the effect of Draft PPS 14; it will have drastic long-term social and economic consequences for our rural areas. Schools, community organisations and the strong, often extended, family support network that is integral to rural areas will all disappear, and that will further affect churches. I recently met senior representatives from An Cumann Lúthchleas Gael — the Gaelic Athletic Association (GAA) — who voiced their concerns about the effect that this will have on many of their clubs. Other rural-based organisations will share similar concerns.

Last week, this Assembly rightly devoted a good part of its time to looking at the local economy. The domino effect of Draft PPS 14 will bring rural post offices and local shops to their knees. It will also have major consequences for employment, small building firms and their suppliers, for whom construction of single houses in the countryside is the lifeblood of their business. It has been estimated that Draft PPS 14 could lead directly to the loss of 10,000 jobs. The document shows no knowledge of our rural communities, displays no awareness of rural society and no consciousness of the sense of place and belonging that goes with those communities.

In conclusion, I call for an immediate statement to review the content of Draft PPS 14 from the new Minister, who has triple responsibility for regional development, the environment and rural development. I trust that by the time the review has been completed we will have full devolution of powers.

Members will have heard these concerns from their constituents, so please let us reach a consensus and

pass the matter for action to the Secretary of State, with whom it rightly rests. Molaim an rún.

Mr Wells: Madam Speaker, I beg to move —
[*Interruption.*]

Mr P J Bradley: Did my fellow Assembly Member for South Down discuss the opposition to the motion with councillor William Burns, or any other DUP councillor who supports rural committees and farmers in the area?

Mr Wells: Madam Speaker, I suspect that that was not a point of order.

Madam Speaker: I could not hear Mr Bradley, but I thought that you were giving way to him. That was not the case.

Mr Wells, you may proceed.

Mr Wells: I beg to move the following amendment: Leave out all after “Assembly” and insert

“notes the publication of the Draft Planning Policy Statement 14 ‘Sustainable Development in the Countryside’ and calls upon the Business Committee to establish a working party to develop a balanced policy for the sustainable development of the countryside and the protection of the environment.”

I will accept reasonable and sensible interventions from Members opposite, as it is their motion.

After Lord Rooker made his announcement on 16 March, someone telephoned me and asked whether it was true that Lord Rooker had stopped all applications for building bungalows. I said that it was true. That person said “Thank goodness” because all his planning applications were for two-storey houses. He did not realise the significance of what was being announced.

The policy attracts a very diverse range of views — there is no question about that. At a public meeting held by the Draft PPS 14 team, a farmer said that he owned the land and that if he wanted to build 20 bungalows on his land, he had every right to do so.

Some Members: Hear, hear.

Mr Wells: With friends like that, who needs enemies? At another public meeting in Banbridge, a lady said that the damage to the countryside was so pervasive that all outstanding outline consents should be rescinded. I do not think that too many people would support that view.

Perhaps the most telling statement to come out of those public meetings was from a lady who owned bed and breakfast accommodation. A Dutch tourist who was staying in her accommodation said that she was going home early because she felt that the countryside had been destroyed through indiscriminate development. She was appalled at what had happened to the countryside since her last visit. The subject attracts various views. However, we are all agreed that something had to be done

to prevent the indiscriminate loss of our countryside through speculative development.

The statistics are frightening. Each year, planning permission given for single dwellings in the countryside is equivalent to the size of Coleraine. Northern Ireland has 1.7 million people, yet we pass three times more individual buildings in the countryside than England, Wales and Scotland put together — and they have 58 million people. There is an imbalance in that statistic.

The regional development strategy set a policy of 60% brownfield development — old industrial sites and areas of inner-city dereliction — for Northern Ireland. The Assembly supported that target when the regional development strategy was agreed in 2001. Last year, more than half of all houses built in Northern Ireland were single dwellings in the countryside. How on earth are we to meet our brownfield development target of 60% if more than half of our developments are single dwellings?

There has been a rise in the number of multiple applications in recent years. One landowner in my constituency has 42 sites for sale, and a gentleman down the road has 17 sites for sale. In the Down District Council area — as the hon Member for South Down Ms Ritchie will know — 49 applicants have lodged 238 applications for single dwellings.

Mr Kennedy: They must have big families.

Mr Wells: Big families, indeed. [*Laughter.*]

Mr McGlone referred to the needs of the ordinary rural dweller. How can someone with 42 sites for sale be meeting the needs of the ordinary rural dweller?

Mr McGlone: I also represent a largely rural area. Forgive me for saying that Mr Wells’s experience may be peculiar to his area, but it is not my experience. People who contact me about sites are from the land; they want to live where generations before them have lived. The Member is saying that the exception should form the rule; those are the exceptions in my area.

Mr Wells: The Member makes a valuable point. The Holy Grail — the problem that we are all trying to solve — is to develop a policy that allows the ordinary rural dweller to continue to live in the countryside but which stops the speculation that I refer to.

Some Members: The Da Vinci code.

Mr Wells: It would be more difficult to solve than the Da Vinci code.

It is such a complex issue that the best way forward is to set up an all-inclusive working party to thrash out a sensible policy. I believe that that can be done, and I hope that the hon Member will support me, because it is the best way forward.

Until a decade ago, there were between 2,000 and 3,000 applications per annum. The system met the

needs of rural dwellers, the farming community and those who wanted to look after disabled relatives. There were few problems, and it was sustainable. However, over the past decade, there has been a massive rise — a threefold increase — in the number of applications. Last year, the figure was 8,500.

Generally, those applications do not meet the needs of the rural community, as many are speculative. For example, in Ballyronney, which is in my constituency, a site was sold on Thursday for £183,000. Was that site sold to a local rural dweller? It was not; it was sold to a Belfast commuter. That is the problem, and that is why we need a working party to consider the issue. In recent years, applications have trebled, and the £100,000 site has become the norm.

This Assembly needs to be careful. Members of the previous Assembly passed the regional development strategy in 2001, which set out policies for the sustainable development of the countryside. All parties, including Mr McGlone's, supported it. The strategy set out a method whereby the countryside could continue to thrive, but in a way that would not lead to the destruction of the goose that lays the golden egg, and was to be achieved through the development plan process. However, in the intervening period, there was such a massive surge in speculative applications that the Department for Regional Development had to step in and take action, otherwise the regional development strategy would have been totally negated.

The motion tabled by Mr McGlone looks fine until you read it carefully.

Mr McGlone: The price of sites has been grossly inflated as a direct consequence of Lord Rooker signing Draft PPS 14.

Mr Wells: The hon Member fails to realise that sites were already selling for over £100,000 in the east of the Province before the introduction of Draft PPS 14 in March. Those sites are not being bought by local rural dwellers; they are being bought by commuters, and that is doing nothing to sustain the countryside.

Mr Paisley Jnr: Will the Member give way?

Mr Wells: I said that I would give way to the Opposition. *[Laughter.]*

Mr Paisley Jnr: Surely the Member is not trying to sustain an argument that the countryside is exclusive to those from the countryside and, by virtue of that, that cities and towns are exclusive to those from towns and cities? This country — Ulster — is ours; it is everyone's to share and everyone's to enjoy.

Mr Wells: Yes, indeed. Ulster is ours, and Ulster will be ours. However, our countryside should be protected primarily for rural dwellers, who should not be squeezed out by commuters. The problem with Mr McGlone's motion is that it calls for Draft PPS 14 to

be set aside and for all applications to be treated under the old policy. If that happens, there will be a tidal wave of speculative applications throughout the country, which will completely clog up the planning system and cause utter chaos in the Planning Service.

Mr McGlone: Will the Member give way?

Mr Wells: No. I only have a minute and a half left, and I have been quite generous.

I agree that a review of the policy is needed. We need to think about it very carefully, but we must be careful that our attempts are not completely negated by the time the review is completed because of the massive surge of speculative applications.

I am sure that Mr McGlone is aware that 2,500 applications poured in to Omagh divisional planning office in the three months leading to the Minister's announcements — simply based on a rumour of a change in policy. The situation will become absolutely unsustainable if the policy is brought crashing to its knees and the situation returns to a free-for-all.

Let us get round the table as MLAs and thrash out a policy that keeps rural communities thriving, but stops the speculation that is destroying our countryside.

11.00 am

Mr Cree: Madam Speaker, this is my first opportunity to speak in the Assembly, and I congratulate you on your appointment.

As a townie who lives in the rapidly diminishing countryside of North Down, I feel qualified to speak on this issue. The two Members who have spoken have given the different sides of the argument, and they are equally valid. As with many of the issues that have been and will be debated by this Assembly, rural planning policy and Draft PPS 14 demonstrate that Northern Ireland needs devolution. Without any input from locally elected representatives, an unaccountable direct rule Minister opted for a quick-fix approach to a serious environmental and community problem and arbitrarily imposed on Northern Ireland's rural communities an artificial one-size-fits-all approach.

That is how direct rule misgoverns Northern Ireland. As long as politics in this part of the United Kingdom remains in complacent talking-shop mode, the flaws and weaknesses seen in Draft PPS 14 will also be seen in numerous other direct rule decisions impacting on the social and economic fabric of our society. If this Assembly is sincere in saying to Northern Ireland's rural communities that it acknowledges the flaws of Draft PPS 14 and that it would act differently, then we should be moving beyond the complacent acceptance of direct rule and preparing to restore devolution.

There is little doubt that the aims of Draft PPS 14 should be supported. Protecting our rural environment

through a sustainable approach to rural development is in the interests of rural communities and Northern Ireland as a whole. The countryside is a precious resource for the tourism industry; it contributes importantly to the quality of life in this part of the United Kingdom; and it sustains living, rural communities. Haphazard, random development threatens this, and it is right that rural planning policy should protect the fabric of our rural environment and rural communities.

However, if the aims of Draft PPS 14 are worthy of support, its mechanism is not. Draft PPS 14 is far too blunt an instrument. I have already described it as a one-size-fits-all approach. It fails to recognise the different contexts of, and challenges faced by, rural communities in different parts of Northern Ireland. The crude imposition of this measure — although typical of direct rule governance — ensured that the consent and consensus of rural communities and the farming community was not forthcoming. Again we see the arbitrary nature of direct rule failing to acknowledge the views and concerns of citizens and local communities.

Perhaps one of the most disturbing aspects of the direct rule Administration's imposition of Draft PPS 14 has been the manner in which this has unnecessarily and artificially placed the desire for vibrant rural and farming communities in conflict with the commitment to environmental protection and sustainable development. The partnership between rural and farming communities and environmental organisations has been a positive and welcome development over recent years in Northern Ireland. It has reminded us that the stewards of the countryside and the rural environment are the rural and farming communities. If a locally elected Assembly with legislative powers had been making the decision on rural planning, that productive partnership would have been reflected in our proceedings and determinations. We would have ensured that the need for planned growth in rural communities proceeded in a sustainable manner, protecting Northern Ireland's rural environment.

The motion calls for the development of a balanced policy for the sustainability of rural society and the environment. Many Members will have their doubts that the previous policy, contained in the 1993 rural planning strategy, represented a balanced approach. That is why as an alternative it would be wise to consider the amendment rather than give — as the motion does — a blank cheque to all rural planning applications received since 16 March. That said, the arbitrary imposition of Draft PPS 14 fails to provide a planning policy that has the confidence of rural and farming communities across Northern Ireland. The protection of the rural environment is not served by this flawed approach, and I urge the Assembly to support the amendment.

Mr McCarthy: Draft Planning Policy Statement 14 comes after a ministerial statement in January 2005 by

the now departed cross-channel Ministers Angela Smith and John Spellar, which affected part of my Strangford constituency. Rural development in the Ards Peninsula has already suffered as a result of that statement, and now the same rural community is faced with further impediments by Draft PPS 14.

The objectives of Draft PPS 14 are laudable and sensible; our countryside is precious, and we have a duty to ensure that nothing is done to damage the character of the landscape, nature conservation interest and our built heritage. However, I am greatly concerned about the criteria contained in Draft PPS 14 and, in particular, the restrictions it may place on the farming community, farming families and their right to sell land.

Of the 14 separate policies, the most important is countryside policy 1, which stipulates that a presumption against development will be operated throughout the countryside with very little exception. My main concern is that rural communities are not detrimentally affected, or that loopholes and unseen technicalities may permit abuse by developers at the expense of genuine rural people, which was earlier acknowledged by my colleague Mr Wells.

Rural people must not be forced away from their birthplace and into villages, towns or cities against their expressed wish. As someone from a rural background, I have real worries that Draft PPS 14 may be a way of depopulating our countryside, with detrimental consequences for schools, churches, recreation and sporting activities, and the closure of small shops and post offices, which we have all fought to retain.

Rural communities must be protected and given every assistance to thrive and prosper. I fervently believe in the creation of a vibrant, local, rural population with associated economies, and I call on the Department for Rural Development, working in conjunction with rural constituents and various agencies, to ensure opportunities to promote the social and economic development of our rural areas.

The Alliance Party supports any practical measure to sustain farm businesses and diversification of work to ensure a decent income for rural dwellers. We also welcome moves to promote affordable social housing in rural areas to sustain the number of people residing in townlands or small settlements.

We welcome proposals to improve the character of rural settlements and make them more cohesive by making the quality and design of dwellings compatible with the surrounding landscape. People who live in a rural setting shape the countryside. Those with a long history in an area have an affinity with the local landscape, and will wish to retain that particular rural character.

Opportunity must be given to local people to maintain their families and communities in their own locality.

Sustainable development in the countryside should also consider the needs of rural economies and changes in working patterns. Remote working, diversification and better use of modern telecommunications bring challenges to the development of rural planning policy.

The Alliance Party, being fully supportive of all green and environmental issues, acknowledges the problem created by faulty septic tanks in rural areas. However, modern technology has overcome these problems, and we agree, in the interest of good environment, that every new dwelling in the countryside should have a modern, working septic tank, and perhaps some method for ensuring its efficiency could be instigated. However, that must not be a barrier to enhancing our rural fabric.

As I said earlier, Draft Planning Policy Statement 14 has many laudable objectives; however, it is vital that we get the balance right. We do not support a blanket ban on rural living and we look forward to a clearly revised rural development policy.

In conclusion, the Alliance Party wishes to see a lively, vibrant, rural population. We do not wish to see our countryside destroyed with huge continental-style buildings.

The planners themselves have in the past allowed monstrosities to be built in the country, on top of hills and along our coasts and shoreline — all totally out of keeping with the local landscape. We strongly oppose any move to depopulate our rural areas, and we fully support efforts to manage, expand and revitalise the existing rural community with sensible planning decisions commensurate with the needs of the local people. Is it not a pity that through the fault of some parties in this House, we, the elected Northern Ireland Assembly Members, are being denied the right to make decisions for our own people?

Mr Shannon: I welcome the opportunity to speak on Draft PPS 14. It presents a direct attack upon the rural community. I represent a rural area and am concerned by attacks upon the planning process and reductions in the number of dwellings that people are able to put forward. This planning statement has taken ownership of land out of the hands of landowners and farmers and placed it in the hands of the Planning Service and of those responsible for planning legislation and proposals. To me that is wrong. The Ulster Farmers' Union, the Rural Development Council, and the Northern Ireland Agricultural Producers Association have also stated their concerns, and people right across the community that I represent have said they are unhappy with Draft PPS 14.

Colleagues will know that we in Strangford have already encountered the Draft PPS 14 legislation, albeit

under the guise of the Ards and Down draft area plan. The heart of Strangford has become a no-go area for planning as the green belt creeps across every mile of the Ards Peninsula, but until the ministerial directive, houses could still be built in the rural remainder.

I am opposed to the current Draft PPS 14 process. Due to ill health, a farmer and landowner in the Ards Peninsula missed the three-year deadline. Under Draft PPS 14 he cannot now gain a two-year grace period in which to build a house. He has lost that for ever through circumstances of ill health. That is just one example of how Draft PPS 14 disadvantages people.

Mrs I Robinson: Will the Member agree that it is about time that the Planning Service employed within each area a person with a medical background to sit on panels when planning applications made on health grounds only are being discussed?

Some Members: Hear, hear.

Mr Shannon: I thank the Member for her comments, and I will return to that issue later. I have been a councillor for 21 years and have been involved in planning matters during that time. In all those 21 years, of dozens upon dozens of applications on health grounds, only three have been passed. My colleague is correct: we need a panel to address medical concerns. I wish that one were in place.

I put it to the Assembly that before Draft PPS 14 — and here I must disagree with my colleague Mr Wells — the planning legislation in place and the Ards and Down draft area plan were already controlling the number of single dwellings in the Ards Peninsula and the Ards borough. Eighty-five per cent of applications for single dwellings in the Ards Peninsula were refused. That figure demonstrates that the rules and legislation in place were already controlling numbers. The existing process was capable of managing applications and ensuring sustainability of the countryside. The planners were able to state where an application was sustainable, and while I did not agree with every decision they made, at least there was an opportunity under that system for people in the rural community to build a house. Not everyone was building to sell; a lot of farmers and landowners wanted to pass on that opportunity to their children.

11.15 am

There may be exceptions to that, but should one bad apple ruin the whole bag? I do not think that it should, and that is what is wrong.

With regard to farm dwellings for sons and daughters, I reiterate the point: Draft PPS 14 will dramatically change the opportunities for sons and daughters, and it will penalise farmers and landowners who on occasions, because of financial necessity, have to sell a dwelling or a site on their land. Under Draft PPS 14, a son or

daughter will lose the right to build a house. That is what worries me about the process. Also, it is proposed that Draft PPS 14 will be retrospective regarding sons and daughters. In that case, will a farmer be able to build a house for a son or daughter in the future? I suggest that under Draft PPS 14 that will not be possible.

Mr Robert McCartney: Can the Member explain the sudden surge in the number of applications — from 3,000 to 8,500 — on the basis of farmers' sons and daughters suddenly deciding that they require planning permission?

Mr Shannon: I can speak only about what I know. The Downpatrick divisional planning office has already seen a decrease in the number of applications. I return to my point: the Planning Service turned down 85% of applications in the Ards Peninsula before Draft PPS 14. Therefore a system had been in place.

Under Draft PPS 14 — and I refer to what planning officers say at site meetings — if an application can be changed to include minimal improvements, a replacement dwelling should be passed. I suggest, however, that Draft PPS 14 takes away the right of those who want a replacement dwelling and removes the opportunity for a landowner to have a house.

Years ago, families of six or eight children were reared in small cottages, but in today's society the footprint needs to be larger than the cottage. Therefore Draft PPS 14 denies the opportunity for replacement dwellings of a suitable design and structure, which is important.

I mentioned health, as did my colleague Mrs Robinson, so I shall leave that matter for other Members who may wish to comment on it.

With regard to diversification into tourism, it concerns me that Draft PPS 14 will have serious implications and will tax the very core of business in the countryside. We need the opportunity to have site meetings, and it worries me that under Draft PPS 14 that is denied.

There needs to be a reduction in the power of the Planning Service; encouragement for business opportunity in the rural hinterland; and a dwelling for a son or daughter without terms and conditions. Draft PPS 14 extends to the planners a level of control way beyond their past remit and in turn forces upon the rural community legislative changes that it does not need.

Mr Armstrong: One of the most important issues facing the rural community is the severe legislation, announced by Lord Rooker on 16 March 2006, that effectively bans one-off houses in the countryside. We have a beautiful countryside in Northern Ireland, and we should preserve it. The current proposals are too sweeping, too restrictive and take no account of their potential impact on rural families.

Planning permission should not be limited to the zoned development areas. To limit development to towns, villages and hamlets would be in direct contrast to the prevailing rural character. The main problem is caused by property speculators, some of whom see only pound signs, who come into country areas and buy up small farms. They exploit the whole area. Northern Ireland is not like rural England; people here do not live in nicely defined villages. Restricted development zones, with no building in the open countryside, would result in towns and villages becoming bigger and merging, and losing any sense of individual identity. Our smaller villages are already being swallowed up by larger towns.

If such a policy is to support sustainable rural communities, however, it must provide for the planned and sustainable growth of rural communities, as opposed to stifling any rural growth. Planning laws alone will not produce sustainable communities; they require strong Government support for rural development.

A sustainable rural environment and sustainable rural communities require careful integrated planning that allows for planned growth while protecting the needs of those who already live in the countryside. It is essential, therefore, that the new planning laws allow farming families to build family dwellings on their land. Otherwise, rural areas should be deprived of young people once they reach the age at which they need to step on to the property ladder, and that would result in the death of rural communities.

We must do everything possible to keep our rural communities alive. Those communities will suffer because they are unable to offer housing to employees of expanding businesses. The proposed policy will strangle rural enterprises, and rural communities will stagnate.

The proposed legislation will damage what it sets out to protect. The inevitable result of the severe restrictions on building will be a further rise in the already record level of house prices in Northern Ireland. That will put home ownership further out of reach. The restrictions will have a devastating effect, especially west of the Bann.

Agriculture remains Northern Ireland's largest employer, and we must encourage our young people into that industry in order to sustain it. If the proposed new planning laws are applied, more rural schools, post offices and churches will close. Areas will be unlivable, and they will become virtual deserts.

The huge attendance at public meetings has borne out that there are strong views on the matter. Unquestionably, there are rural areas in Northern Ireland in which haphazard development has further damaged our environment, marred our landscape and acted against the interests of rural communities. There are many

unanswered questions to which the public have a right to know the answers. The Planning Service revealed that those applications that are still in the system could be judged against the new policy, while those deemed invalid from 16 March 2006 should be determined in accordance with the new policy.

The planning laws need to take account of the unique rural asset base and of the need to manage and protect our rural way of life in Northern Ireland. Planning policy must be joined up among different agencies and Departments, such as the Department of Agriculture and Rural Development, the Environment and Heritage Service (EHS) in the Department of the Environment, the Department for Regional Development, the Department of Education and the Department of Health, Social Services and Public Safety (DHSSPS). Those Departments play key roles, as no Department is responsible at present for rural Northern Ireland.

I share the views of one architect who said that it took the Department for Regional Development two years to reach a conclusion on the blanket ban, yet people were given only 12 weeks for consultation. The consultation period closes on 9 June.

I find it ironic that, although Lord Rooker compared figures on the number of planning applications received in Northern Ireland to those in the rest of the UK and accepted that those are not sustainable, he failed to mention that John Prescott, the Deputy Prime Minister, supported one of the biggest building schemes approved in green-belt land — the decision, as a result of a housing shortage, to build 3,600 houses in Hertfordshire.

Draft Planning Policy Statement 14 simply fails to understand the complexity of Northern Ireland's countryside. The planning of rural dwellings must involve consideration of a huge number of factors, but it is completely unfair for the Government to introduce such sweeping legislation with only a 12-week consultation period.

Ms Ritchie: The direct rule Administration has attempted to justify Draft Planning Policy Statement 14 as necessary:

“to manage growth in the countryside to achieve appropriate and sustainable patterns of development that meet the essential needs of a vibrant rural community”.

It will not. Contrary to what Jim Wells said, the draft policy will strangle vibrant communities.

Another objective of the policy statement is to improve:

“the accessibility of the rural community to employment, services and regional amenities”.

That is not the case: the policy is, in fact, crudely anti-development.

In his statement of 16 March, the then Minister with responsibility for Regional Development, Shaun Woodward, said that Draft PPS 14:

“proposes a presumption against ... development in the countryside”.

He also stated:

“strict controls on development will operate to meet the essential needs of the rural community”.

How will the Minister's statement help to sustain the rural way of life over the next 20 to 25 years? How can he both protect vibrant communities and block the building of houses? That is the challenge facing the Secretary of State and the rest of the direct rule Administration. The Assembly has no competence or powers to deal with Mr Wells's amendment. The matter needs to go directly to the Secretary of State in order for there to be change. When taken with the ministerial statement, the contradictions inherent in Draft PPS 14 suggest that it is simply another example of the Government saying no in different ways.

The direct rule Administration's programme for managing the development of the countryside has been particularly dictatorial. The Member for Strangford Mr Shannon referred to the draft 'Ards and Down Area Plan 2015'. Speaking from a South Down perspective, the draft area plan has been implemented, as a result of the joint ministerial statement of 31 January 2005, in advance of planning-inquiry hearings that recommence next month. As with Draft PPS 14, no consultation took place on the draft area plan; it simply was written large over the rural area. The greater part of Down is now green belt, with people having to prove that they need to live in a rural area.

However, the draft area plan pre-dates 16 March 2006. The Planning Appeals Commission's (PAC) role in the planning inquiry has been usurped, and the imposition of the ministerial statement of 16 March has rendered meaningless the consultation measures that were in place.

As we know, and as has been mentioned in the House today, Draft PPS 14 may have been issued for consultation on 16 March, but its effect is to supersede all previous planning policies for the rural area. All new planning applications that have been submitted since 17 March will be judged against the criteria that are contained in Draft PPS 14. Therefore, the consultation process on the area plan has been a total nonsense. Certain applications' special circumstances will no longer be taken into account, and powers for areas of special control, which I know only too well from a constituency perspective, will be strengthened to prevent development within their boundaries. Not only is no prior consultation to take place with local authorities and others, but none of the normal procedures has been adhered to. In the past, public inquiries could be held when there was considerable objection to a measure. In this case, the public's rights have been violated and totally ignored. Where is the fairness and equity in this matter for rural communities?

It is time for the direct rule Administration to recognise that the majority of rural dwellers are custodians of the countryside. They want to preserve their environment. The consequences of Draft PPS 14 will probably not be felt immediately in the countryside, but, in the longer term, Draft PPS 14 will inevitably lead to the contraction of the population.

Government policies were supposed to prevent depopulation, through “Crossroads” housing development and small-job enterprises, and through an interdepartmental approach to rural regeneration. The reverse, however, will happen. Forcing people to move to towns will lead to that eventual contraction of population. Fewer houses being built will have an impact on the viability and sustainability of the local school, shop, filling station and car-repair outlet, and on church attendances.

Parents will be forced to find someone else to look after their children after school or during school holidays, because the children’s grandmother or aunt now lives too far away. Is that sustainable development? Do we want that to happen? Pending restoration of the institutions, we must ensure that we send a message to the Secretary of State to withdraw this document, which included no mechanism for consultation.

11.30 am

For many years, the Department of the Environment and the Planning Service have been totally inconsistent in their approaches to rural-planning applications. That has led not only to an unequal and unfair approach to the distribution of development in the countryside but to a presumption in some parts of favouring an “anything goes” policy — Members have already referred to that fact — and giving planning approval to Spanish-style villas while not allowing small alterations to bungalows, or even the building of bungalows.

Pending the restoration of the political institutions, the Secretary of State must withdraw Draft PPS 14; that is the message that we must send to him today. If people want to bury something, they create a committee. Do not let the Secretary of State off the hook. Do not allow him to fob off the problem under the pretence that this Assembly has powers and competence over building or strategic planning matters; it does not. We must keep it simple. We need to tell the Secretary of State that this Assembly wants Draft PPS 14 withdrawn, and he needs to go back to the drawing board to prepare a planning policy that reflects the needs of rural and farming communities and sustains the rural way of life.

Mr Paisley Jnr: I welcome the opportunity to debate rural planning, which has been afforded by the motion and the amendment. Many points have been raised. Indeed, the amendment allows me to reflect on the charitable view of my colleague that we all have our “Jim Wells” to bear. We bear with him on this issue,

and I heard what he had to say. There are important issues to consider.

The motion should not be concerned only with Draft PPS 14 and the manner in which it was introduced. It should also address the fact that Government policy on the treatment of the countryside and countryside planning is fundamentally flawed. As Ms Ritchie rightly said, there are policies in place, which, if implemented consistently, would lead to good practice across the country.

Many of us deal with planning applications in our constituencies. Similar applications will be submitted, and the same planning officer will take a different view on how he or she interprets the policy and how it is implemented in practice. Members visit neighbouring constituencies and find that planning officers are not implementing policy consistently. It is a question of ensuring that policy and practice are consistent across rural Ulster. If we achieve that consistency, we will have made progress. The Planning Service should put its mind to achieving that consistency.

There is no doubt that rural and urban planning are in crisis. There are a number of reasons for that. The number of planning applications has increased, but it is not at the level given by Lord Rooker. Lord Rooker told a lie in Draft PPS 14 when he stated that there were over 9,500 planning approvals in one year. There was nowhere near that number of approvals in one year. He was absolutely wrong. In many cases, he triple counted.

Lord Rooker also failed to take account of certain factors. He said that the high number of planning applications was destroying the Planning Service’s ability to process them. However, far more planning objections than planning applications are launched in Northern Ireland. Last year, 55,000 planning objections were launched, irrespective of planning applications. A further 30,000 objections were lodged against the published area plans. Staff in any planning office — be it in Coleraine, Ballymena, Downpatrick or Omagh — will agree that such a flood of objections, many of them from professional objectors who object for the sake of it, slows down the planning process and destroys many development opportunities in the countryside and across Northern Ireland.

The Planning Service has failed completely to implement its policies on time and on target. For example, the Roads Service’s target is that 65% of all applications should be returned, either approved or rejected, within 15 days. In 75% of cases, the Roads Service misses that target by 35 days. The Water Service is the only service that is consistently on time. The Environmental Heritage Service, the supposed guardian of the countryside, has the worst record of all; over 88% of EHS responses to applications are 94 days late.

The planning crisis is not due to the number of applications but to the Planning Service being unable to handle the planning process. Some officials and professional objectors take a ruinous approach, with the result that economic development has slowed down completely. Planning does not sit all on its own; it affects our economy, our people and attempts to make Northern Ireland work as a whole. Statistics show that because the planning process is not working, business opportunities are being ruined.

A report published by Investment Belfast, 'Investing in Regeneration: Unlocking the Belfast Opportunity', makes a critical point. It states:

"Delays ... in processing major planning applications"

— meaning planning applications for business and job opportunities —

"are unacceptable and will lead to investment opportunities being missed or directed elsewhere."

The report also states that during the past two years, Northern Ireland investors spent £1 billion, not in Northern Ireland, but in GB or the Republic of Ireland. Opportunities are missed, which is a disaster for job creation. Planning is at the heart of the issue, and if we do not get planning right, we will ruin our economy. That is why I object to Draft PPS 14. It is ruining business opportunities and prospects for rural development.

Mr S Wilson: Will the Member give way?

Mr Paisley Jnr: Of course I will give way, but do not be flippant. [*Laughter.*]

Mr S Wilson: I am never flippant. I am not renowned for that at all. [*Laughter.*]

Does the Member agree that tourism is a big economic growth area? If Northern Ireland is to capitalise on its tourist potential, it is important that our natural heritage is not destroyed. For that reason, sensitive rural areas must be protected.

Mr Paisley Jnr: The Member makes a quite brilliant point, and I welcome that. He also made a brilliant speech on this issue in the House of Commons recently; I recommend that Members read that speech in Hansard.

The Member is absolutely right. When tourists visit Northern Ireland, we must ensure that they have something to see. Tourists also need somewhere to stay, but there are not enough bed and breakfasts or hotels. People do not have enough to do when they visit. The Member's point is that we must have balance, which is critical.

A couple of points are absolutely critical —

Madam Speaker: Order. I am sorry, but the Member is out of time; in fact, he has gone over his time.

Mr Elliott: It has been suggested that the debate could continue until 5.00 pm. Given the flow of some Members, the debate could well go on until that time.

I reject the Draft PPS 14 proposals. They are too restrictive and will destroy the countryside and the rural community's way of life.

I support the amendment, provided that the suggested working party is a genuine attempt to create a positive, balanced approach, which I trust is integral to the amendment.

There is a lack of consistency throughout the Planning Service. That has been highlighted during this morning's debate. There is also a lack of consistency in the Planning Appeals Commission, which regularly overturns planning decisions that were possibly perfectly correct. It does not substantiate appeals that should be allowed to continue.

However, if this policy is to support sustainable rural communities, it must provide for the planned and sustainable growth in those communities that we need in Northern Ireland. I do not believe that that is contained in Draft PPS 14; I am not sure whether it is contained within the old planning strategy for Northern Ireland either, and that is why we do need a balanced and effective policy in this Province.

I also support the protection of the assets of the rural environment and the promotion of sustainable development, and I understand the pressures and threats to Northern Ireland's countryside caused by the increasing demand for single rural dwellings. That is a result of many factors, not least the Department's plan-making process, which has triggered a rush to secure the planning permissions before the shutters come down. We are realising that throughout Northern Ireland.

PPS 14 has been submitted in draft form for discussion, but simultaneously a policy of presumption against new development in the whole of the Northern Ireland countryside has been implemented, with very limited exceptions. The identified pressures and the flood of applications that result when a tightening of policy is imminent would suggest that this is a holding policy, pending a detailed consideration of the new rural policy after the consultation period.

The clear purpose of this policy is to urbanise the rural population of Northern Ireland, and that is an unacceptable basis for the changes to rural policy proposed in the Department for Regional Development's Draft PPS 14. Many areas of Northern Ireland, such as Fermanagh, are remote from the population pressures of the Belfast metropolitan area. They do not exhibit the characteristics of an urbanised countryside but are areas of large extensive countryside with a low population density and perhaps only one sizeable town.

The characteristic countryside areas, with their small fields, farmsteads, isolated individual houses, dispersed rural communities, "Crossroads" housing groupings and small settlements and villages — together with the rural-based buildings for religious,

social, sporting and business purposes and activities — are all part of the network of human and natural interactions that make up the very important and continuing cultural landscape of our rural areas.

I suggest that there is an opportunity to provide for regional circumstances in this situation through the local area plans and to remove the one-size-fits-all policy throughout Northern Ireland, which is detrimental to all areas of the Province. For far too long, we have had Government-produced policies that may be good for urban areas of Northern Ireland but are harmful and negative to rural areas, and indeed, it may be the other way round.

The legislation as proposed will damage what it sets out to protect, and the inevitable result of the severe restrictions on building will be that house prices in Northern Ireland rise from their already record levels. That will put home ownership, particularly for first-time buyers, almost out of reach. Those restrictions will have a devastating effect on the entire Province, but in particular, on the west of the Province.

If Draft PPS 14 has not confused the public enough, a question-and-answer session is published on the Planning Service website that confuses the public even more. I must say that it is with disquiet that we look at those questions and answers. I shall quote from one answer on the website:

“When published in its final form it is intended that the designations green belt, countryside area and dispersed rural communities will be withdrawn. The designation of exceptional landscapes, where there will be a strong presumption against any development, will be retained and these will be referred to as Special Countryside Areas.”

That is even more confusing than what we already have. That statement suggests that the final PPS 14 will retain the general presumption against rural development throughout Northern Ireland.

Is the consultation merely an exercise in commenting on the wording of specific policies in the draft document rather than a proper forum for discussing its more fundamental aspects? That is what I hope that the working party will actually do.

11.45 am

Draft PPS 14 justifies its restrictive policy on rural development on environmental protection and sustainable development grounds, but it also appears to be an exercise in ensuring that targets are met and books balanced with regard to housing figures and housing growth indicators. It especially appears to be an exercise in achieving targets for increasing the overall percentage of regional housing development within existing settlements. The agriculture and farming community of Northern Ireland will drastically suffer if Draft PPS 14 continues to be implemented.

Mr Morrow: I welcome the debate. I suspect that no other issue in Northern Ireland has generated so much

debate and concern, not only here in this Assembly but in most rural councils, if not all 26 councils.

We must first recognise that there has been a problem with planning in the countryside. If we claim that everything is perfect with regard to planning in the countryside, we will fool not just ourselves but the people who live and work in rural areas. Those of us who do not support this policy are not arguing for one second that there should be a completely free rein on building in the countryside. Anyone who thinks that there should be can look at the failures in County Donegal, where there is a bungalow blight. This issue is about ensuring a sensible level of development instead of an overzealous prohibition of virtually all building in the countryside.

The aims and objectives of Draft PPS 14 state that the proposals are to manage growth in the countryside; to meet the needs of a vibrant rural community; and to allow a sustainable rural economy. No Member in this House would disagree with those aims. However, it seems that the Minister has published a draft strategy that will do its best to defeat them. For example, the section outlining the assessment of farm viability states that:

“The onus will be on the applicant to show that the proposed occupant is sufficiently involved in farming, to be considered mainly working in agriculture on the farm, and that it is essential that he or she should live there, for the working of that farm. Proposals for dwellings associated with “hobby” farms or enterprises where the proposed occupant’s main source of income is from another job or where he is semi-retired, will generally fail because of the viability test.”

The Northern Ireland agricultural census for June 2005 showed that there are just over 18,000 full-time farmers here. However, Draft PPS 14 would immediately categorise the 14,400 part-time farmers as hobby farmers, simply because they may not be sufficiently involved in farming to be considered as mainly working in agriculture. Draft PPS 14 is supposed to be a document that will deliver a vibrant rural economy. I am not for one second suggesting that agriculture is the sole economic driver in the rural community, but it most certainly is the most significant player.

Draft PPS 14 also seems to actively contradict other Government policies designed to reinvigorate the rural economy. The Department of Agriculture and Rural Development recently launched a policy to encourage young entrants into the agriculture industry. As a party, we have called for such a scheme to be introduced and welcome the move towards helping to restructure the agriculture industry. This policy requires applicants simply to “have an economically ‘viable’ holding”. They need not be considered as mainly working in agriculture because, I assume, of the recognition that many young people starting out in agriculture will be involved in other employment.

Those young people, who were encouraged to enter the agriculture industry, could now find themselves unable to build a house to live in. Having been told that they were viable farmers by the Department of Agriculture and Rural Development, they are now being told by another Government Department that they are only hobby farmers. It seems that joined-up government is not functioning very well.

I use agriculture as an example because many people find it difficult to understand how this policy could support a vibrant rural economy when it may be detrimental to the agricultural economy. This is a policy that has heavy-handedly tried to solve a problem. As I have said, there may well be a problem regarding development in the countryside, but it will not be solved by Draft PPS 14, which will create more problems.

The Government have not only managed to create opposition to this policy, but, by the way in which they have attempted to drive it through, they have created more and more suspicion. This seems to have been the only Government policy in recent years that had so-called public consultation events for which the public and elected representatives were required to pre-book. Why was that introduced solely for this policy? It does nothing other than create the impression that the Government are determined to drive this through while hearing as little opposition from the public as possible.

Draft PPS 14 will have an impact on other issues. Madam Speaker, there are literally thousands of people on the housing waiting list. There is a housing crisis out there. The Housing Executive has taken its eye off the wheel and has fallen asleep. It refuses to acknowledge that there is a real housing crisis. Can anyone for a moment imagine how Draft PPS 14 is going to exacerbate that whole situation and make it infinitely worse?

Mr McCarthy: The sooner you get back there, the better.

Mr Morrow: I hear what you say, Kieran. *[Laughter.]*

I have also with me today a copy of the 'Northern Ireland Quarterly House Price Index for Quarter 4 2005'. This was published before Lord Rooker made his Draft PPS 14 announcement. In Fermanagh and South Tyrone, average prices rose by over 30% in that quarter. The average overall price for a home in Fermanagh and South Tyrone is just short of £161,000. That was before Lord Rooker's Draft PPS 14. Can anyone for a second imagine the impact that his policy will have on house prices?

Madam Speaker: I must ask the Member to draw his remarks to a close.

Mr Morrow: Yes, I will. I spoke to an estate agent last week. A former Housing Executive house in Dungannon is now selling at £176,000 and rising. I

think, Madam Speaker, we have to agree that people are going to go out of buying altogether. First-time buyers are not going to get a chance.

Mr D Bradley: Go raibh maith agat, a Cheann Comhairle. Ba mhaith liom díriú ar an toradh a bheas ag 'Dréachtráiteas Polasaí Pleanála 14' ar scoileanna beaga tuaithe. Mar is eol do Chomhaltaí, tá cuid mhór dár scoileanna beaga tuaithe faoi bhagairt cheana féin. Tá sé ag cur crua orthu fanacht ar oscailt faoi na cúinsi atá i bhfeidhm faoi láthair.

Madam Speaker, I would like to draw attention to the effects that Draft PPS 14 will have on rural schools. As Members will be aware, many rural schools are already under threat and are finding it increasingly difficult to stay open under present circumstances. The rural school is a unique feature of country life and an integral part of the local rural community. Schools in rural communities play many roles. They are part of the community's shared history and tradition, and a hub for many of the community's activities.

Chomh maith le bunoidéachas a chur ar fáil, is ionad í an scoil d'imeachtaí sóisialta, cultúrtha, spóirt agus gnothaí eile pobail. Tá sé deacair ag pobal maireachtáil mura mbíonn scoil ann. Bíonn an scoil mar shiombail aitheanta de phobal neamhspleách beo.

In addition to providing for basic education, rural schools serve their communities as social and cultural centres. They are places for sports, amateur drama, music and other civic activities. A school is essential to the survival of a rural community.

Ní amháin go gcuireann scoil oideachas ar fáil do phobal, cuireann sí fostaíocht ar fáil i gceantair ina mbíonn easpa fostaíochta de ghnáth: fostaíocht do mhúinteoirí, fheighlithe, chócairí, agus lucht glanta.

Schools not only meet the educational needs of a community; they are a source of employment for residents where jobs are usually extremely scarce — jobs for teachers, cleaners, dinner ladies and caretakers.

Tá pobail tuaithe á gcrá ag dúnadh a gcuid scoileanna le 20 nó 30 bliain anuas, agus is léir titim thubaisteach ar a líon le linn an ama sin. Cuirfidh 'Dréachtráiteas Polasaí Pleanála 14' le luas na titime sin. Tá sé bagartha ag an Státrúnaí Peter Hain agus ag an iarAire Oideachais Angela Smith go ndúnfar tuilleadh scoileanna. Cibé is féidir linn a dhéanamh le scoileanna tuaithe a choinneáil ar oscailt, is beag is fiú ár saothar mura mbíonn na daltaí ann le freastal orthu.

School closures have been the bane of rural communities for many years. The number of rural schools has fallen drastically in the past 30 years. Draft PPS 14 will accelerate the decline of rural schools. *[Interruption.]*

Madam Speaker: Order.

Mr D Bradley: Both the Secretary of State for Northern Ireland, Peter Hain, and the former Minister with responsibility for Education, Angela Smith, have threatened that further school closures are on the way. Whatever we have to do to keep rural schools open, there is little we can do if the pupils are not there to take up the places. This draft policy statement will ensure that they will not be.

Tabharfar ar theaghlaigh feirmeoirí nach mbeidh cead acu tithe a thógáil ar a gcuid talaimh féin dul a chónaí sna bailte móra, rud a fhágfas go mbeidh líon na bpáistí faoin tuath — a bhfuil scoileanna tuaithe ag brath orthu dá mbeo — ag dul i laghad de shíor. Dúnfar níos mó scoileanna dá bharr.

Farming families who cannot build on their own land will be forced to live in the towns, thus decreasing the pool of pupils rural schools have to draw upon. The inevitable consequences will be the closure of more rural schools.

Cé go ndearbhaíonn an Roinn Talmhaíochta agus Forbartha Tuaithe go ndearna sí an tionchar a bheas ag an pholasáí seo ar shaol na tuaithe a mheas, dealraíonn sé go raibh an Roinn dall ar an drochthionchar a bheas ag an pholasáí. Má tá an saol tuaithe le mairstin, caithfear impleachtaí an pholasáí seo a athmheas, go háirithe i bhfianaise an drochthionchair a bheas aige ar scoileanna tuaithe. Mura ndéantar amhlaidh, déanfar slad ar scoileanna agus ar phobail tuaithe.

Although DARD claims that Draft PPS 14 has gone through a rigorous rural-proofing process, many of the negative effects of this policy on rural communities seem to have been ignored. Its effect will be the wide-scale closure of numerous rural schools, which will have a devastating effect on rural communities. It is for those reasons that I commend the motion. Go raibh míle maith agat.

Mr Poots: Madam Speaker, I congratulate you on your appointment. On reflection, I am glad that I was so kind to you when I was Chairperson of the Committee of the Centre, but then I am just an inoffensive individual by character.

I welcome today's debate and the fact that Mr McGlone has brought it forward in a competent manner, unlike last week's lead speaker for the SDLP, whose contribution was inept. I also note the absence of Sinn Féin from this important planning debate. It is fairly good at planning, however; while Bill Clinton was making his first visit here, it was planning on blowing up Canary Wharf. During the 2004 negotiations, it was planning the Northern Bank robbery, so, in its absence, we wonder what it is planning today.

12.00 noon

Mr Weir: Does the Member agree that the party that sits opposite, but is absent today, is much more adept at demolition than at building in the countryside?

Mr Poots: It certainly has an absence of constructive things to apply to Northern Ireland.

We hear much about sustainability. The document must be judged on its sustainability in relation to rural policy. The three measures of sustainability are whether the economy is improved, whether society is helped and whether the environment is protected. Using those measures, the document fails miserably.

I will talk first about the economy. Traditionally in Northern Ireland, there has been a presumption in favour of development. That presumption should remain, and, setting other conditions to one side, Draft PPS 14 has the ability to do that. Countryside policy 11, on rural character, states that:

"Planning permission will be granted for a building in the countryside where it does not cause a detrimental change to, or further erode the character of an area.

A new building will be unacceptable where:

- (a) it is unduly prominent in the landscape; or
- (b) it results in a build-up of development when viewed with existing and approved buildings; or
- (c) it does not respect the traditional pattern of settlement exhibited in that area; or
- (d) it creates or adds to a ribbon of development".

That sets out the generality of rural character. The DUP has no issue with that. The problem is that the Planning Service has not been applying that over the past number of years. There has been a lack of consistency. Because of the Planning Service's inability to apply its own criteria, it is using a sledgehammer to crack a nut by introducing a policy that discriminates against an entire rural community.

The DUP can also live with countryside policy 10, which concerns the integration and design of buildings in the countryside. It states that:

"A new building will be unacceptable where:

- (a) it is a prominent feature in the landscape; or
- (b) ... lacks... natural boundaries...
- (c) it relies primarily on the use of new landscaping."

The DUP has no problem with all those issues. The problem is with the idea of a blanket ban, whereby exceptional need must be demonstrated before development in the countryside is allowed. I know many farmers who will not be able to develop properties on their land for their families. There is a substantial area of green belt in my council area, and I understand exactly what will be applied throughout Northern Ireland.

Mr S Wilson: Does the Member accept that some farmers have, however, abused the system? It is quite common to hear people say that they have six, seven, and sometimes 19 permissions. That is clearly development for more than just their family.

Mr Poots: Absolutely, but those are exceptions rather than the rule. Why should everybody be persecuted because individuals abuse the system? Why should they be persecuted because of the Planning Service's inability to stand up to those who are abusing the system and tell them that they will not get, and do not need, 19 sites? The Planning Service should use countryside policy 11, as set out in Draft PPS 14, against those individuals, because 19 sites on 50 acres of land is not appropriate and would not be allowed if that document were properly applied.

A Member mentioned tourism earlier. We met the Department of Agriculture and Rural Development to discuss the awarding of grant aid. We discovered that around £7.5 million in Building Sustainable Prosperity (BSP) grants had been awarded for rural diversification and tourism. However, £2.5 million had to be handed back because planning permission could not be obtained. Where is the joined-up government when the Department of Agriculture and Rural Development awards a grant because it identifies a good scheme that will help business and tourism and improve the Northern Ireland economy — yet the Planning Service rejects the scheme?

On reflection, that was before Draft PPS 14 was introduced, when 30% of Northern Ireland was green belt. Now virtually all grant applications will be rejected because that policy document will not allow the development of rural diversification into tourism or other business opportunities. That will not help Northern Ireland's economy.

The case was made that tourism is an essential growth area for Northern Ireland. Tourism revenue in the Republic of Ireland and Scotland accounts for 7% of their respective gross domestic product; in Northern Ireland, the figure is between 2% and 3%. How can tourism growth be generated without allowing development? Development is a critical driver. It has helped the Irish Republic's economy, along with foreign direct investment and the establishment of small- and medium-sized enterprises. Development has been a critical aspect of the improvement in the Irish Republic's economy.

Stifling development in this country will lead to an economy that stagnates and suffers. It is critically important that development be allowed to continue in Northern Ireland. The Planning Service has a job to do in protecting the environment and allowing development that is sympathetic to the environment. It is not its job

to stifle growth and to create further stagnation in Northern Ireland.

There are many derelict buildings in the countryside that are eyesores, but replacement of them is not allowed. As a result of Government policies, BSE, foot-and-mouth disease and a range of other issues, many farms are derelict and falling down. Ultimately, it would be better to revamp those properties and turn them into rural businesses.

If this policy is implemented, and if the Department of Agriculture and Rural Development continues to implement its current policies, the farming community will be discriminated against. Many farmers have substantial units, and I have been present with farmers when officials from the Department have said that no need for a second dwelling on the farm has been demonstrated.

Madam Speaker: Members will know that the Business Committee has arranged to meet at lunchtime today. I therefore propose, by leave of the Assembly, to suspend the sitting until 2.30 pm to allow the Business Committee to meet at 12.30 pm.

I have had to do very little curtailing this morning, and I thank Members for their co-operation.

The sitting was suspended at 12.06 pm.

On resuming (Madam Speaker in the Chair) —

2.30 pm

Mr P Ramsey: Madam Speaker, like other Members, I congratulate you on your appointment. I wish you well, and I hope that you can make that job much more sustainable for the Assembly.

There was a good debate in the Chamber this morning and a consensus for the way forward on planning. The SDLP would like the Secretary of State to acknowledge, respect and take account of this debate. There is no point in debate unless there is something meaningful at the end of the process.

Draft PPS 14 is an attempt to reverse a pattern of dispersed rural settlements that has characterised the Irish countryside for years. It will have major implications for rural society if people are forbidden to live where they were born and reared and instead are directed into towns and cities.

It is clear— even from a Derry City perspective — that previous planning policies have been harsh on deferrals, and the incidence of planning office meetings in Derry in respect of single dwellings is high. The discussion this morning highlighted the level of inconsistency from town to town and from one planning officer to another. The parties were united in their thoughts on the planning process.

Draft PPS 14 will have a major knock-on effect on rural life, especially in the price of affordable housing and in the quantity of available housing. Members have said that the cost of sites has rocketed since Lord Rooker's announcement. That will be compounded by the effect of industrial derating, particularly in border towns, as was discussed in our first debate on the economy. Existing rural companies and businesses will be forced to move across to Southern Ireland for cheaper rates, and that will have a negative impact on the range and quality of services, such as schools, shops and post offices, available to people in rural areas. The overall effect on rural parishes, including sporting and cultural organisations, is incalculable.

The present chaos in retail planning is having a detrimental effect, and there will be further unforeseen consequences for small businesses, most notably in construction and in local commercial developments. Architects and building suppliers, whose businesses are predominately dependent on single houses in the countryside, are already concerned about the potential downturn in their businesses.

The new Minister should, as a matter of urgency, release a draft retail planning policy with immediate effect. Lord Rooker would have been better placed to make decisions had he put more human resources into the planning process so that the obvious

inconsistencies in the various council areas could have been dealt with.

The planning appeals system is not able to cope with demand, as it does not have the human resources to prepare and advance its arguments — unlike some of the bigger developers.

In my own constituency, I hope that the planners will honour their agreement to relocate a number of homes in the Eglinton area that have been affected by the safety works at the City of Derry Airport. The homeowners were promised relocation prior to the introduction of Draft PPS 14, and, although it has been announced that state aid has been resolved, it is hoped that that decision will not be reneged on or delayed any further.

We must engage specialist planning opinion before making a formal response to this draconian ruling by Lord Rooker, who has embarked on a solo run to save planet earth without any regard for public representatives or public opinion.

A fundamental error of judgement is that only farmers should have to justify living in the countryside. The rural community is further made up of many families whose roots are there and who are equal partners in its regeneration. In fact, 80% of the rural community is not involved in the agriculture industry. There has been no formal consultation with the hundreds of stakeholders and groups who have been rebuilding rural communities that have been devastated by decades of decline.

The countryside has become a more attractive place for people to live in recent years, but this policy will price out many rural people. Local councillors are aghast that this moratorium has effectively cancelled the right of rural dwellers — and their sons and daughters — to live in the countryside. It has caused a great deal of anger and frustration among people who have not exploited planning regulations and seek nothing more than for their sons and daughters to live in the area where they were brought up.

The Secretary of State must take into account Members' opinions on planning law. Unless he does, there is little point in the SDLP participating in debates in this Chamber. Other important debates, on a range of issues, are pending. We need a quick response from the Secretary of State to cease implementation of Draft PPS 14.

Some Members: Hear, hear.

Mr Berry: First, Madam Speaker, I wish you well in your new role, as many Members have done.

I welcome the debate, and have found it helpful. I support the amendment and wish to record my total opposition to Draft PPS 14 because of the undemocratic way in which it was announced. The Government, and especially Lord Rooker, thrust it upon the community

and elected representatives, who have had to bear the brunt of it. The announcement has caused considerable concern, mainly in the rural community.

We do not sympathise with the developers and those who have strangled the rural community over the past number of years, but with those who have been brought up in the countryside, not only in the farming community but those living in single dwellings, with children who also wish to live in the countryside. With Draft PPS 14, the Government are forcing young people from the countryside into towns and villages. That will have a detrimental effect on the rural community: on churches; community halls; schools; and the entire rural system.

Several Members mentioned soaring house prices, which have been at an all-time high in recent years. A developer recently told me that he intends to build 70 houses in a village in my constituency of Newry and Armagh, and 300 people have put their names down for them. House prices will go through the roof as a result, and first-time buyers will find it impossible to get on the property ladder.

A balanced approach is needed. If the implementation of Draft PPS 14 ceased today, I would be seriously concerned that the floodgates would open and developers could throw in applications. On this month's planning list schedule for Armagh City and District Council, one developer has submitted six applications. Those people have caused the Government to force this policy upon us.

Areas of concern in Draft PPS 14 include countryside policy 2, which deals with farm dwellings, and countryside policy 3, which concerns dwellings for retiring farmers, where a farmer must demonstrate that no dwellings or development opportunities have been sold off from the farm holding. That has caused considerable concern for farmers, who have been under immense financial pressure for several years. Some farmers have abused the system, but a vast number have had to sell sites for genuine and financial reasons, just to keep their heads above water. We have been aware of that situation for a number of years.

I know of farmers in my constituency who have had permission refused because of ribbon development and build-up caused by people from the towns buying sites in the countryside. Then when the farmer wants to get a house passed for his son or daughter it is refused because there are too many houses in the countryside. Such issues must be addressed, and the Government must take notice of that.

In summary, Madam Speaker, a common approach is required. The Government must dramatically revise this policy. I support the establishment of a working party in this Assembly. The working party must send a clear message to the Government stating that it does not accept the way in which the process was carried out

and how it was thrust upon the community. The proposed working party must also convey to the Government that it does not appreciate the disrespect shown to the elected and public representatives of Northern Ireland. That message must be given to the Government: we do not accept the policy, and it must be revised.

Mr Weir: Madam Speaker, may I take this opportunity to congratulate you and welcome you to the Chair. It is good to see someone from the finest constituency in Northern Ireland appointed as Speaker — a sentiment which will, I am sure, be echoed across the Chamber.

Mr Morrow: That is not relevant to the motion.

Mr Weir: I do not hear the Speaker shouting me down.

The key word in this motion is “balanced”. Clearly there is a need to protect the countryside and our natural resources; the fundamental problem with Draft PPS 14 is that that balance has not been achieved. There is a lack of realism in Draft PPS 14, because it does not take account of the needs of the rural community or of what is beneficial from an economic sustainability point of view, and it avoids the obvious question — where will people live?

According to ‘Shaping our Future’ an estimated 377,000 people live in the open countryside in Northern Ireland. If Draft PPS 14 is to be carried through unchanged into the future, where will the sons and daughters of those people, not just the farmers, live? That is the lack of realism that lies behind Draft PPS 14.

I have been aware of this issue on two levels. First, through NILGA; as Patsy McGlone said earlier, rarely has an issue excited such a level of support across the community — indeed, across councils — as the effect of rural planning. I must express my disappointment that one of the parties that has been concerned about Draft PPS 14 at NILGA has not deigned to be here to express those views.

Secondly, despite the fact that North Down is often perceived as a suburban constituency — as you will know, Madam Speaker — that does not give the full picture. North Down is not simply the “gold coast” of Cultra; it takes in a lot more than that. It is not the urban jungle that people sometimes see it as. There are a reasonable number of farms in the area — indeed, there is a rural community. At local council level, I have seen a number of cases where Draft PPS 14 and an overly restrictive attitude by planners have created problems on a day-to-day basis for residents.

Members should not see this as a rural/urban divide, because — as Members have already said — Draft PPS 14 has a knock-on effect on the whole community. When undue restriction is imposed on building in the countryside, it leads to increased pressure for building in towns and cities, which results in town cramming

and pressure to move beyond development limits and build on green belt land. In a general sense, it also leads to pressure on the housing growth indicators, an increase in house prices, a reduction in the availability of social housing, and increased prices so that first-time buyers in particular are unable to afford new homes. It is not simply a question for the rural community, therefore, but for the entire community.

Again, it is an example of the level of imposition that was produced by Lord Rooker — I am sure we are all very disappointed that he has left that post. When local government representatives were negotiating with the Department and the Planning Service on the issue, for example, of site meetings, an imposition was brought down. Similarly, an imposition has been brought down on rural planning. It is yet another example of the failure of joined-up government in Northern Ireland.

2.45 pm

My colleague from North Antrim Mr Paisley Jnr highlighted the contrast between Government spin on rural sustainability and the impact of Draft PPS 14, which will actually damage rural sustainability. We have seen the contrast between Government support for the position of low-cost housing and the effect of Draft PPS 14, which will be to increase house prices. We have seen the contrast between the Government complaining that a range of changes had to be made to the Planning Service to clear the massive backlog, while at the same time cutting its funding by 19%. We often accuse the Planning Service of inconsistency — and there are different approaches in different areas — but that simply reflects what happens in Government as a whole.

There has been at times a contrast made between Northern Ireland and England. An article in the 'Local Government Chronicle', dated March 2006, refers to sustainable policy killing villages; to the system causing rural housing shortages; to developers circumventing affordable housing rules by limiting applications; and to young people being priced out of the market. All of those apply to Northern Ireland, although the journal writes about what is happening in England. The problem is that the Government have failed to learn from their mistakes and are imposing on Northern Ireland the same measures that have failed to work in England.

The article gives an indication of the impact on rural schools. I am involved with one of the education boards and am aware, as we all are, of the falling demographics that are likely to lead to pressure for school closures. That is a tough enough environment for schools to operate in, but when schools do not operate on a level playing field, when growth is restricted in an area, when there is an inability to build housing for young families, the death knell for many rural schools will be sounded, and that is a great shame.

We need to strike a balance on this matter. There must be recognition that farming has changed, as indicated by the introduction of the single farm payment scheme and the cutting of the link between agricultural support and agricultural production. A flexible approach is necessary. There must be recognition that a proactive approach is needed with regard to replacement dwellings and a realisation that dwellings in the countryside are not solely for the farming community but for other key rural workers. We must ensure that nurses and doctors are there too.

I am pleased that we are having this debate. I support the motion.

Mr P J Bradley: Madam Speaker, I join with others in wishing you well and hope that we may meet here often and regularly in a official capacity, sooner rather than later.

The ill-considered policies of the current crop of direct rule Ministers, and in particular the decision to put a blanket ban on development in the countryside, must be challenged at every opportunity, and the Secretary of State must be tested on the anti-rural and anti-farming contents of Draft PPS 14.

Everyone present in this Assembly today has views on the document, and from what I have heard this morning and so far this afternoon, it is fair to say that the majority view is that Draft PPS 14 is an anti-rural and anti-agriculture document. My views are in keeping with most of the comments, and I too recognise that something must be done to address the rural problem. The imposition of a blanket ban, however, is not the answer, and if it is implemented, the current housing crisis that applies to young people, urban and rural alike, will increase greatly.

The Department for Regional Development has issued a public consultation document seeking comments on the draft public planning statement 14, or Draft PPS 14, as it is better known. I appeal to every rural organisation, including school committees, church committees, GAA clubs and sporting organisations, rural community groups — indeed, to all groups that depend on the local community for their membership and survival — to respond to the consultation document. A strong rural front cannot be ignored; or perhaps I should say, "should not be ignored", because we have only to look at the Minister's attitude to the review of public administration and his decision to ignore the wishes of three of the four main political parties that have concerns for our rural residents.

I am not opposed to the consultation paper. I agree with its aims and objectives, which are outlined on page 19 of the Draft PPS 14 document, but I am totally opposed to the blanket ban on rural dwellings that the Minister imposed on 16 March 2006.

It is wrong to impose such a ban when no contingency arrangements are in place. It is morally wrong to deny all young rural couples the chance of providing an economically viable home. It is regrettable that the direct rule decision-makers cannot be challenged. I am confident that if we had a Minister of our own, a blanket ban would not have been forced upon us. Do those in the Assembly who put party politics above the needs of those whom they represent — and I ask the same question of those who are absent from the Assembly — know who would gain if the Assembly were up and running? Is it too much to ask that question? Our farmers and rural communities would be among the first beneficiaries.

The Government's decision to change the remainder of rural Northern Ireland into a green belt is short on vision. If the entire countryside is to be formally designated as a green belt, what kind of countryside will we have in the future? I predict that in less than two decades there will be few children to brighten our countryside. The current occupiers of the family home will reluctantly have to say goodbye to their children as they depart for distant areas to settle and raise a family. Time will pass, and the rural owners will drift into retirement and eventually pass away to their eternal reward. The home will most likely be handed on to a son or daughter, who is by then 50 or 60 years of age, and every 20 years or so the cycle will be repeated. Rural Ireland will be denied the vibrancy of youth, and the customary ties that children provide in linking one generation to the next will no longer exist.

Northern Ireland's topography means that it is difficult to devise one-policy-fits-all guidelines. The flat lands of the Ards Peninsula and the level spaces of Fermanagh are so different from the rolling hills and drumlins that are found in most other areas in the North. Nevertheless, I firmly believe that there can be a responsible outcome to rural development matters.

In my response to the consultation paper, I will suggest that where there is attachment, need or family ties to a place, applications that concern that area should be considered favourably. I concede that sites that have roadside frontage have accumulated in many areas to such a degree that action has to be taken. It is therefore important that the Planning Service and the Roads Service give local farmers the opportunity to build on sites that are well back from main thoroughfares and major rural routes or along private lanes or on loanans and boreens. In such cases integration is less likely to be a problem, and seclusion from the eyes of tourists, about whom someone expressed concern this morning, and city-based day trippers would be easier to attain. Thousands of brownfield sites remain hidden in Northern Ireland, but the Government have yet to recognise that.

In my response, I will say that restriction on size and design will be considered acceptable to those whose

basic requirement is to build, near to the place of their birth, a modest dwelling in which to rear a family.

I again appeal to those who have rural interests to impress on all rural organisations the necessity to challenge the blanket ban and to join with others in making a pro-rural response to the consultation document. I remind them that the closing date for comments is Friday 9 June 2006.

If Mr Hain and company are listening, I ask them to note that four of the five main parties — the SDLP, the Alliance Party, the Democratic Unionist Party, and the Ulster Unionist Party — are united today in their opposition to Draft PPS 14.

Mr Storey: Madam Speaker, I concur with the words of congratulation on your appointment as Speaker of this Assembly. As the Member for Lagan Valley Edwin Poots said, the representatives of Sinn Féin/IRA are absent. Of course, the Member rightly mentioned that the planning history of that party is something of which we should not be unmindful.

I also draw Members' attention to the republican policy that has left a legacy of ethnically cleansed rural farming communities along the border. Indeed, in my own North Antrim constituency, republicans left a legacy of murdering a member of the part-time Royal Ulster Constabulary Reserve who was also a farmer.

The rural planning policy should contain special provision for those families and give them recognition.

There can be no doubt that Draft PPS 14 will pose the rural community significant problems if it is implemented in its current form. Ours is a fragile rural economy, and it is understandable that those who live on farms have grave concerns about such a policy being imposed on them. Farmers in all constituencies see the rural economy disrupted. The rate of change that Draft PPS 14 proposes will hurt those farmers and their families rather than help to sustain them. In some cases, there are good grounds for claiming that those families' assets will, at the very least, be greatly reduced and that farmers and their families may even be disenfranchised. The farming community believes that it is the key stakeholder in Draft PPS 14, yet it feels isolated and alienated from the process. Indeed, a recent publication by the North Antrim Community Network (NACN) in my constituency stated that the draft policy would impact negatively on many farmers and farm families who are trying to diversify and avail themselves of farm work to maintain the family farm. The network also stated that the criteria cited for farm families were unclear and that the use of the term "hobby farm" was totally inappropriate.

Draft PPS 14 clearly intends to put a stop to the continuation of building in rural areas by introducing what amounts to a blanket ban on planning policy.

It is responsible of the Minister to want to be seen to be protecting the rural environment, but extreme legislation, with excessive conditions, is more likely to hinder than improve the benefits of the countryside. It has come to something when farmers' families can no longer build their homes on family land unless DARD is satisfied that they intend to farm it as well. If the Government were so concerned about maintaining the farming industry, they should have taken firm steps to protect the farming community in Northern Ireland.

Mr Kennedy: Does the Member agree that a major problem for landowners and farmers is that, when DARD is approached for permission for a planning-application site, it often replies that the farm is not viable? That is very unsatisfactory.

Mr Storey: I agree with the Member. One has only to search the DARD website to see that no information on Draft PPS 14 is available. The Department has failed the farming community abysmally on the issue. It has provided a clear example of there being no such thing as joined-up government. It is a misnomer.

I urge the Minister and the Department to look again at the draft policy. Why should we use, as other Members have said, the proverbial hammer to crack the proverbial nut? The draft policy requires review and amendment before it will achieve any reasonable objectives. We should debate further the Department's own figures, as outlined by the Minister, in the House. Any rational, objective consideration of those figures will show that the Department is far off the mark and less than accurate.

The countryside in my constituency, as in other constituencies with a rural community, is speckled with many top-quality rural dwellings. That has led to an influx of many new householders and families who continue to revise the make up of our rural communities. There can be little doubt that that has been beneficial to local economies at a time when the farming industry has been under continual pressure. Why would farmers not want to sell some of their land for new builds if planning permission indirectly encourages it and if the Government's farming policy limits them from exploring other options?

3.00 pm

A more important question hangs over the diversity of the Department of the Environment's agents' interpretations of planning policy. The Department continues to take an alarmingly inappropriate approach, through disproportionate allocation and, indeed, through a draconian interpretation of subjective policy. As Pat Ramsey, a Member for Foyle, reminded the House, that situation is compounded further by the fact that this is not a new project for the Department. The situation with 'Planning Policy Statement 5: Retailing and Town Centres' was absolutely disgraceful. Three years ago, the consensus was that PPS 5 was totally

inappropriate and, to this day, the same Department that is pushing Draft PPS 14 has done nothing to improve that situation.

Sir Reg Empey: In an intervention, Ian Paisley Jnr, a Member for North Antrim, said that the countryside belongs to urban as well rural dwellers and that, likewise, people from rural areas share the urban environment. In a sense, therefore, the issue is shared space, so everybody, whether an urban or a rural dweller, has a key interest in the subject. The Ulster Unionist Party has chosen to support the amendment because, although there is significant consensus in the Chamber, more refinement is required to ensure that we are clear on the exact message that we send to the Government.

We have heard the views of those Members who have been in the Chamber today. We do not, of course, know the views of those Members who were absent. However, although Sinn Féin was able to stay away from the Chamber, it could not stay away from the issue. Its spokesperson presented herself in the Great Hall earlier to give television interviews on the subject. That indicates the significance of the matter and that it cannot be ignored.

However, we are anxious about one point: it is not clear how working groups to develop balanced policy and so on are to be established, or if they are to be established. Rather than lose the consensus — or what we think will be a consensus — it might be useful to make the point that, in the absence of a committee, there should be a fall-back position, whereby, on a cross-party basis, Members could discuss the issues and, if necessary, form a joint delegation to meet the Minister. I hope that a mechanism that is consistent with the amendment can be found, and we will support that. However, Members should not lose sight of the fact that if that is not possible, the issue should not be allowed to fall, and we must be allowed to express our opinions.

In moving the amendment, the Member for South Down referred to land values and speculators. There are horses for courses. Mid Ulster and areas that are on the edges of South Down or in the commuter area around Belfast may be affected differently by certain situations. Members know that the rate at which the Department of the Environment makes decisions and the evident inconsistencies in them varies from area to area.

There is an enormous amount of work to do, which is why the amendment provides a less drastic option than the more blunt instrument that is proposed in the motion. Nevertheless, we must make it clear that we should lose no opportunity to send out a message on which all of us agree. If the committee route is not open to us, other mechanisms should be found at an inter-party level. We could then go to the relevant Minister and express our considered opinions.

Mr Dawson: Members across the Chamber will agree that the countryside is one of Northern Ireland's primary assets. It excels in beauty and splendour and is promoted for its unspoilt freshness and environmental excellence. Members will know that my constituency of East Antrim boasts many areas of outstanding rural and coastal scenery.

Undoubtedly, the countryside is appreciated by those who live there and by those who pass through it, either as visitors or, increasingly, as tourists, as my colleague Sammy Wilson pointed out earlier. However, the very beauty and attractiveness that give the countryside its strength may also lead to its desolation and destruction. That issue is at the heart of today's debate.

Across the Chamber, we have heard — rightly — criticism of planning that pre-dates the publication of Draft PPS 14. We have also heard many criticisms of the contents of Draft PPS 14. I do not know of any organisation that is completely happy with the contents of Draft PPS 14. It is not accurate that the debate be expressed as the rural or urban community versus the environmental community, or as the rural community versus the urban community. People outside the Chamber might characterise the debate in that way, but that demeans the argument.

I received a mailing this morning from the Northern Ireland Environment Link, which states that it has identified legitimate concerns among farmers about Draft PPS 14. As Members, it is imperative that we listen to the planning needs of the agricultural community and of those who live in rural areas. We should not allow ourselves to be fooled into thinking that the primary concern of developers is the rural way of life; it is not. Members should also bear in mind that uncontrolled rural development will lead ultimately to increased service costs that we in the Chamber might have to deliver at some stage in the future.

Just as a bungalow in every field cannot be the way forward, neither is a blanket ban on development in the countryside. However, those extreme viewpoints have not been expressed today. Urban and rural policies and developments must be measured against sustainable criteria. Officials who deal with planning and development should be able to demonstrate that they have considered and balanced the competing needs of the economy, societal issues and the environment. One element should not be allowed to dominate the other, and competing needs should be balanced and treated equally. Current rural planning does not do that, and it does not meet sustainability criteria. Draft PPS 14 does not meet sustainability criteria either; it is a very blunt instrument.

It would be easy for us simply to reject Draft PPS 14. However, I see no real benefit in doing that without at least attempting, by way of a review, to come to a

common position that we can all support. There has been criticism today of the actions of the direct-rule Minister who introduced and implemented this policy. I see little merit in simply using the Chamber as a "wailing wall" without taking the opportunity to issue advice to another direct-rule Minister as to how he might proceed.

It is for those reasons that I support the amendment.

Mr Dallat: Listening to the debate, I believe that there is no reason for the House to divide on the issue of rural planning. Indeed, it is important that the House does not divide, because we do not want departmental bureaucrats gleefully claiming that there is no agreement among elected representatives on the need to undo the terrible harm that Draft PPS 14 is beginning to inflict on the human rights of rural dwellers.

Just what does Draft PPS 14 mean to the rural dweller? So far, several Members have outlined its consequences, but allow me to focus on one rural community that has been hit hard not once, but twice, by new planning policies. Let us take Glenullin in my constituency as an example. After the launch of the draft area plan, a blanket ban was imposed that deprived many people of the right to apply for planning permission. Glenullin has been whacked for a second time by this panic measure from a planning body that is out of control.

What are the implications for those who live in Glenullin? A primary school that has faithfully served the community may not have a future because a whole generation of young people will not be allowed to build homes on their land.

Mr Shannon: Will the Member confirm that he objected to a development at a fairy tree in Kilrea on behalf of the fairies?

Mr Dallat: I have no recollection of that. Perhaps the Member will tell me about it later.

Even an application for 12 community houses was turned down, despite the full support of Coleraine Borough Council. Those houses would have allowed young people to own their own homes at a reasonable cost, but that was not good enough for the planners.

I am glad that Mr Shannon enjoyed his little intervention.

The staff at a modern, thriving community centre, which was built through voluntary effort and supports football, camogie and hurling teams, are concerned that there will be no new players to replace those who have to leave. A new resource centre, which is publicly funded by various bodies, is providing an excellent outreach facility that is second to none. However, in future, will there be anyone to participate in the courses and activities that it runs? Not in the long term if Draft PPS 14 is to take root and kill the very lifeblood of rural people.

Rural dwellers have been very wrongly and unfairly presented as polluters of the environment. In the rural community of which I speak, the Glenullin and Agivey Conservation and Regeneration Group, a cross-community body, has done much to enrich the countryside for those who choose to visit the area for walks on the hillsides. They have fought to save their bog land and have done much to ensure that the character of the countryside is not spoiled for future generations. I invite Friends of the Earth to meet those people, to join them on environmental trails, and to begin to understand reality.

Finally, although I have focused on Glenullin, there are other similar rural communities that will be badly affected by the draconian efforts of a Department that has fallen hostage to bad decisions and failed to recognise the uniqueness of rural dwellers who have the right to live in their own environment, as they have for generations. They have no intention of being hounded on to reservations on the periphery of some large town with which they cannot cope and where they do not wish to be.

This argument is not about septic tanks; it is about the rights of people to follow a tradition of living in the countryside. If we cannot accept that, it is only a matter of time before there will be campaigns to stop maintaining rural roads, providing rural transport, connecting people to water and electricity, and so on. Indeed, the arguments have already started. How many rural areas have been told that they will no longer have a library service? How many schools are closing this year, or have been threatened with closure over the next five years?

Let there be unity on this issue and let the Secretary of State live up to his promise to deal with this matter. We must not go to him from a divided House, but from one that is totally united in its determination to defend a rural community that feels ever more beleaguered as faceless policy-makers create impossible conditions for staying on what is, essentially, their homeland.

3.15 pm

Mr Simpson: I welcome the opportunity to speak in this important debate on the future of rural planning. My constituency of Upper Bann contains significant rural areas, and I am concerned about the implications of this policy on my constituents.

The implementation of Draft PPS 14 will go far beyond the simple question of where people can build houses. It will have an impact on the sustainability of the rural economy and rural communities. The state of the farming industry in Northern Ireland is well known: once, a farm could provide the main source of income; today, many farmers have to find other ways of making money. It is clear what impact this policy will have on the ability of those working in the farming industry to

diversify: it is one thing to seek to prevent the exploitation of land simply to make money from selling building sites; it is quite another to have a situation in which economic growth is hindered. That destroys the rural economy and has the potential to ruin the rural community. I do not believe that those who have drafted the policy have thought through the long-term impact of this policy. If the policy results in fewer buildings being constructed in the countryside and the demise of the rural economy, it will not be judged a success.

The need to work in the countryside is not limited only to agricultural enterprises; many other businesses operate in rural areas. Anyone attempting to establish a business in the countryside faces many problems, as planners try to curtail such businesses to towns and villages. Draft PPS 14 will add to this policy, and people will have difficulty proving that they need to live in the countryside near the businesses in which they work. If such an application were to be granted, the dwelling would have to be located on the site of the business. That may well be suitable for some businesses, but the trouble with this section of Draft PPS 14 is that it seeks to impose a one-size-fits-all solution for all rural businesses. There is no scope to allow a dwelling to be built beyond the confines of the business site.

The policy seeks to exclude the need to provide security at a business site by having someone living there, and that seems to show the absolute reluctance of the draft policy to grant any application for a dwelling at an existing business. The policy claims that an application to build a dwelling at an existing business site would have to prove that it is necessary in order for the business to function properly. However, it seems that there are few, if any, circumstances in which the planners would envisage such a situation.

If this policy were to be implemented, there would be severe implications for the rural economy. An urgent review of the measures is required, so that a policy can be put in place that will take account of the needs of the countryside and the rural economy as well as seeking to protect the nature of the rural environment.

I hope that the Government will take account of what is said here today so that, when the policy is finally formulated, the concerns of the people of Northern Ireland — the people who will be affected by this policy — will have been addressed.

Mrs D Kelly: Madam Speaker, I join with other Members in congratulating you on your appointment. I wish you well in office.

As a former health and social care worker, I am only too aware of the needs of people with disabilities and the needs of older people. We live in an ageing society. In recent months, and before the introduction of Draft PPS 14, planners had already refused applications from carers on the grounds of the existing policies.

How can we sustain rural communities and community cohesion if people who work full time cannot live near ageing parents, when the provision of social services, home-help services and help for carers is being retracted? Those people can no longer live beside their families. At the other end of the scale, there are the informal carers — the grandparents — who will be denied the opportunity to help their children to look after their grandchildren. They will lose many of their family ties.

There is a general lack of creativity within the Planning Service. As many Members have said, Draft PPS 14, as introduced, represents a draconian measure and a blanket ban. We have not seen any proposals — nor am I aware of any — to improve efficiency measures for septic tanks, for example. There are efficiency measures for energy, such as the introduction of solar panels. Why could there not have been much greater creativity to meet the demands of the community for environmentally friendly processes?

Some Members have made reference to our absent colleagues. Perhaps they are drawing up a definitive rural planning policy, because — as we have seen in the press in recent days — their policy changes on a monthly basis. Let us hope that there are not too many suspensions, such as that which Mr Molloy had to endure. *[Laughter.]*

Is it not more apt to describe Draft PPS 14 as a cover-up for the Government's failure to implement their existing policies? I ask the hon Member Jim Wells how many of those approvals of the 42 sites for one landowner, or how many of those 19 approvals, on analysis, would not already have contravened existing policies, had they been properly and consistently implemented.

Is Draft PPS 14 not also a cover-up for the inadequacies and failure of the Environment and Heritage Service? How many enforcement notices have been issued and acted on?

The lack of investment in infrastructure within the Water Service is also well known, and indeed, all parties present are opposed to water charges. However, who are the greatest culprits who pollute our environment? The Water Service.

I contend that Draft PPS 14 is nothing more than a cover-up for failure, inadequacy and inconsistency by a number of Government Departments.

Madam Speaker: I was conscious, Mrs Kelly, that that was your maiden speech, so I did not bring to your attention that, generally, it is not the convention to name another Member, but you will know that in future.

Dr Deeny: Madam Speaker, this is my maiden speech, and I welcome you to your position. Like me, you are in a new position and I wish you a healthy, happy and long time in it, like myself. *[Laughter.]*

That is in the hands of others, I hasten to add. I am also conscious of time and I am learning, as I get into politics, that I have only five minutes to get my points across. Those of us who are GPs are told that we have 10 minutes to complete a consultation, so I should have no problem in saying what I have to say in five minutes.

I thought that my first speech would concern health, but — as many other Members have said — I am delighted to be allowed to speak on an issue of importance to all of our constituents throughout Northern Ireland. Rural planning — and planning across the board — is connected to health. What issue is not? As a GP, I have seen health problems related to planning, such as family and community break-up, depression, and emotional or mental health problems. Difficulties with planning and people's inability to build their own houses have a negative impact on health.

I have listened intently to all Members, and I take what they have said on board. People come to me about 40-year and 50-year mortgages. That is a horrific situation in which people end up paying four and five times the cost of their house. That is a major task to undertake, particularly for young people who have just got married.

I take on board what the proposer of the motion, my Mid Ulster colleague Mr McGlone, said, and I agree with him. I also agree with the amendment tabled by my colleague from South Down, Mr Wells. There are not too many speculators in my area at the moment, but that day may come.

We have tourism here in abundance, which we deserve. If a settlement can be reached, hopefully we will have more tourism. I worry that places such as Tyrone will become the victim of speculators — those who are looking for planning for the purpose of making money, who will have nothing to do with rurality or maintaining the countryside and the lives of our country folk.

I noticed in both the original proposal and in the amendment the use of the word “balanced”, which many Members have mentioned today. “Balanced” is the important word here. I have been in general practice for 20 years, and it seems to me that when a policy is wrong, we as human beings go full circle. We go into complete reverse. I remember some years ago hearing that we should not discipline children. Now we have gone full circle — we do not discipline them at all — and we have seen the result of that in society. Excuse the pun, but to go from a situation in which we literally have an “open house” policy on planning to one in which we have none at all is ludicrous. The solution must be found in the middle.

During the debate this morning, the Member for Strangford Mrs Robinson talked about medical personnel being involved in planning decisions. That is a very good idea, which brings me to another important point:

like everything else in life, human beings abuse things. That is our nature. I mentioned this to my colleague Mr Berry, whom I welcome to the independent ranks of the Assembly. I do not feel alone any more.

Let me give as an example the Disability Living Allowance (DLA) debate. DLA makes a noble, worthwhile and valuable contribution. It is a necessity, but it is abused, and for that reason many people do not now receive it. The same applies to planning. In the debate this morning we heard examples of people looking for planning — while others entitled to the benefits of rural planning are being denied.

I also took note of the comparisons that were made during the debate, which alarmed me. I am very proud to live in the country, and I love the countryside. We have a wonderful countryside here. I heard about the building going on in Coleraine every year, which is horrific. It was mentioned to me in this House yesterday. To use a medical description, if one looks at Ireland from above — both North and South — it appears to have measles, because there are houses dotted all over the place. We cannot allow that to happen.

It may not be rife in Tyrone at the moment, but it is certainly the case in Donegal. We should not blame the people of Donegal, because if you listen, every second accent up there is a Belfast one. People are buying houses there to make money and to have their holidays.

Mr Kennedy: Leaders of parties. *[Laughter.]*

Dr Deeny: That is right. I will finish off, as I am conscious of the time. The important word here is “balanced”. I wish to put on record that I oppose the implementation of this draft policy, and I support the proposal while taking on board the amendment. The answer is in balance. We must remember, with no disrespect to my Belfast colleagues, that while 350,000 people live there, 1, 350,000 live outside Belfast.

Mr Hay: Today’s debate has been a lively one. Rural planning in Northern Ireland raises many emotions amongst public representatives. The difficulties, however, have been compounded over the years by the fact that many of us, who also served as rural councillors, have been only bystanders to some of the decisions made by planners. As we know, local government in Northern Ireland has been allowed only a consultative role with planners.

As public representatives, we know that, for a number of years, planners have acted like dictators in relation to many applications. In my constituency of Foyle, there was an unwritten rule that when a planning application was first submitted to the council, a member could persuade the planners to meet in order to resolve issues for the applicant. Local planners now refuse to allow that; they tell us the office meetings and site meetings that they will attend. That is totally wrong.

3.30 pm

We must be mindful that the one community that has really suffered throughout is the farming community, which has been through a difficult time, often through no fault of its own. Many are in such severe financial difficulties that they are bankrupt, and many have become suicidal in trying to resolve financial issues.

Farmers in my area, whose farms have been in the family for generations, have had to sell plots of land to housing developers to resolve serious financial difficulties. Unfortunately, that situation still exists. People continually indicate that the farming community has left that situation behind, but it will be many years before the farming community in Northern Ireland will be back to where it was.

Draft PPS 14 has undoubtedly created greater problems for rural areas than it has solved. This morning, a Member said that Lord Rooker took a hammer to crack a nut; he has taken a very heavy hammer to crack a nut in Northern Ireland. If Lord Rooker is remembered for nothing else, he will certainly be remembered for creating a huge debate about rural planning in Northern Ireland.

Rural schools, already affected, will be more seriously affected by the Minister’s decision. Those of us who are councillors in rural areas constantly see people who want to find out how they might sustain their local schools. The Government are working on a policy to determine exactly the future of rural schools in Northern Ireland. Planning policy compounds an already serious situation in the rural community.

No one is saying that there should be unchecked development in Northern Ireland, or that housing should be dotted practically everywhere, especially in rural areas.

I agree with Dr Deeny that a balanced approach is needed to resolve the issue of rural planning in Northern Ireland.

We can achieve that, but as my colleague from Foyle Pat Ramsey said, we need to make sure that the Secretary of State is listening very carefully to this debate. We must adopt a measured approach. The Secretary of State would be happy enough to see this House divide on the issue, but I think that we are big enough and mature enough to send a clear message to the Secretary of State that there needs to be a serious review of this policy — it needs to be reversed.

Mrs Foster: The effects of Draft PPS 14 are much wider than merely implementing fresh planning policy, and various Members have touched on that today.

However, I would like first to comment on the entirely objectionable way in which the policy was unilaterally introduced. While I recognise the need to cut down on the hugely impractical consultation that takes place in this part of the UK, there is surely a need for meaningful discussion on the impact of such a huge

change in policy before, and not after, its introduction. Of course, the Government will say that this is a draft policy; however, we who are in touch with planners know full well that the document is now taken as Holy Writ and has been adopted as policy from the day that it was first announced.

The motion calls for a balanced policy, and I agree with that sentiment. The implications of the strategy go much wider than planning. If this policy persists, it will have a negative impact on rural populations. Consequently, as the Member for Newry and Armagh Mr Berry and my Friend from Foyle have already said, there will be a knock-on negative impact on small churches, schools and social and recreational facilities.

I and colleagues in other rural constituencies are already fighting to keep rural schools open. If this policy goes ahead, that fight will be all but lost. Schools will no longer be situated in country areas but solely in large population centres. One has to ask whether that is good for children and their communities — I think not, Madam Speaker.

The policy will also have an impact on industrial development in rural areas. Since I last spoke in this Chamber, a severe blow has been dealt to Fermanagh and South Tyrone by the withdrawal of Moy Park, formerly Ferne Foods, from Lisnaskea. That closure has had a very negative impact on many local people. In last Tuesday's economic debate, I talked about supporting indigenous entrepreneurs. Draft PPS 14, as it currently stands, runs contrary to supporting those local businesses. New businesses will be unable to pay the rents demanded by the enterprise centres where, under Draft PPS 14, they will be forced to locate and operate. That will inevitably slow down business start-ups, which are already slowing down in the west of the Province, and would be contrary to the policy of the Department of Enterprise, Trade and Investment — hardly joined-up government from the NIO.

Finally, as with so many other legislative changes, we must set Draft PPS 14 in a European context. Will the introduction of this policy mean that this region of Europe will have a more rigid system of planning than elsewhere? Undoubtedly, the answer is yes. Government and the Secretary of State should be very careful about introducing a policy that places us at a clear disadvantage, in the ways that have been touched on in this debate, as compared to other regions of Europe.

There are many issues to be discussed and debated surrounding Draft PPS 14, not just purely planning issues. Therefore, I support the amendment, which calls for the establishment of a working party, as I believe that will enable us to move forward to deal with those many issues. I trust that Members will feel able to support such a working party.

Dr McCrea: Draft PPS 14 is important for the future development of Northern Ireland, and it is also an important issue for this debate. I congratulate the Member for Mid Ulster for bringing it to the Floor of the House. I also congratulate my colleague Mr Wells for his thoughtful amendment.

I welcome the opportunity to discuss this subject today, and I hope that the debate will not only give Assembly Members the opportunity to voice their opinions on such an important issue, but also that the Government will take account of what is said.

The publication of Draft Planning Policy Statement 14 has caused a significant reaction, especially in rural areas of Northern Ireland. Few Government policies in recent years have a greater potential to change the way of life of the people in those communities. Draft PPS 14 is not just an abstract policy statement for them; it will have a significant impact on their lives and livelihoods. While it is clear that something needed to be done about planning in the countryside, the DUP does not support Draft PPS 14.

If we are to devise a policy for planning in the countryside, it is important to understand the context in which this policy has been introduced. We cannot ignore reality, and it is not possible to continue as if all were well.

Draft PPS 14 did not come from nowhere. It is a reaction — or perhaps, more properly, an overreaction — to the amount of recent development in some areas of the countryside. Anyone who has travelled through certain areas of Northern Ireland will have seen the impact of house building. It is understandable that, in circumstances where farm incomes were unable to keep many people going in the countryside, they would seek to exploit the valuable resource of the land. Although for some this has been a way of surviving, for others it has become a valuable enterprise. The present level of development in some areas is both unsustainable and undesirable. Therefore, doing nothing is not an option.

No one wants to see Northern Ireland's countryside destroyed in the same way as parts of the Republic of Ireland, where it seems, sometimes, that anything goes. One does not need to see the official statistics to know that, in some parts of the Province, building in the countryside has reached epidemic proportions. Therefore, common sense tells us that, in those circumstances, things have gone too far.

The real cause of the problem has not been the individual farmer seeking permission for a house for his son or daughter, but people seeking multiple applications in order to make a profit. Under legislation it is not illegal to make a profit, and it should not be suggested that people do not have that right. People can make a profit in any other business, and remember

that farming is a business. However, it appears that Draft PPS 14 punishes everyone.

Another fundamental problem that exacerbates the situation is the inconsistency in planning decisions across the Province. What will pass in one area will be refused in another. Any policy that is formulated must be capable of consistent application. I have been a councillor for 34 years and have dealt with planning, but I am absolutely disgusted to see so many glaring examples of planning inconsistencies. The planning process has been brought into total disrepute. Had I the opportunity to push this further, an independent inquiry would ask those officials to justify what they have done to the countryside through the inconsistent application of their planning policy.

The vast majority of people accept that the situation cannot continue. However, what is the best way to tackle the problem?

The environment, in a narrow sense, cannot be the only consideration when determining planning policy. Robert Atkins, then Minister for the Economy and the Environment, said in his introduction to 'A Planning Strategy for Rural Northern Ireland':

"If Northern Ireland is to develop in a sustainable way, accommodating economic diversity and the conservation of its natural assets, there must be understanding and mutual respect for the differing interests of society. There must be co-operation in reconciling differences and in charting a way forward in the interests of all."

3.45 pm

Draft PPS 14 fails to take account of that, and there is a total imbalance. We must adopt a more holistic approach and consider the nature of development in Northern Ireland and how communities can be sustained. Draft PPS 14 has the balance wrong, and implementing it would result in all kinds of undesirable and unforeseen consequences. We need a system that limits building in the countryside, but does not prevent those who have grown up on a farm from staying in the countryside. That is not an easy balance to achieve, but it is clear that Draft PPS 14 will force many people from rural backgrounds into towns and will undermine our rural way of life.

Equally, there are ruins of old houses in the countryside that are more of a stain on the environment than a new house would be. Greater flexibility should be shown in this area to get rid of blights on the landscape and revitalise areas where people once lived.

The comparison is often made between the number of single dwelling applications in Northern Ireland compared to the rest of the United Kingdom. It is stark, but we must remember that Northern Ireland has a different tradition of settlement patterns than many other parts of the United Kingdom. We do not want a countryside with a house in virtually every field;

neither do we want a countryside where those living there are left to stagnate. Rural schools, facilities and shops all need people to survive. We must not strangle the countryside and create a situation where the countryside becomes somewhere that people visit, but cannot make a living.

Significant areas of Northern Ireland are already subject to rigorous limitations on what can be built and in what circumstances. Green belts and countryside policy areas extend over a greater area in Northern Ireland than in recent times. Whatever the various views are in the Chamber about Draft PPS 14 and how it can be changed, this is not the best forum in which we can agree a detailed policy. We must set up a working party to consider the issues and report to the Assembly with some substantive plans. It is not enough to say that we are against Draft PPS 14; we must decide what will be a sustainable future for rural Northern Ireland. We can only do that by sitting together and getting to the heart of the issue, and then going to Government and putting what we believe to be the proper way forward to the Minister.

I hope that the Government will see sense on this issue and find some middle ground on which a wide consensus can be built. After all, it is we in Northern Ireland who will be left with the legacy of any planning decision, long after the Ministers responsible have returned home.

I appeal to the Department of Agriculture and Rural Development, which seems to cut the feet from our farming community when an application is submitted, to show some concern for farmers. It is an insult to call anyone a hobby farmer, because farming today cannot sustain a full family — farmers need other employment as well. We want a consensus of opinion; to see how we can move forward; and put it to the Minister. The amendment proposed by my Friend Jim Wells allows us to take all the good in the motion in the name of the hon Member for Mid Ulster Mr McGlone and put forward our proposal on that basis and find a way forward. I believe that it can be done.

Some Members: Hear, hear.

Mr Gallagher: I congratulate you on your appointment, Madam Speaker.

We have heard all the opposition to the present rural planning policy. We have heard from my own party the reasons why the motion should be supported, and others in the Chamber have given reasons why the Secretary of State should be asked to put a stay on the implementation of Draft PPS 14.

The SDLP is conscious that we are sitting in a body created and controlled by the Secretary of State. Our presence is a test for him. We are putting it to the Secretary of State, who said that if a view received cross-party support in the Chamber, it would be taken

into account. The motion is well thought out, clear and mindful of what the Secretary of State said. The amendment, however, is not well thought out. There are no details about this committee bar the mention of it. In fact, nobody here apart, perhaps, from you, Madam Speaker, can tell us whether we are entitled to set up such a working party.

The motion focuses on a policy that poses a real and serious threat to rural traditions.

Mr Weir: Will the Member give way?

Mr Gallagher: I will not give way. I am winding up.

The policy poses a real threat to the survival of family farms and the entire rural way of life. As a document — and we have heard it before from all sides — it is deeply flawed. I remind Members that the detailed restrictive policy set out in it will make it impossible to fulfil or achieve its objectives, some of which have been mentioned. One is:

“to manage growth in the countryside to achieve appropriate and sustainable patterns of development that meet the essential needs of a vibrant rural community”.

Another is:

“to facilitate development necessary to achieve a sustainable rural economy”.

We all agree that those are worthy and laudable objectives, but how can they be made real under a policy which, among other things — and we have also heard something about this — defines acceptable use of land and buildings so narrowly that it puts a stranglehold on rural communities? It makes no allowance for the fact that increasing numbers of farmers have to take up part-time employment off-farm in order to survive, and it allows no provision for housing for key rural workers.

As Patsy McGlone said, this policy is modelled on a policy for the English countryside with its presumption against development. It is totally at odds with the needs of our rural communities.

Members must go back to the starting point and begin with wide-ranging consultations that will deliver a planning policy based on a shared vision. Farmers, families living in the countryside, schools, churches, voluntary organisations, community organisations, sporting organisations and environmentalists must all be involved in creating that shared vision.

Last week in County Fermanagh, Moy Park announced its plans to close the Ferne Foods operation and put 188 people out of their jobs. That will be the fourth factory in five years to close in Lisnaskea — a small town in Fermanagh. The company’s offer to some of those workers of jobs in Dungannon or Craigavon is not a viable option for most of them. Those workers and all the others who have lost their jobs in the past five years — and many of them are in our constituencies — have limited options, particularly in the west.

The policy, as it stands, closes down options which some workers may want to explore, namely, to set up a small business of their own, to enter into a small business partnership, or to gain employment in a small business set up by one of their colleagues. There is no provision for start-up rural businesses in Draft PPS 14. That is short-sighted; it is damaging to people’s prospects of employment and to the interests of a sustainable rural community.

Another concern, which I will want to take up again, is the criteria for farm viability that survive from the time when there were large CAP subsidies and the Department of Agriculture and Rural Development encouraged farm expansion. Current circumstances demand a new approach to farm viability, one that recognises equitably the contribution of all farms, large and small, and that acknowledges the contribution that all of those farms can make to sustainable development and care for the countryside. The new approach should take account of farm diversification and agri-environment issues, the promotion of environmentally sensitive areas (ESAs) and areas of special scientific interest (ASSIs), the development of tourism, and the protection of wildlife.

Of course the developers and the speculators should be kept out. The countryside must be protected for generations to come, and the aspirations of people who live there now need to be accommodated.

I call on the Government to withdraw Draft PPS 14 and to embark on a new widespread consultation, with the aim of developing a planning policy based on the needs of people who live here.

I notice that the amendment recognises the importance of sustainable development and the protection of the environment, as does the motion. The difference, Members, is that the motion, if it is passed here and if the Secretary of State keeps his word, will stop Draft PPS 14.

Understandable concerns were expressed by the proposer of the amendment about re-opening the matter, because there will be:

“a tidal wave of speculative applications”.

That was how the proposer put it. Nevertheless the amendment will not stop Draft PPS 14; it will not stop the depopulation and the centralisation that that will bring. As I have said, it is not even clear that we can have a committee.

I recognise something in the concern expressed by the proposer of the amendment. He referred to the rush of applications if we put a stop to Draft PPS 14, but that is not a good enough reason for not stopping it.

The Secretary of State and whatever Minister is responsible should be able to introduce measures and mechanisms, for example, to screen out multiple applications, which was one of the main concerns. If

Draft PPS 14 is stopped, there should be a way of overcoming the concerns that were expressed in the amendment.

The motion means withdrawal of Draft PPS 14, and I ask you all to support it.

Madam Speaker: Once again I thank Members for their co-operation and their speeches this afternoon.

4.00 pm

Question put, That the amendment be made.

The Assembly divided: Ayes 36; Noes 18.

AYES

Billy Armstrong, Roy Beggs, Paul Berry, Thomas Buchanan, Gregory Campbell, Wilson Clyde, Michael Copeland, Robert Coulter, Leslie Cree, George Dawson, Kieran Deeny, Diane Dodds, Nigel Dodds, Tom Elliott, Reg Empey, David Ervine, Arlene Foster, Samuel Gardiner, William Hay, David Hilditch, Danny Kennedy, William McCrea, Alan McFarland, Michael McGimpsey, Maurice Morrow, Stephen Moutray, Ian Paisley Jnr, Edwin Poots, George Robinson, Ken Robinson, Mark Robinson, Jim Shannon, David Simpson, Mervyn Storey, Peter Weir, Jim Wells.

Tellers for the Ayes: Jim Wells and Billy Armstrong.

NOES

Alex Attwood, Dominic Bradley, Mary Bradley, P J Bradley, Thomas Burns, John Dallat, Sean Farren, Tommy Gallagher, Carmel Hanna, Dolores Kelly, Patricia Lewsley, Alban Maginness, Kieran McCarthy, Alasdair McDonnell, Patsy McGlone, Eugene McMenamin, Pat Ramsey, Margaret Ritchie.

Tellers for the Noes: Eugene McMenamin and P J Bradley.

Question accordingly agreed to.

Mr Kennedy: On a point of order, Madam Speaker. To your knowledge, were any senior officials present from any of the Departments that were affected by today's debate? If not, could you perhaps convey to the Secretary of State the House's displeasure at the fact that he has provided us with a debate on an important issue, yet his officials are apparently not present to hear it?

Madam Speaker: I was not made aware that any officials would be coming here today. Your comments will be on the record. The Secretary of State will read them, and I will point them out to him.

Dr McCrea: Further to that point of order, Madam Speaker. Somebody from the Department who would perhaps be known as "Mr PPS 14" was sitting in the Gallery listening to the debate.

Madam Speaker: Thank you.

Main Question, as amended, put.

The Assembly divided: Ayes 35; Noes 17.

AYES

Billy Armstrong, Roy Beggs, Paul Berry, Thomas Buchanan, Gregory Campbell, Wilson Clyde, Michael Copeland, Robert Coulter, Leslie Cree, George Dawson, Kieran Deeny, Diane Dodds, Nigel Dodds, Tom Elliott, David Ervine, Arlene Foster, Samuel Gardiner, William Hay, David Hilditch, Danny Kennedy, William McCrea, Alan McFarland, Michael McGimpsey, Maurice Morrow, Stephen Moutray, Ian Paisley Jnr, Edwin Poots, George Robinson, Ken Robinson, Mark Robinson, Jim Shannon, David Simpson, Mervyn Storey, Peter Weir, Jim Wells.

Tellers for the Ayes: Jim Wells and Billy Armstrong.

NOES

Alex Attwood, Dominic Bradley, Mary Bradley, P J Bradley, Thomas Burns, John Dallat, Sean Farren, Tommy Gallagher, Carmel Hanna, Dolores Kelly, Patricia Lewsley, Alban Maginness, Alasdair McDonnell, Patsy McGlone, Eugene McMenamin, Pat Ramsey, Margaret Ritchie.

Tellers for the Noes: Eugene McMenamin and P J Bradley.

Main Question, as amended, accordingly agreed to.

Resolved:

That this Assembly notes the publication of the Draft Planning Policy Statement 14 'Sustainable Development in the Countryside' and calls upon the Business Committee to establish a working party to develop a balanced policy for the sustainable development of the countryside and the protection of the environment.

Adjourned at 4.24 pm.

THE ASSEMBLY

Tuesday 6 June 2006

The Assembly met at 2.00 pm (Madam Speaker in the Chair).

Members observed two minutes' silence.

ASSEMBLY BUSINESS

Madam Speaker: In accordance with the Northern Ireland Act 2006, the Secretary of State has directed that the Assembly should sit on Tuesday 6 June 2006 at 2.00 pm to consider business as it appears on the Order Paper.

I would draw Members' attention to the fact that since the last sitting on 23 May, the Secretary of State has directed a new Standing Order to provide for Committees of the Assembly. Copies of the Standing Order are available from the Business Office.

At the sitting on 16 May, Mr McCartney and Mr Dodds raised points of order on the matter of interventions.

Mr Dodds suggested that there was merit in considering the procedure in the House of Commons through which time may be added to a Member's speaking time to take account of interventions. This followed Mr McCartney's suggestion that unless I limit interventions, Members might not give way.

I undertook to consider the matter at the next meeting of the Business Committee, and I did so on 23 May.

I will address Mr McCartney's suggestion first.

I am clear that the decision on whether or not to accept an intervention should be a matter for the Member who has the Floor, and I do not intend to interfere with that process. A Member should not, however, persist in asking another to give way when the latter has declined to do so, and it may be necessary for me to call a Member to order if that occurs.

I have some sympathy, however, with the view that our convention disadvantages the Member and discourages acceptance of interventions. This becomes particularly apparent when speaking times are restricted, as was the case on 16 May when a five-minute limit was applied.

As suggested by Mr Dodds, I have considered the procedures in the other place, and note that the Speaker is required, by Standing Order, to provide specified

extra time when interventions have been taken. If the Assembly is restored in a form that allows it to make and amend its own Standing Orders, Members may wish to consider a similar provision.

In the meantime, however, I believe that interventions can provide a valuable contribution to debate and that I should offer some encouragement to Members to accept them during debate. With the Business Committee's agreement, I have decided that, where speaking times are limited to less than 10 minutes, I will, on a trial basis, exercise discretion in allowing up to one minute of additional time to a Member who has accepted one or more interventions to his or her speech.

This arrangement is effective immediately, but will not apply to today's debate, as it has been agreed that speaking times will not be limited to less than 10 minutes.

Mr Neeson: On a point of order, Madam Speaker. In view of your ruling, would it be in order for me to finish the speech that I was prevented from finishing? *[Laughter.]*

Madam Speaker: Obviously, it would not, Mr Neeson, but that will teach you a lesson for future debates.

Mr Robert McCartney: On a point of order, Madam Speaker. There appears in your ruling — which, of course, we all accept — to be some misunderstanding as to the point that I made. I was not suggesting that there should be any limitation on a Member's right to take an intervention. However, I was suggesting that there should be some limitation on the length of time that the intervener takes in making his or her intervention.

Madam Speaker: That is sometimes a difficulty, but, unfortunately, that is not a matter for the Speaker. I am sure that the Whips will take that point to their Members.

Sir Reg Empey: On a point of order, Madam Speaker. I ask you to consider a point in relation to Standing Orders 8 and 11, regarding the conduct of business in this place. I wish to make a general point in relation to the events of the past few days, which are pertinent to our business. You will be aware that Members have been confronted with a situation in which, first, we were not going to do business, then we were going to do business, then we were going to do business at one time, and then at another time. We learned about today's business only late yesterday evening.

You are in receipt of a letter, dated 1 June, from the Secretary of State for Northern Ireland, which begins:

"Given that there was no agreement at the Business Committee as to preferred business for the Assembly next week".

That gives an erroneous impression of what the Business Committee decided. Its minutes show that, with the exception of Sinn Féin, which is boycotting

today's proceedings, four out of the five parties at that Committee were clear that business should be conducted in this place, this week. Because people had different ideas as to what business should be conducted, different weight was given to those. However, that is a natural occurrence. The fact was that the parties represented at that Committee that are represented in the House today wanted business done this week.

Is it possible for you to prevail on the Secretary of State to allow you and the Business Committee to decide what business this place conducts and when? We are in the business of restoring an Assembly and a Government with a budget of £11 billion, and all that goes with that, and we cannot even agree a date and time for a debate so that we can prepare our Members. I suggest that you could, as a matter of order, take that up with the Secretary of State and try to resolve this issue so that we are not in the same position again.

Madam Speaker: Thank you, Sir Reg. I have given you leeway, because your point of order is shared by most Members. We had a heated debate about the issue at the Business Committee. Those comments, and your own, of course, will be passed on to the Secretary of State.

Your point of order raises an interesting "issue" — that is a good word to use. People are concerned about the issue, and I will give you quite a detailed answer. The Business Committee has also been concerned about it.

Paragraph 2 of schedule 1 to the Northern Ireland Act 2006 provides for meetings of the Assembly to be held at such times and places as the Secretary of State directs. It is quite clear, therefore, that the Assembly cannot meet unless directed to do so.

What business is then conducted? Section 1(1) of the 2006 Act provides that the Secretary of State may refer two specified matters to the Assembly. One matter relates to the offices of First Minister and Deputy First Minister; the second matter relates to making nominations as Northern Ireland Ministers. The 2006 Act also provides that:

"such other matters as the Secretary of State thinks fit"

may be referred. It is under this third provision that today's motion was referred and will be debated.

Standing Orders, as directed by the Secretary of State, are also clear in how they support the Act's provisions. Standing Order 8 requires the Speaker to prepare an Order Paper for each sitting day:

"in accordance with any referral by the Secretary of State".

That is why we cannot issue an Order Paper until a formal referral is made.

Standing Order 11 establishes the Business Committee and provides that it:

"shall make recommendations to the Secretary of State on matters that may be referred to the Assembly and perform such other duties as the Secretary of State may direct."

Standing Orders and the Act, when taken together, are clearly designed to allow the Business Committee to recommend business but also to provide the Secretary of State with the power to decide on the business that will be discussed when he directs the Assembly to meet.

The Member has asked whether it would be in order to ask the Secretary of State to hand over the power for determining business. It would seem to me that the Member has three options if he wishes to pursue his point. The first option is, obviously, to take up the matter directly with the Secretary of State — as, no doubt, the Member may have done. The second option is for his party's representative on the Business Committee to propose that the Business Committee make a suitable recommendation to the Secretary of State. The third option is to table a motion for debate in the Assembly, calling for the Secretary of State to refer the matter, although such a motion would, of course, have to negotiate the very procedures that the Member would like to see changed.

Ultimately, the decision will be the Secretary of State's to make. However, I hope that I have clarified the procedural options.

Mr Robert McCartney: On a point of order, Madam Speaker. Thank you for your very lucid exposition of the position here. However, is it the case that the Secretary of State, who has nominated you as Speaker, will refer such business as he decides that this body should debate and will change, at will, the Standing Orders or procedure upon which anything that he deigns to refer may be so debated? Does not that, in composite, make this Assembly nothing more than a puppet show?

Madam Speaker: Members may, to a certain extent, sympathise with what Mr McCartney says. However, as I have said before, the ultimate power lies with the Secretary of State. The only way that we can change that is for us to turn ourselves into a restored Assembly. I hope that that will not be too long in the making.

Rev Dr Ian Paisley: Further to that point of order, Madam Speaker. Will you inform us whether the Secretary of State can, from now on, say that there will be no more meetings of the Assembly unless he agrees the business? Is that the power of the Secretary of State?

2.15 pm

Madam Speaker: Thank you for your point of order, Dr Paisley. As I have said, all business must be referred to the Secretary of State. However, as members of the Business Committee have no doubt informed Members, we had a full and frank discussion on this matter yesterday, and we have sent a number of motions to the Secretary of State. We have yet to get a referral on that, and I hope that we do. However, I

must say, yet again, that Members should be in no doubt that the Secretary of State has the power to decide whether or not we come here and debate issues.

Rev Dr Ian Paisley: Further to that point of order, Madam Speaker. If that be so, what about the date on which the Secretary of State has said we must finish our business? It would be possible for this Assembly not to meet until November if the Secretary of State says that we are not going to do any business. How can we have a deadline and a date that are meaningless unless this Assembly is meeting?

Madam Speaker: Thank you, Dr Paisley. That is not a matter for this Assembly; it is a matter for Westminster. That is dictated by the Act that was passed at Westminster. I know that you have made representations to the Secretary of State, and I hope that you continue to do so.

Dr Farren: On a point of order —

Madam Speaker: I am sorry, Dr Farren. I think that Dr McCrea was first.

Dr McCrea: On a point of order, Madam Speaker. Can you confirm to the Assembly that the Business Committee had forwarded to the Secretary of State a number of motions to be considered for debate on the Floor of the House this week?

Madam Speaker: As a member of the Business Committee, I am sure that you know that we do not discuss the specific business of that Committee here. We refer that business to the Secretary of State, and I have already said that any business that it was agreed to refer for debate has already been referred. We do not need to debate that here.

Dr McCrea: Further to that point of order, I am not asking for a debate. I am asking you to confirm that motions for business were forwarded to the Secretary of State for his consideration.

Madam Speaker: I thought that you had already seen that in the minutes. I can confirm that it is in the minutes.

Dr Farren: On a point of order, Madam Speaker. In the light of the answers that you have given to other Members, am I correct in understanding that the sooner we can restore ourselves to a fully working Assembly, the sooner the kind of idle comments that have been made, particularly about the need for injury time — surely, we are already well into injury time — and the long-suffering electorate of Northern Ireland—

Madam Speaker: Order. With due respect, Dr Farren, take your seat. The Speaker is standing. That is not a point of order, salient as your comments may be.

Mr N Dodds: On a point of order, Madam Speaker. Has any notice been given to you by Sinn Féin about the reasons for its continuing boycott of the Assembly?

Members will be aware from press releases that we have been told that Sinn Féin is very anxious to make progress. However, is it not a fact that its continuing boycott of these proceedings is an indicator that it is really holding back progress in Northern Ireland?

Madam Speaker: Order. I am surprised that Members are not sure about what are points of order and what are not. It is up to every Member and every party to make their own decisions about what they do. Sinn Féin has repeatedly stated its position, here and elsewhere.

PRIVATE MEMBERS' BUSINESS

Industrial Rating

Madam Speaker: Before I call Mr Dallat to move the motion, I wish to clarify how I propose to conduct the debate.

At its meeting yesterday, the Business Committee agreed that four hours should be set aside for the debate. The Committee also agreed that the proposer of the motion should be allowed up to 20 minutes to move and up to 15 minutes for the winding-up speech. All other Members will be allowed 10 minutes, so I hope that Members remember my comments on interventions. If that is clear, I shall proceed.

Mr Dallat: I beg to move

That this Assembly, pending the restoration of a fully devolved Assembly and power-sharing Executive:

- (a) calls on the Secretary of State to freeze the Industrial Rate at 25%;
- (b) agrees with the Northern Ireland Manufacturing Focus Group that the introduction of full Industrial Rates as currently planned by the Government will lead to devastation in the manufacturing sector and the loss of thousands of jobs; and
- (c) therefore calls on the Secretary of State to deliver on his undertaking to act upon the agreed position of all the political parties, and cap the Industrial Rate at 25%.

I am happy to propose today's motion. It may be our last chance to plead for sanity as regards industrial rating. We must do everything possible to save the very narrow manufacturing base in the North and to ensure that jobs are not lost for ever — and lost they will be if plans to increase industrial rate liability beyond 25% are executed as planned. This will be the final opportunity to protect up to 30,000 jobs that will be at risk if the direct rule Ministers refuse to listen, do not understand or simply continue to demonstrate the levels of arrogance that recently emerged when Lord Rooker was in charge.

It is no exaggeration to claim that the finger is in the industrial dyke, desperately holding back the tide in the hope that common sense will prevail. If it does not prevail, decisions to relocate will come fast and furious, as manufacturers are forced to choose from among the options of downsizing, relocation or closure.

Our manufacturing base is dominated by food and drink, including chicken processing, with 75% of our exports going to Britain. Several of those companies also have plants in the Republic, so it is not difficult to see why any long-term planning will, without doubt, include consolidation in the South, which has 10% corporation tax and long-standing exemptions from rates. Of course, companies can choose to relocate to many other areas, including, increasingly, eastern Europe.

In east Derry almost 400 jobs were lost recently at a long-established chicken-processing plant. Why? The reason is that profits became so squeezed that there was no choice. That is a warning sign that every company faces potential closure if additional pressure is exerted to extract even more money from the existing slim profits. Indeed, the top dozen companies in my constituency are experiencing varying degrees of financial pressure, which directly undermines confidence in future investment. That is extremely worrying.

The pattern across Northern Ireland is no different, and I know of closures that will be imminent if this issue is not sorted out. Companies need to plan for the medium and long term. Their motivation is not solely money; it is investment and creating enough resources to invest in the future, and as most of those companies have a profit margin of no more than 5%, it is easy to see why it is not possible to reinvest in the future.

Where will the money for research and development come from if the industrial rate liability goes beyond 25%? It will just not be available, and one does not have to be a genius to know what the outcome will be if there is no money for renewal or expansion. The money needed for reinvestment and research and development would, of course, be used to pay the additional rates as the whole process escalates.

A short-term gain for the Government would, without doubt, be a long-term disaster for the labour force and the economy. Without investment in plant and machinery and resources for research and development, there can be no growth, and without growth a company cannot remain competitive, so it will go out of business. It is as simple as that.

Those are not my predictions; they are the forecasts of many people involved in manufacturing. It is seriously regrettable that Lord Rooker did not listen to them when he had the opportunity. Instead, he arrogantly claimed that the manufacturers would be better at home looking after their businesses than travelling to Belfast to draw attention to their dilemma. That worries me, as it tells me that direct rule Ministers, up until now at least, have not even begun to understand the severity of the situation. Rooker clearly believed that it was a case of "Wolf, wolf!", but if a decision is not made now, the wolf will come laden with poverty, unemployment, desolation and hopelessness for many of those companies that we depend on.

This debate creates an unexpected opportunity to make one last appeal to anyone who is prepared to listen in the interests of the 90,000 people employed in manufacturing. At least the Government should read their own report, which predicts that the best-case scenario for job losses following the imposition of industrial rates is 10,000; the worst case is a whopping 45,000, with an acceptance that 20,000 is a realistic

figure. That does not take into account the ripple effect, which would undoubtedly mean more job losses in the service industries. The Northern Ireland Manufacturing Focus Group (NIMFG) predicts a loss of 30,000 jobs, and that, unfortunately, is likely to be accurate.

This could be the straw that breaks the camel's back. Action is needed now, not in a few months' time when companies will be unable to hold back on decisions that must be made. Confidence is ebbing and with electricity prices going up and companies facing up to 50% increases because their contracts are ending, is it any wonder that there is a sense of hopelessness which politicians should, in a normal society, be able to deal with?

How are we going to stop the roller coaster? We must stop it now, because when it starts it will not stop, and the finger in the dyke will not be sufficient to keep back the tide. When it comes, it will potentially devastate our economy, creating further hopelessness among people who believed that the dark days of the dole queues were at an end, never to return. Today, this Assembly has the opportunity to back the calls from the Manufacturing Focus Group for common sense to prevail.

I do not intend to take up my 20 minutes, so I will end on a positive note. Let the Members of this Assembly do everything humanly possible to bring about a political settlement that will allow us the right to take charge of our own affairs. Unfortunately, that is not likely to happen in the next few weeks, and that time is critical to those who are in this dreadful dilemma. They need a positive decision, and they need it now. With Lord Rooker safely gone, I hope that common sense will trickle through the corridors of power and that a reality check will be conducted so that a new dawn may emerge. I hope that those who have come here today to listen to this debate will not have to return some time in the future to say "I told you so".

I will finish by recalling my own childhood days when my father came home to say, on more than one occasion, that he had been paid off and was back on the dole queue with no idea when he would find work again. I do not want to see that experience, that sense of hopelessness which he experienced as he tried to cope with the reality that he had no job and that he had had his dignity taken away from him and from our family. Today families have serious financial commitments that my parents did not have, so the situation is much more serious. It is vital that the Government do not continue down this road to financial ruination for many companies, particularly when there are solutions to the problem which can be implemented immediately with very limited knock-on implications for other sectors of society.

I am looking forward to today's debate. Let us hope that those with influence are listening to the positive contributions that I expect from this Assembly.

2.30 pm

Rev Dr Ian Paisley: Madam Speaker, I am delighted that this debate is taking place today. From what I have learned here today, and which has been made public, the Secretary of State for Northern Ireland already had this particular proposition for debate in the Assembly, but decided that the Assembly would not meet today and that this would not be debated. That needs to be put firmly on the record.

I was amazed that any Secretary of State, without consultation with any of the parties, would decide that this Assembly would not meet. This Assembly is elected by the democratic vote of the people of this Province, and its Members speak for the people of this Province. Why should this Assembly suddenly be turned off because the Secretary of State has other views that he wants to impose on its Members?

This Assembly is meeting today, however, and I trust that people looking in will see that some of the loudest voices on the matter in hand are not here to speak for the people who sent them — they are strangely absent. They fight for a place in a photograph with businessmen, but when businesses are in jeopardy they are not here to take part in the debate. Those people are loudly condemned by all right-thinking people in Northern Ireland. This is where they should be to be answerable. If they have things to say to us, let them not say it in the quiet comfort of a back room. Let them say it in the open Assembly.

I am delighted to speak in support of this motion. I do not always agree with the hon Gentleman, with whom I have had interesting debates and sword-crossing exercises. I do not know whether the points ever went in during the meetings of the Committee for Agriculture and Rural Development; that is a matter for the past. Here is something that we should be able to find unity on, because it is the basic right of a person to be employed and to get decent pay for the job that he does. Those are elementary rights in a democracy, and that is what we are standing for today.

The Government's proposals will have a terrible impact on industry. To say, as certain Ministers from elsewhere have told us, that people are crying "Wolf, wolf!" where there is no wolf — well, there are hounds and wolves in abundance, and they are all sniping at the industries of Northern Ireland. We should be here to protect those industries and do everything in our power to see that they are safeguarded. People who have work to do, and who get proper pay for it, are the happy people. Those who are on the dole with no possibility of getting a job are not happy, and Satan finds plenty for idle hands to do.

Manufacturers in my constituency and right across the Province will be affected if the Government's plans on rating are implemented. In the past 40 years in

Northern Ireland, business has not had it easy because of the devastation caused by the troubles. Now that we have come to this time in our history, however, it is surely time for us to build opportunities for employment in our industries and to strengthen our Province's employment base.

Traditional manufacturing jobs have disappeared from the Province to low-wage economies in the Far East and eastern Europe. At one time, this country of ours was very important for trades. However, the textile industry and many other industries have disappeared. Where are they today? They are in the Far East or in some of the new member states of the European Union.

With so much against us, we must take stock and take definite action to protect and maintain what we have, and to promote and extend that so that jobs can be secured.

Industrial derating provided Northern Ireland businesses with a competitive advantage, but that is to go. Government policy will strangle the manufacturing industry, making it unable to survive. The Government cannot, and should not, do the job of business when it is clear that they have a responsibility, as a competent Government, to create the conditions in which business can compete and win the day.

We are not asking the Government to take over businesses: we are asking the Government for a level playing field so that there will be fair play. The Government constantly point out that our economy relies too heavily on the public sector, yet at a stroke, the Government that mouth that statement are prepared to introduce rating for industrial premises, thus making it unviable for many businesses to operate. They cannot have it both ways: if the Government say that they cannot interfere in the economy, but they step in and destroy that economy's power to rectify itself, they must take the blame.

It is ridiculous for any Minister to say that people should stay at home, work at their businesses and not come to Belfast to protest. Grotesque language is being used against decent people who, for years, have been holding the ropes at a time of grave crisis for everybody in the Province.

People who have borne the heat and burden of the day resent being lectured to by people who have never experienced such problems in their own areas. It is all right to be told what we must do, but it is totally unfair to be put in a pillory, as if we were to blame.

Mr Campbell: Does Dr Paisley agree that the situation is compounded even further in that the Secretary of State and the Government that are intent on introducing industrial rating are the same Government and the same Secretary of State who indicated that the private sector should grow in Northern Ireland, when

this decision means that the private sector will shrink even further?

Rev Dr Ian Paisley: I agree entirely with my hon Friend. During a debate such as this, we are looking at our own constituencies so we have many issues in our hearts and minds. All Members have experienced problems arising from industrial rating in their own constituencies: no constituency is exempt.

I welcome the debate. We must take heed of the motion and ensure that industrial rate liability is kept at 25%.

Dr Birnie: I am pleased to speak in support of the motion, because what it asks for is reasonable. After all, it does not even ask for a reduction in industrial rates or for a return to the old situation from the 1920s until the start of this decade, whereby no rates were paid at all. Indeed, for much of the period, that differentiated Northern Ireland from other parts of the United Kingdom. The motion simply asks that the current process of transition to full payment of rates should be frozen at the level ruling now, which is 25%. Such a capping of industrial rate levels would represent an appropriate response to current economic circumstances.

Since the start of the decade, particularly in the period coinciding with the Assembly's suspension since October 2002, there has been something of a cyclical downturn in parts of the world economy. That has meant that Northern Ireland has received less foreign direct investment than before. It was also previously envisaged that as manufacturing took up the burden of paying a full rates bill, there would at least be some compensating relief from lower electricity charges. The multi-million-pound package, first proposed four or so years ago under the then Finance Minister, Ian Pearson, is still languishing. Although the Brussels Commission is rightly often regarded as a bureaucratic monster, in this case the fault may also lie, to some degree, with London's decision making. Given that industrial energy charges remain substantially higher than those in Great Britain, the UUP sees little support for raising rates at this time.

The motion represents a sound reaction to the fact that the Northern Ireland economy is facing increased competitive pressure, notably from the Irish Republic, but increasingly also from central and eastern European economies. They are all marked out by low rates of taxation on business profits of 15%, 10% and perhaps even lower. The competitive issue is twofold. Some companies here may shut down completely; others may move their factory or branch plant the comparatively short distance to south of the Irish border.

In bringing forward that proposal, it seems that the Northern Ireland Office (NIO) did not carry out a full regulatory impact assessment of all the options that would, of course, include the option of not removing derating. DTZ Piedad Consulting may well have been

inaccurate — indeed the balance of probability is that its figures are inaccurate — when it forecast that the impact from full derating on profits would be only 2·7% of profits. Invest Northern Ireland (INI) and others have produced alternative higher, and arguably more plausible, figures.

It is true that rate payments may represent only a small proportion of total business turnover, but they represent a higher proportion of business profits. Examples include Bombardier, which could be paying £2 million annually by 2011, and Harland and Wolff, whose potential bill is £4·4 million. Obviously, those figures must be compared to the size of the profits in those companies, which at various times in recent years have been relatively constrained. Remember that for a company on the margin of viability, it does not take much of a change in its net profits — the profits after taxation — to tip it out of operation completely.

In supporting the motion, the UUP does not wish to indulge in an anachronistic central bias on economic policy-making. A job is a job, whether it involves making something or servicing something.

2.45 pm

It is true that manufacturing represents a small percentage of our economy in terms of gross domestic product (GDP) and employment — perhaps as low as 15%. That means that fewer than one in six people is involved in that sector. Crucially, however, that sector still makes the vast majority of the exports going from Northern Ireland to Great Britain and, indeed, wider afield across the world. Therefore, in recommending the freezing of rates at the current level, we are not indulging in some old-fashioned liking for metal bashing or garment stitching per se. In any case, we would ideally like to see the burden of business taxation reduced on all enterprises that produce exportable products and services beyond the region. That should, and can, include marketing firms, design consultancies, finance and banking and — crucially — tourism. Let us start today with manufacturing.

As Dr Paisley said, the implications of the motion are political, as well as economic. Today, this Assembly — despite the chaotic background arrangements and the imperfections in the Standing Orders that have been applied to Members — is working to an extent. The Assembly is debating something of undoubted substance. I think that there is a fair chance that we will establish a consensus on this motion, perhaps even absolute unanimity. Therefore, the Assembly challenges the Secretary of State, given what he has said, to take note of what we, the elected representatives of Northern Ireland, are saying with one voice.

Finally, I return to Northern Ireland's manufacturing sector. Its current performance is suggestive of the line from Charles Dickens:

“It was the best of times, it was the worst of times”.

Over the past 15 or so years, output, exports and productivity growth here have all substantially exceeded those in the rest of the United Kingdom. At the same time, however, rates of research and development spending, and the extent to which our companies are employing highly skilled and highly qualified technical scientific labour, are still too low, especially when international comparisons are drawn. Therefore, much still needs to be done.

According to this week's 'The Economist', dated 3 June 2006, the public sector here still represents 61% of the regional GDP, only 65 private-sector firms employ more than 500 people, and half of the Province's exports are produced by only 10 firms. However, if we look back at our industrial past, to which reference has, rightly, already been made this afternoon, this is the Province which, among other things, invented pneumatic tyres, Milk of Magnesia — perhaps we might need some of that as the debate goes on — the Ferguson tractor, and many other significant innovations.

Given the progress that has been made over the past 15 or so years, we should not, therefore, recklessly imperil what has been achieved by imposing more taxation on that sector. The best road to a higher tax revenue or tax take on the part of the Government is to have a bigger wealth-creating sector, which should be incentivised by lower tax rates. I support the motion.

Mr Neeson: Madam Speaker, may I first endorse what Dr Paisley and Sir Reg Empey said in relation to the timing of this debate. I learnt about it at 5.00 pm yesterday, and I must say that that is a totally unsatisfactory way to run any political institution. I hope that the Secretary of State takes note of today's remarks.

I support the motion. I was proud to be part of the major rally that took place in the Waterfront Hall where thousands of workers, business people and politicians joined together to support the proposition that is before the House today. I would like to congratulate NIMFG on the excellent work that it has been doing in recent months.

It is due to their efforts that this crucial issue has been highlighted and that we are debating it in the Chamber.

There has been a lot of finger pointing at the Government today. However, a Government, made up of elected Members of this Assembly, should be in the Chamber.

Some Members: Hear, hear.

Mr Neeson: The elected Members of this Assembly should be taking the decisions.

Members have referred to Northern Ireland's overdependence on the public sector. It is an issue that

must be addressed. We cannot underestimate the importance of the surviving manufacturing base in Northern Ireland. However, as I have said in previous debates, we face many challenges, particularly from the global economy. We have seen the damage that has been done to the textile sector, which has almost disappeared. The discussions that we have had with NIMFG have shown that jobs are at risk in Northern Ireland. It is not, as other Members stated, a “Wolf, wolf!” situation.

I am sure that nobody in the Chamber was sorry to see Lord Rooker go. His whole approach, not only to elected representatives, but to the business sector in Northern Ireland, was nothing short of outrageous.

I remind Members that industrial derating was introduced into Northern Ireland to compete with the low levels of corporation tax in the Republic of Ireland. The irony is that there is clear evidence that investment from Northern Ireland is going to the Republic of Ireland, and also to eastern Europe. I have met manufacturers who are considering the possibility of investing even further afield in countries such as China and India. There is a major competition problem for all of us if we are to deal with this effectively.

The parties represented in the Chamber are agreed on the issue and have met the Secretary of State. He put the ball in our court and said that if we want to deal with the issue — he does not have a problem with us doing that — the money must be found somewhere else. That is the challenge that we face. As my party has stated on many occasions, a great deal of money could be saved in Northern Ireland. The sooner we create a shared future, stop segregation and integrate society in Northern Ireland, the sooner that massive amounts of money will be saved. That money could deal with the issue that we are addressing today.

Sir Reg Empey: Given the Member’s past record, I thank him for giving way.

It is important that this debate takes place now, rather than later in the lifetime of this body, because Departments set their budgets in the autumn. If we were to debate the issue later in the year, with Departments setting their budgets in the expectation of the next step forward, they would tell us that we are too late because they have already set their budgets. That is the significance of having the debate now. This money has not been collected or spoken for; it has been anticipated. It is easier, as I understand it, to deal with that at this stage rather than leave it. That is the significance of the timing.

Mr Neeson: First of all, when he talks about a record, I hope the Member is not referring to a criminal record.

I agree with him. I am not quarrelling with the timing of the debate. It is important that we should

have it. However, it is not only industrial derating that we should be looking at. We need to look at other necessary incentives as well.

I am very much aware of the significance of the small business sector, which does not really benefit from industrial derating. Essentially, the small business sector forms the rock on which the Northern Ireland economy stands. It is important that we try to assist the growth of all sectors of business in Northern Ireland.

There is another thing that is important. When we had devolution, Sir Reg was the Minister of Enterprise, Trade and Investment and I was Deputy Chairperson of the Enterprise, Trade and Investment Committee. One thing that we did was oversee the merger of the Local Enterprise Development Unit (LEDU) and the Industrial Development Board (IDB) into Invest Northern Ireland. It has now been in existence for a number of years and, in view of the reports I am getting about its activities — or lack of activities — there is an urgent need to review its workings.

I want to point to one final issue. The enlargement of the European Union has obviously increased greatly the competition for Northern Ireland businesses. Not only that, but we have seen an influx of foreign workers into Northern Ireland. They have made a major contribution to the local economy.

The biggest incentive that we can give to the local economy is to restore devolution as soon as possible so as to create the political stability that is necessary and which, I believe, can only improve the economic climate.

Mr Simpson: This issue affects not only manufacturing industry in Northern Ireland, but the entire wider economy. I am sure that the House will be aware that today we have quite a number of business-people attending the debate. As a businessman in Northern Ireland, I count it a privilege to try to help them fight this cause both in this House and at Westminster, in the mother of all Parliaments.

I was going to say that a lot of them are my friends, but on second thoughts some may have had business experience, so we will not go into that at this stage. Certainly, it is a privilege to represent them and to try to do something to help their cause.

It is vital that the Government take note of what is said in this debate and act on it. I am sure that we will hear a lot from Members today that will be repetitive, but I do not think that we can talk about the issue enough. The message needs to be got out to the Government.

As someone who has been involved in business, I know personally of the impact that these increases will have on the business sector. I speak also from personal and professional experience when I say that the campaign against the Government’s proposals is a campaign to keep jobs in Northern Ireland and to attract new jobs

into the Province. As a matter of fact, it is a campaign to support the Northern Ireland economy as a whole.

If the Government really wish to see our private sector grow, they must wake up and finally learn the lesson that they cannot and will not achieve that by taxing manufacturers out of business or over the border into the arms of our nearest competitors. Manufacturing in Northern Ireland has been forced to compete in very difficult circumstances. Surely anyone with the slightest genuine interest in, or concern for, the economic well-being of Northern Ireland must see that whatever advantages we have must be emphasised, supported and promoted.

3.00 pm

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

One such advantage was the existence of industrial derating, which Government policy now threatens. It has already been pointed out that any chief executive of any company who followed a course that would result in the destruction of that company would soon find himself on the dole. That the Secretary of State seems to want to get promotion on the back of his industrial hooliganism says much about him. The fact that the Prime Minister might reward him with a promotion says even more about the Government.

It is any competent Government's responsibility to create the conditions in which business can compete and win, yet this Government are following a path that actively disadvantages local manufacturing businesses. The Government consistently point out that our economy relies much too heavily on the public sector, yet, as my right hon Friend, Rev Dr Ian Paisley, said, they are prepared, at a stroke, to introduce rating for industrial premises, thus making it unviable for many of our businesses to operate in the Province. Having come through the dark years of a terror campaign that, in part, sought to wound fatally our entire economy, the Government now threaten us with a policy that could do more long-term and Province-wide damage to our economy than the Sinn Féin/IRA night shift could inflict.

The proposed industrial rate will particularly affect a huge number of businesses' profitability and viability. Thousands of jobs will be at risk if the Government drive through the measure. It is unnecessary, it is counterproductive, and it is universally loathed and opposed by the local political parties.

The Government have repeatedly told us of the need for agreement. We have seen agreement across the board in Northern Ireland on industrial rating. The matter is not so much a test of the local parties as it is a test of the Government. It is a test of their commitment to consensus and to cross-community support. If the Government are serious about that commitment, the Secretary of State must make it clear that he will heed this Chamber's voice. Although we might not, at this

stage, be able to achieve an industrial rate of 0%, the rate must be capped at 25%, which is a view that now derives support from right across the political divide. Parties in Northern Ireland can unite around the issue and send the clearest possible signal to the Government that they must think again, and this debate gives us the opportunity to do that.

We recognise the danger that the ending of industrial derating poses to local manufacturing businesses right across the Province. Direct rule Ministers, who are currently in charge of governing Northern Ireland, must get the message.

In closing, Madam Speaker, may I congratulate — Mr Deputy Speaker. My apologies; I was looking in the other direction. A sudden transformation has taken place. I shall not say whether it is for the better or for the worse, but you are very welcome to the Chair.

Some Members: Hear, hear.

Mr Simpson: He will never forgive me for that.

I congratulate the Northern Ireland Manufacturing Focus Group, and Mr Basil McCrea, who currently looks after that organisation, for all the work that the group is doing, and for the fight that it has shown in its campaign.

I wish them well, and I know that every Member of the House will support them in their endeavours to achieve the 25% levy.

Mr Hillis: I am delighted to support the motion. Without wishing to be alarmist about the future of manufacturing in Northern Ireland, we must be realistic and agree with the Northern Ireland Manufacturing Focus Group that the imposition of industrial rates is a short-sighted and counterproductive policy. Like David Simpson, I compliment that organisation on its demonstration today; its earlier demonstration in the city centre was excellent. It certainly focuses minds, and it is important to keep up the pressure on Government.

Major employers have said that the imposition of rates may well be the last straw for many businesses. Many new manufacturing businesses are based on new technology, and they are to be praised for their innovation and tenacity in difficult times. Do we seriously want to undermine further our manufacturing base by proceeding with industrial rating? That would effectively pull the rug out from under entrepreneurs' feet. If the Government were trying to make it really difficult for Northern Ireland plc, that is exactly what they would do.

There have been many changes since our forefathers had the foresight to construct this Building. At that time, our three major industries of shipbuilding, linen manufacture and agriculture were celebrated in frescoes in the former Senate Chamber. We all know what has happened to shipbuilding and linen manufacturing; changing demands, market trends and, most importantly,

price competition from abroad emphasise how important it is to be competitive in today's world.

When I started my working life as an apprentice in Coleraine for the princely sum of £3 a week, I was frequently sent for stock from one of the many shirt manufacturers in the town. At that time, there were probably six of those, and that was representative of the whole country. The majority of those factories have succumbed to a seemingly unstoppable wave of cheap foreign imports.

Obviously, we cannot compete with cheap foreign textile imports. However, at the very least, we must not shoot ourselves in the foot — in Northern Ireland, we seem to be very good at that — by deliberately increasing baseline costs through ending industrial derating for a hard-pressed manufacturing industry.

I certainly do not suggest that we look back; we must look forward. I have had some 40 years' experience in business, and I have learned the hard way. I understand the pressures under which businesses operate. The current Secretary of State and his direct rule Ministers do not have that understanding.

Today's manufacturing businesses are frequently different from those of a number of years ago, but they still operate under the same baseline costs and competition. It was frightening to learn from some of the demonstrators that, after labour costs, industrial rates are the highest cost to manufacturers. That cost, with a bit of common sense, could be frozen now.

As an MLA for the constituency of East Londonderry, which is a mainly rural area with two major towns, Limavady and Coleraine, I must say that the figures for manufacturing job losses since 1999 do not make happy reading. The Limavady borough shows a decrease in manufacturing jobs of 17.1% and the Coleraine borough a decrease of 7.7%, according to Department of Enterprise, Trade and Investment statistics, published in mid-February this year.

The proposer of the motion mentioned the job losses at one manufacturer in particular — Farm Fed Chickens, which shed 70 jobs in January 2005 and, regrettably, closed with 380 further job losses very recently. The latter figure was too late for inclusion in the most recent statistics, so they are, in fact, much worse than published. An updated figure for the Coleraine borough could well be something like 13% job losses since 1999.

AVX, a very successful company under considerable pressure in a worldwide market in the microprocessing industry, employed, I believe, something in the order of 1,300 people in 2001. Regrettably, that figure is now 900, but the big plus is that the firm is still there and still working away, and I certainly wish it all the best.

Statistics are not very exciting, but those figures spell out human tragedy. Behind the statistics are real

people and real families; there are dashed hopes and expectations. Where there are job losses, there are certainly mortgages, loans and credit card bills that must still be paid, so there is a human cost.

Industrial derating was introduced in 1929 to support the manufacturing sector and was abolished in England and Wales in 1963 and in Scotland in 1995. We are told that we should be treated the same as the rest of the UK. In normal circumstances, I would, as you know, Mr Deputy Speaker, be more than happy to be treated the same as any other British citizen, but there are substantial differences for manufacturers in Northern Ireland. We have a land border with another EU state — an EU state with a very different tax regime. We are on the very edge of the EU, as well as being separated from our biggest market, Great Britain, by the very-expensive-to-cross Irish Sea.

The disproportionately high cost of energy, added to our lack of natural resources, erodes the advantages of cheaper labour costs. Sadly, we must import a large proportion of raw materials. To add to that, we are still emerging from conflict, which did so much to destroy business confidence, although we are a few years on. That all adds up to a very uneven playing field.

We are now in year two of the phasing-out of industrial derating, with full rates due to kick in on 1 April 2011. I am told that the previous devolved Executive always envisaged phasing out industrial derating only when it was related to reductions in energy costs — my colleague Esmond Birnie highlighted the missing millions. That was to ensure that there would not be any disadvantage to our manufacturers in the global marketplace. Where are those energy cost reductions now?

Industrial rating certainly will not help the situation in which Northern Ireland manufacturing currently finds itself. Northern Ireland requires a freeze in industrial rating at the current level of 25% and a commitment by Government to support and facilitate the manufacturing industry through genuine partnership. I support the motion.

3.15 pm

Ms Ritchie: Mr Deputy Speaker, as a South Down constituency colleague, I welcome you to your position.

Momentous decisions are being taken that will drastically change the political, economic and social fabric of Northern Ireland over the next number of years. The people will have no influence on those decisions — unless we give them that influence. We can do that only by using consensus to urge the Secretary of State to freeze the industrial rate at 25%, and, above all, to restore the political institutions. However, our message to the Secretary of State must be simple and straightforward. We support the manufacturing sector: our economy is based on it and on agriculture and tourism.

Consider what is coming down the road for us that will change our economic and social fabric: the Review of Public Administration; water charges; the phasing out of industrial derating, which we have already mentioned; planning policy statement 14, on which some of us agree and others do not; rises in the regional rate and the rating policy review; and the ongoing education board budgetary cuts. Many of those factors could have a pernicious impact on urban and rural communities and could stymie economic growth. However, the removal of industrial derating has the potential to be the body blow for small- and medium-sized manufacturers, who are the backbone of our community in the North of Ireland.

It has been suggested that industrial derating was introduced as a partial attempt to level the playing field with competitors in the Republic, who enjoy a corporation tax of 12.5%. That competition is tougher than ever, and that is why we want a review of incentives that will examine the issue fully. In the meantime, it is imperative that the Secretary of State freeze industrial rating at 25% and support the people who are with us today, inside and outside the Chamber, and who were with us at the Waterfront Hall on 25 April.

It is vital that we maintain a healthy manufacturing sector for a balanced economy. According to research that was undertaken by PricewaterhouseCoopers for the direct rule Administration, the number of people who work in manufacturing in Northern Ireland has halved in the past 20 years to 90,000. That research also revealed that approximately 18,000 jobs are likely to be lost over the next 10 years. Those stark statistics need further examination and require urgent political action to ensure that the manufacturing sector is not subject to further diminution.

The Secretary of State is very fond of lecturing us and the people of Northern Ireland. He tells us repeatedly that our public sector outperforms the private sector, which needs to be pump-primed and developed. That is true; it is important to develop the private sector. However, it is extremely difficult to do that when the policies that the Secretary of State and his direct rule Ministers have introduced and pioneered slice away, undermine and fracture the private sector and, in particular, the rural economy.

The majority of people live in rural areas, which are characterised by small manufacturing businesses that employ tiny groups from their communities. Those communities encompass engineering firms and those who are associated with the cement, tarmac, carpentry and furniture manufacturing industries. All those enterprises have been subjected to the onslaught of industrial rating and have had to lay off staff as a result of the increased pressure that has been placed on profit margins and output. As you know, Mr Deputy Speaker, industrial rating is a tax on the workplace, and further increases

in it will simply contract the workforce and lead to job losses, closures, relocation of industry, reduction in investment, a loss of traditional skills, a loss of disposable income and a stagnation in the rural economy.

Do we in this Assembly want that to happen? I imagine that our collective response would be no. However, pending the restoration of the political institutions, does the Secretary of State have the political will to scrap his ill-thought-out proposals and save the economy or, at the very least, to freeze industrial rating at 25%? The answer is clear. He knows what he has to do, pending the restoration of the institutions: freeze industrial rating. We, the parties, know what we have to do. We must ensure the restoration of all the institutions of the Good Friday Agreement by subscribing to the principles of power sharing and partnership government and of policing reform, and by seeking an end to criminality and the creation of a lawful society. We must all adhere to those requirements in order to sustain the rural economy. That is a major challenge to the British Government, to the Irish Government and to all parties. Lest any of us be in any doubt, that is what the people of Northern Ireland want, particularly those in the manufacturing sector who are visiting here today. Everyone here should listen to their plea. Please, Secretary of State, listen to that plea.

Industrial rating will not only disadvantage manufacturing communities but will also severely disadvantage vulnerable members of the community. Those young people who are less well educated will find it harder to gain employment if the manufacturing sector is continually eroded. Do not let that happen. We have already seen examples over the past 20 years of the contraction of the textile industry — no more so than in our constituency, Mr Deputy Speaker. People have been forced to find jobs elsewhere or to join the dole queue because manufacturing companies have found economies that can do the work more cheaply. The people here have suffered, whether employers or employees. We must ask ourselves whether we want that to happen again. We must ensure a future for all the population, fight the negative forces in our society, come to a consensus today and force the Secretary of State to take account of the views of this Assembly.

Members must unite in support of the motion, and I commend my colleague Mr Dallat, the Member for East Derry, for moving it. We must ensure that industrial rating is frozen at 25%, pending the restoration of the political institutions. We must support the manufacturing sector; we must support the people of Northern Ireland.

Mr Shannon: I welcome you to the Chair, Mr Deputy Speaker; it is nice to see you there.

I support the motion. It is an important issue for us all, especially for those who represent constituencies where there have been job losses.

Northern Ireland is being beaten into extinction. The Government have introduced a taxing system that ensures that there will be little or no industrial sector in Northern Ireland, and they have done it by putting the blame on the non-existence of the Assembly. The fact is that they need to look to their own direct rule Ministers, in particular to the Secretary of State, to find where the decision came from to tax the already very shaky industrial sector into oblivion.

Mr Deputy Speaker, as you and Members of our party know, we met the Secretary of State eight or nine months ago. We pressed home the issue of industrial rating and the need to help our economy and our businesses, yet here we are debating the matter today — with little or no response from the Secretary of State. Northern Ireland has been given an economic death sentence with the rating of industrial premises. One wonders about a Secretary of State who says that he wants to see a Northern Ireland that can compete on the worldwide stage in economics and industry, while allowing the industrial sector to disappear under the weight of taxation by the Labour Government. That Government have increased taxation in order to pay for the promises that they made in 1997 on health and education. Members may have read in the papers today that the Labour Party has introduced 80 tax increases during its nine years in power.

The party of taxation is no longer the Conservative Party; it is the Labour Party — with a vengeance. The Government are also fighting wars in two countries, with poorly equipped soldiers, yet they expect Northern Ireland to forfeit the industrial sector of its economy to balance the books on the mainland.

Many small businesses in the Strangford constituency will be dreadfully affected by increased industrial rating. We have already lost textile factories such as Donaghadee Carpets, Carpets International in Killinchy and Bangor, and a plastics factory in Carrowdore. All those losses have incurred the loss of jobs for many workers who even today are still trying to find work. However, jobs will be even more scarce if industrial rating increases, as those who are making only enough to pay the wages in family firms will find that they cannot afford to pay the industrial rates and will go under. The clear message must be: “Cap the rate at 25%”.

In my area, many small businesses have about six to 10 employees. The profit for the person who owns or runs those firms will more often than not be absorbed by the increase in industrial rating. Those people are wondering whether it is worthwhile to stay in business, and whether to continue or to consider the future. Many of them will do the latter. It is not just the small firms in Newtownards, north Down and Comber; it is small firms right across the Province. We have a commendable work ethic here, but, unfortunately, the Government seem to be trying to do away with it.

Another example is of a firm that employs 25 to 35 workers. To comply with health and safety legislation, it was encouraged to increase its factory floor space. The firm did that only to find that it will be penalised with higher rates — all because it did what the Government encouraged it to do for the safety of its workers. Where is the justice in this system?

We may have our differences with Invest Northern Ireland, but one manufacturer stated that it did a great job in helping and supporting business — that could all be undone by increased industrial rating in the next five years. That is the story coming from businesses in my area and right across the Province. The Government already had these companies over a barrel by introducing legislation. They then introduced taxation for industry based upon floor space, as I mentioned. I am told that the extra bills will put the future of businesses and employers in jeopardy. People are being cautious, with so many bills expected and the same limited wages coming in. They are not spending their money in the economy, and, as a result, there are drawbacks for manufacturing. The self-fulfilling circle continues. People will lose their jobs, and all this because the Government are trying to win the jackpot of £40 million to £50 million to pay for their forgotten promises and their wars.

Receipts will be much smaller as more and more industrial businesses hit the wall and put people out of work. Some firms are considering relocating outside Northern Ireland to avoid this taxation by the Government. PricewaterhouseCoopers has stated that 25% of firms were considering relocation. If that is the case, there will be 18,000 more people unemployed and living off benefits — all because the Government are greedy, and oblivious to or — dare I say it? — disrespectful of the need for Northern Ireland people to have jobs.

Some firms have reduced their factory floor space in the hope of reducing their rates. Those are the ambitious businesses; they are run by people who have the ideas and the flair to make Northern Ireland's economy better. By doing away with their floor space they have reduced their ability to employ more people. That is the downside of increased rating.

On a global scale, companies are leaving the developed world at a rate of knots because they can get cheaper premises elsewhere. Strangford has witnessed people go overseas because it is cheaper.

3.30 pm

What incentive do these companies have to stay in Northern Ireland? What incentive do the Government give any business in the UK? Companies could begin to move across the border because the Government in the Republic offer taxation, insurance and rates at much lower levels than the British Government. The benefit of the Irish Government's approach is clear to

see; they have a strong economy — at least at the moment — while the UK is struggling to keep its head above water. Even on the mainland, the Labour Government have done little or nothing to stop the loss of jobs in industry.

Would the Government and Peter Hain like to tell us how many companies are making cars on the mainland, and how the industrial sector on the mainland has coped with rating? Would the Labour Government like to tell us just what they are going to do about the fact that there will not be enough money to ensure that all benefits are paid because so many people will be out of work? That will be the future under this policy if this Government keep taxing their people and their industry the way that they are at present. Cap the rate at 25%, and let the business sector get on with the job of doing business, employing local people and boosting the economy. I support the motion.

Mr Deputy Speaker: Before the Member for East Londonderry Mr Hillis got to his feet, I should have pointed out that it was his maiden speech. It is convention in another place that there are no interruptions during a Member's maiden speech. I state that because Mr Gardiner will speak next, and it is his maiden speech.

Mr Gardiner: Mr Deputy Speaker, I congratulate you on your appointment and wish you well.

I support the motion. The ending of industrial derating sends out the wrong signal to the economy, not just in my constituency of Upper Bann, but across Northern Ireland. At a time when we should be encouraging the move from the public to the private sector, the removal of relief on industrial rating will take £201.3 million out of the Northern Ireland economy, moving it from the private sector's hands to those of the public sector.

In the House of Lords recently, Lord Rooker, the Northern Ireland Office Minister in the Lords, replied to my noble Friend Lord Laird by telling him that, over the next seven years, the following additional amounts of revenue would be raised through the ending of industrial derating: in 2006-07, £18.2 million; in 2007-08, £26.1 million; in 2008-09, £38.2 million; in 2009-10, £58.7 million; and in 2010-11, £60.1 million.

That cannot be helpful to the stated Government policy of ending the Northern Ireland economy's dependence on the public sector. How can the weakening of the private sector by what amounts to a tax increase on manufacturing enable its growth? The ending of industrial derating means that we must look carefully at any Government spending on the encouragement of industrial development over the next seven years and deduct £201.3 million from it. That effectively means that existing industry will pay for any Government subsidies to new businesses. This is typical of

Government double-think — the taxpayer pays, and the Government claim the credit.

Manufacturing is the base activity of the economy. It is manufacturing that earns the new wealth on which all the service industry rests. People will not have new money to buy services if that new money is not generated in the first place.

Already, just 14.8% of the UK economy is in manufacturing, compared to well over 30% in Germany.

The figure in Northern Ireland is as low as 12%, which shows that we have narrowed our wealth-creating base until it is almost non-existent.

According to the latest research, the number of people working in the manufacturing industry in Northern Ireland has halved to 90,000 in the past 20 years. Another 18,000 jobs are likely to go over the next 10 years. Manufacturing in the Province is fragile, and we are far too dependent on the service sector. However, we are faced with the task of creating over 140,000 new jobs in Northern Ireland over the next decade. In the face of that daunting task and those alarming figures, is this the time to end industrial derating? I think not.

Industrial rating is a Treasury-driven policy in a nationwide Government effort to claw back as much revenue as possible to cover what is referred to in the City of London as "Gordon Brown's black hole" — the underlying deficit in the Government's finances that is estimated at between £10 billion and £20 billion. It has nothing to do with fair play, as the Government claim, or with industrial restructuring. It has to do with the Government's failure to manage their books. The same is true of water charges and rate increases. It is all a Treasury-driven clawback of finances.

Northern Ireland is coming out of more than 30 years of civil strife; it needs investment, not major tax increases. It needs an imaginative peace dividend and not the withering effects of Treasury savings. To end industrial derating is a major blow to one sector, which has the ability to end Northern Ireland's so-called dependency culture, which is criticised by the same Government that are doing little or nothing to replace our overdependency on the public sector. Only manufacturing can allow the economy to come out of the doldrums. I commend to the House policies such as enterprise zones, with major tax breaks for manufacturers in high-value-added enterprises, and not the dead hand of Government clawback.

I support the motion.

Mr Moutray: Mr Deputy Speaker, I echo the words of welcome that have been extended to you.

For nigh on 30 years, business in Northern Ireland was forced to endure a campaign of violence and destruction waged against it. Those who do not have

the courage to be in the Chamber today were only too quick to give unquestioning support to those who, under the cover of night, sought to destroy our economy, pull down our infrastructure and condemn entire communities to an economic wasteland. However, what is truly staggering is that where the terrorists failed in their sectarian and fascist-style campaign, the UK Government seem determined to succeed.

The Secretary of State likes to point out that our economy relies too much on the public sector. He is correct, but what is his diagnosis? His solution is to tear down advantages from our business sector and introduce measures that threaten to cripple our private sector, making it unviable for many businesses to operate. When we consider his diagnosis and his prescribed remedy, Peter Hain looks more like the Dr Harold Shipman of local politics than a responsible Secretary of State. Government proposals on industrial rating threaten to damage the manufacturing industry, its profitability and its viability. They also threaten thousands of jobs in the process.

That situation will not have been caused by international competition or internal terrorism, but by a Government charged with helping to ensure our success.

Although manufacturing businesses using large premises may suffer initially, the introduction of the proposed rating policy will have a knock-on effect on the whole Northern Ireland economy. Northern Ireland business is only looking for the opportunity to lead the Province into a better future. No Government with a genuine interest in securing such a future would cast itself in the role of driving businesses into the ground, killing off any chance of recovery.

The Government encouraged many businesses to invest heavily in premises, equipment and human resources and they claim to want to turn Northern Ireland into a world-class economy. If that is true, they should start by showing a commitment to freezing the industrial rate at 25%. Parties are united in opposition to industrial rating. The Government now have a responsibility to think again.

Mr Gallagher: I share the concerns highlighted by Members and voiced by the representatives of NIMFG who are here today. They are also shared by many people in manufacturing from my constituency, who were not able to be present for the debate.

There will be dire consequences for the entire community if the current rating policy is allowed to move to its next phase. As we all know, it has been very difficult to attract inward investment into Northern Ireland over the years, but particularly so west of the Bann. Much of the little that came our way has gone again because many of the large manufacturers centralised their operations elsewhere or have moved out of the country to the cheap labour economies. The

leader of the DUP mentioned that earlier, and he rightly highlighted the consequences for people's lives and livelihoods. A recent example of that was the announcement of the closure of the Moy Park factory at Lisnaskea, with the threatened loss of 188 jobs. That is happening simply because the company is centralising its operations, leaving 188 people out of work in a town that has lost four factories in the past five years and a total of 480 jobs.

However, one of the more hopeful features of the economy of Fermanagh and South Tyrone and other places in the west has been the resolve of local business people to overcome challenges and to develop businesses locally themselves. Consequently, those areas now depend highly on several manufacturing businesses to provide jobs and to sustain the local economy. Like businesses everywhere along the border, they are striving all the time to overcome the disadvantages of, for example, currency differences or the more favourable conditions provided by the Irish Government for their business counterparts on the southern side of the border.

It has been clearly set out for Members that a reprieve on this issue is completely in the hands of the Secretary of State today. Yet we have assembled here elected politicians, all supposed to be accountable to those who elected us, including the business community.

3.45 pm

However, here we are and we cannot function as accountable politicians because there are those among us who, both inside and outside this Chamber, highlight only barriers and refuse to engage in attempts to find ways to establish devolved Government.

Yesterday — as we all know — Members could not, or would not, agree a Chairperson for the Committee tasked with finding a way forward. Members can hardly blame the business community or the general public if they are cynical about what is happening in here. The economic and social interests of constituents should take precedence over party-political interests and rivalry for power. All parties must take seriously the responsibilities that they were elected to carry.

To start with, we need a commitment to making the Preparation for Government Committee work to achieve devolved Government, and the rhetoric of today's debate could then be followed by meaningful action — action taken by those elected by, and accountable to, the public. We must resolve to get to that point without delay. I support the motion.

Mr Elliott: I welcome you, Mr Deputy Speaker, to the Chair and wish you well in your efforts and work in that role.

At this stage in a debate, we beg the question: what more can be added to everything that has been said? I

have been trying to think of the answer for the past 15 minutes, as almost everything appears to have been said.

However, there are a couple of issues, and my colleague in Fermanagh and South Tyrone Mr Gallagher has mentioned a few in our constituency. Many Members have mentioned facts and figures, and I have no wish to repeat them.

The industrial manufacturing sector has been one of the biggest employers in Northern Ireland for generations and that must be protected. Recently, we became aware of a major issue in Fermanagh and South Tyrone. As Mr Gallagher stated, Ferne Foods has just announced that it intends to shut up its plant in Lisnaskea, with the loss of 188 jobs. That is a serious issue for an area that, in a very short time, has lost businesses such as Adria Ltd, the Sir Richard Arkwright factory and Fermanagh Creameries.

It is the big-business-closure syndrome. Small indigenous local companies progress well within a community, but suddenly they are bought over by big international firms that eventually shut up shop. We have found that in Fermanagh and South Tyrone. Local companies, such as Fisher Engineering, the Quinn Group, and Balcas Sawmill CHP Plant, are run by local people. They started them, progressed them to a significant level and created a big employment base. However, the larger companies, or big international firms, come in and buy up the small companies and, in no time, they are closed.

We must encourage Government to support local indigenous companies. Fair enough, we need the big manufacturers to come in as well, particularly in urban areas, but we must support small indigenous companies that local people build from the ground up.

Many of those companies started with one or two employees, have built up their business and now employ hundreds of people, and that is vital. An example is Fisher Engineering, which is currently listed in 'The Sunday Times' top 100 profit-growth firms in the United Kingdom. The Quinn Group has its headquarters in Derrylin, County Fermanagh.

(Madam Speaker in the Chair)

During 2004, it acquired Barlo Group, a leading manufacturer of sheet plastics and radiators. Two years ago, the Quinn Group was expected to generate a turnover in excess of €900 million. Balcas is another prime example in County Fermanagh.

I wish to talk briefly about the equine sector. I am led to believe that, in Northern Ireland, there will be no rate relief for the equine sector, unlike mainland Great Britain, where there will be industrial derating and relief — it may not be called derating, but it is certainly rating relief. That will not be so in Northern Ireland unless we can pursue the issue and insist that

Government provide such relief. Many people ask why the equine sector is situated mainly in southern Ireland. I have given the answer, and things will get worse if that issue is not quickly resolved. There have been several representations made to me on that matter in recent weeks.

At a recent meeting with Moy Park, the company that owns Ferne Foods, I pleaded with it to reconsider the situation at the Lisnaskea plant, where 188 jobs will go. That may not sound much to Moy Park or to its parent company, a large American firm. The number may not be big on an American scale, but it is to people in County Fermanagh, and particularly to people in Lisnaskea.

Mrs Foster: Before the Deputy Speaker left the Chair, he called two Members for Fermanagh and South Tyrone, and I am glad that you are continuing in that trend, Madam Speaker. I wish to add to the comments of those two colleagues about industry in that constituency. I am sorry that my Friend Tommy Gallagher has left the Chamber. I take his points about our taking our responsibilities seriously. However, would it not have been better if the other Member for Fermanagh and South Tyrone, the MP for the area, had been here as well — and not only here, but in her place at Westminster — to debate the issues that affect the constituency? Regrettably, that is not the case.

A lobby representing Northern Ireland manufacturing attended an Assembly group meeting some time ago, and its briefing was stark. The lobby said that 30,000 jobs would be lost to the Northern Ireland economy if full industrial rating were introduced. The then Minister, Lord Rooker, whose leaving, as has been said, is not lamented, summarily dismissed that figure. We were also told that many firms would relocate outside Northern Ireland. Lord Rooker said that there was no evidence to back up those figures and added that the manufacturing lobby was using scare tactics to secure an unfair advantage by keeping industrial derating. If he were still here, I would tell him that I have the evidence in Fermanagh and South Tyrone. My two colleagues have already given such evidence, and I can back up those figures.

It will not surprise the House that, as a border constituency, Fermanagh and South Tyrone struggles to maintain an effective industrial base, not only because its nearest competitive rival has a lower tax regime, but because of the lack of investment in infrastructure, which is an additional burden. That is an entirely different debate and one that I hope will come before this House in the not-too-distant future.

We have heard much about Lisnaskea and south-east Fermanagh. Five years ago, Lisnaskea had four thriving medium-sized factories: Coats Viyella at the Sir Richard Arkwright factory, Fermanagh Creamery,

Adria, and Ferne Foods. I remind the House that three of those four are gone and that Ferne Foods is earmarked for closure and enduring a 90-day redundancy consultation. I cannot help but think that the spectre of industrial rating was a factor in Moy Park's decision to pull out of Lisnaskea.

I have no proof of that, but I am sure that it was one of the factors that they considered when contemplating the loss of 188 jobs in that area. As my colleagues said, it was a huge blow. For many of those who lost their jobs, this was not their first experience of redundancy. For some, it is their second or third redundancy, having worked in the factories that I mentioned previously.

In the debate on the economy, I stated that our indigenous entrepreneurs need to be the focus of bodies such as Invest Northern Ireland. I reiterate that point and add that if the Government — as they say so vocally — are keen to move from a public-sector-dominated economy to one with higher private-sector involvement, they cannot imply that desire on the one hand and impose industrial rating on the other. The Government — at least, one would think — should try to be consistent in the messages that they send out. However, over the years, that has not always been the experience of my party.

“All things being equal” is a phrase that is often used in economics. It is not, however, a phrase that is applicable to the industrial sector in Northern Ireland. Poor infrastructure and consequent transport costs, the legacy of 35 years of terrorism, the unequal tax regimes with our nearest competitive neighbours, and high energy costs and unfair competition from the Far East mean that all things are not equal. Therefore, I support the motion to cap industrial rates at 25%.

Mr Armstrong: I support the motion, and call on the Secretary of State to freeze industrial rating at 25%. Expansion of the manufacturing sector is essential to a successful economy in Northern Ireland, and the Government need to work with businesses to establish a more favourable climate in which the small businesses and medium-sized companies that drive our economy can prosper and deliver more manufacturing jobs. One of the first steps should be for the Government to announce an immediate freeze on rates for manufacturers.

This is not a new debate. The issue of industrial rating has been ongoing since 2002. The Ulster Unionist Party has thrown its weight against the proposal since then. I refer to a letter that I wrote to the Minister of Enterprise, Trade and Investment in July 2002, before industrial rating was out for consultation. I highlighted my concerns regarding manufacturing output figures for my constituency of Mid Ulster, which appeared to have registered a drop that was double the national average.

Mr Weir: The Member mentioned that he wrote the letter to which he referred in July 2002. The Minister he would have written to at that stage was Sir Reg Empey. I presume that, at that point, the Minister took action and ended the slide towards the end of industrial derating.

Mr Armstrong: The Minister took what action he could at that time. In 2002, I feared that the figures would be repeated in the following years. Then we would have been in big trouble. I urged the Minister that Invest Northern Ireland should employ ways to encourage industry to expand and develop.

Mid Ulster has a strong history of small light engineering firms, many of which employ fewer than 10 people. We regard those firms as our manufacturing seedcorn for the future, and we are confident that, given time and support, a good sprinkling of those companies will turn into medium-sized enterprises. Those home-grown firms usually have roots in the local community that are not easily broken, unlike many of those that have been encouraged to locate in Northern Ireland through inward investment.

However, in late 2002, direct rule brought the so-called consultation on industrial derating, and my office was inundated by pleas for support from numerous manufacturing industries in Mid Ulster and across Northern Ireland. I have continued to consult local companies, such as Turkingtons, Forbes, Keystone, Powerscreen, Dungannon Meats, Moy Park, McEvoy's, McErlain's Bakery, Western Roofing, SDC Trailers and Macrete Ireland, to name but a few. That shows the diversity of products being manufactured and the range of firms facing the huge financial implications of industrial rating.

4.00 pm

Direct rule Ministers have already stated that Northern Ireland is unsustainable with its heavy reliance on public sector jobs and that we must increase the private sector, yet they have failed to assist the existing manufacturing base in the Province. The Government in Westminster have been trailing their feet for years in working with the manufacturing industry. They seem to be more interested in importing. Northern Ireland has a history of being very much self-sufficient, but the Government seem to be set on reversing that trend.

There are various industrial disadvantages that Northern Ireland's manufacturing companies must overcome to enable them to become more competitive in the marketplace, whether our home market or the UK, Europe or worldwide markets. Northern Ireland manufacturers face higher energy costs and higher raw material costs due to the lack of raw materials available here, coupled with the disadvantages of being separated from the rest of the United Kingdom by a sea border, being the furthest region from central Europe, and having a border with the Irish Republic —

which enjoys low corporation tax, no industrial rates and an industrial boom over the past 20 years.

The number of manufacturing units in Northern Ireland has fallen each year, and in the past 30 years the number of people employed in manufacturing in Northern Ireland has fallen from 175,000 to 95,000. It is not an exaggeration to estimate that 30,000 manufacturing jobs could be lost due to the imposition of further increases in industrial rates.

The expansion of the manufacturing sector is essential to a successful economy in Northern Ireland. We cannot have a secure, prosperous future based purely on public-sector and service-sector jobs. Many companies — large and small — across Northern Ireland, engaged in many different industries, are now contemplating moving across the border or closing down as a result of the ending of local industry's last remaining competitive advantage.

Over the years, I have witnessed the establishment of many small companies. Through sheer hard work those companies have flourished, offering employment opportunities and contributing to our local economy. They are the companies that will become the backbone of our future industrial base. There are 5,107 companies in Northern Ireland affected by the end of industrial derating. Those companies operate in a highly competitive international market, and it is impossible to pass on the additional costs to their customers.

The loss of many thousands of jobs will cost much more than the estimated £53 million per annum that the Government hopes to raise through the end of industrial derating. The latest 'Economic Outlook & Business Review', published by First Trust Bank at the end of May, states that:

"In overall terms NI does not have a compelling, competitive offering to foreign investors."

According to the report, Northern Ireland's economic conditions weakened in the last quarter of 2005. The report forecasts that, although public expenditure will expand over the next 18 months, spending is unlikely to increase afterwards. It predicts that personal income and consumer spending will continue to grow but will also be hit by the introduction of water charges and higher domestic rates. Cutbacks in some sectors of manufacturing are likely to cause unemployment to increase for the first time in several years.

Direct rule Ministers have reminded us of how much the Northern Ireland economy depends on the public purse, and that in the years ahead local taxpayers will bear an increased burden in support of improved local services and infrastructure, and a cutback in the numbers employed in the public sector.

The present policy of Government to push manufacturing costs up by introducing massive rate bills will further threaten many more jobs and will see more

closures. Coupled with a 20% increase in electricity prices from April 2006 and a massive increase in Phoenix Gas prices, this cannot be absorbed by industry as it is working on ever-tighter margins.

In the case of Bombardier, the additional costs of rating will be around £2 million a year when this is fully implemented in 2011. The Government are further disadvantaging industry in Northern Ireland with policies imposing restrictions on planning including renewable energy infrastructure and essential services. In a meeting in October 2003, direct rule Minister Pearson confirmed his complete lack of loyalty to local manufacturing companies when he indicated that, should they be unable to survive when industrial derating was withdrawn, he would have no qualms in securing necessary products from outside Northern Ireland or the UK.

The Government must reverse this lack of loyalty to manufacturing companies in Northern Ireland and instead give them all possible support. The Government must recognise the unique location of Northern Ireland in comparison with other regions of the United Kingdom and offer tangible support to the manufacturing sector, by imposing a cap of 25% as the maximum that industry can afford and by looking to other tax incentives.

I urge the Government to review and assess immediately the impact on businesses in Northern Ireland of the ending of industrial derating after the first year of operation. The Government have already set a precedent where some parts of the freight industry have been offered 75% rate relief because the Government believe that it is not the time to increase costs. Manufacturing should be offered similar terms. Industrial derating was Northern Ireland's manufacturing companies' only competitive advantage. They must be supported to maintain their competitive edge so that they can afford to invest in research and development in order to survive in the modern world. Profitable companies pay tax to Government, and that should more than compensate for any support that is forthcoming from Government.

Mr McGlone: A Cheann Comhairle.

A fortnight ago, this Assembly rightly debated Draft Planning Policy Statement 14. On that occasion there was much consensus in the Assembly that it would be bad for rural society and bad for rural economies. Based on analysis that I presented to the Assembly, it is predicted that such an ill-advised policy will have very negative effects on the local economy with potentially as many as 10,000 direct job losses. We cannot afford such a body blow to our economy, yet we are back today trying to bring the Government to their senses and to avert any potential for major job losses in Northern Ireland.

We have recently seen too many breadwinners join the dole queues and their families hit poverty due to international pressures without adding to those dole queues through a massive economic own goal — for that is exactly what the introduction of rating for manufacturing at the Government's proposed scale will be.

There are many manufacturing businesses in the Mid Ulster area, and my colleague Mr Armstrong referred to a number of them. However, when people who I know well, from places such as Ardboe, Cookstown, Magherafelt, Draperstown, Maghera, Bellaghy and the Creagh, tell me that this will cause grave difficulties for their businesses, I listen very carefully. I trust and believe them and value their judgement deeply, far ahead of that of an academically well-qualified civil servant. The reason is that these people have been there through good times and bad. Many of them have built their family businesses from scratch — in some cases, despite efforts by paramilitaries to destroy those businesses — providing employment for local communities.

These people know what makes their businesses succeed and what has the potential to drag them down. The Government's proposed level of industrial rating on industrial workspace will do just that, causing job losses or closures, relocation of industry, reduction of investment and capital expenditure, consequent loss of disposable income and its effect on the local economy and loss of traditional skills. The Northern Ireland economy simply cannot afford an economic body blow of this extent.

I was very proud to join the local manufacturers' representatives on the day of their protest, to see them come out and articulate their deeply held views and share those views with them. I have welcomed them here today and am glad to see them in the Gallery, from where they can see the consensus — a consensus that the Secretary of State must heed — that has emerged in the Chamber. He must listen to the views that have been expressed in and by this Assembly and to those that small businesses have expressed, both at their protest and on other occasions, and help to build a positive economy for all of us in Northern Ireland. A Cheann Comhairle, molaim an rún. I support the motion. Go raibh míle maith agat.

Mr Beggs: I am pleased that, so far, there has been unanimous support for the motion. It is important that we send that message to the Secretary of State. It is regrettable that some Members have chosen not to attend the debate.

Northern Ireland Office (NIO) Ministers must rethink their attitude to local businesses. Policies that adversely affect local businesses adversely affect local jobs. It is not only about businesses; it is also about

jobs and lives. As my colleague Mr Hillis said, it is about how industrial rating will ultimately affect the lives of individuals.

NIO Ministers have been saying that the local economy is not sustainable, yet, at the same time, they have been keen to load additional burdens on to our businesses, thus making the situation even more difficult. Take, for example, the rates burdens that have been loaded on to our larger employers. The rates for Bombardier Shorts have been estimated at £2 million a year, Montupet's at £1 million a year, and Harland and Wolff's at £4 million a year, although I understand that that figure may have been recalculated at £750,000 a year. Each of them faces fierce competition from other companies. Some also face stiff competition from other groups on their sites, so those additional costs will affect the bids that they place and may determine whether they win new contracts. That could have serious, long-term implications for those companies' futures. We should not take that lightly, bearing in mind that each of those companies not only has large numbers of employees but sustains many other employees by subcontracting throughout Northern Ireland.

Industrial rating is likely to have even wider implications for our smaller employers. The rates burden tends to make up a higher proportion of smaller employers' costs; therefore it might have an even greater effect on them.

Several Members have questioned the DTZ Pida Report, which estimated that the industrial rate would be 2.7% of profits. I understand, however, that only 22 of the 100 companies that were surveyed had fewer than 50 employees, yet that group is likely to pay about 80% of the rates. Something clearly went wrong during that survey, and I question the conclusions that the report drew.

I wish to highlight the case of NK Fencing Ltd, which is a company that has a plant in my constituency. The company has 205 employees. It made, according to the most recently quoted figure that I have seen, £630,000 profit. It has a potential rates bill of £163,000, which is more than 25% of its current profit, not 2.7% of its profit. That would have a huge effect on any business's long-term plans, and it is not really tolerable.

Local businesses face many cost pressures: we have additional transport costs as a result of our peripheral location; we have increasing environmental costs in order to meet European directives; and, as others have said, Northern Ireland has suffered from high electricity costs as a result of the botched privatisation, which gave the electricity companies at that time very generous contracts. The Ministers have yet to deliver the £30 million per annum rebate to rectify that situation. Local businesses also face competition from the different fiscal regime in the Republic of Ireland, with which we have a

land border. The EU free market makes it easy for people to transport goods and for businesses to relocate.

4.15 pm

As my colleague Norman Hillis said, we must not shoot ourselves in the foot on this issue. The Treasury already loses out because of motorists choosing to fill up with petrol across the border. The Treasury should look seriously at that matter, because it should not want the resultant loss of corporation tax and National Insurance if, because of the adverse conditions that Northern Ireland Office Ministers intend to establish here, companies decide to relocate.

There has been complacency among the Northern Ireland Office Ministers. In a recent statement, the then Enterprise Minister, Angela Smith, indicated a positive outlook for Northern Ireland's manufacturing sector. However, the same document later indicated that employment in the manufacturing sector had declined by half in the last 20 years. A Department of Enterprise, Trade and Investment report by PricewaterhouseCoopers in July 2005 stated:

"The projections suggest that the management of decline ... is the task facing policy makers in Northern Ireland".

That is a defeatist attitude. Certainly, that will be the result if the Government continue to load additional burdens on employers. We must create a positive attitude, address the needs of businesses, and ensure that this is a place where business can succeed and where the best of our young people can take on the rest of the world. There are companies that are doing that, and succeeding. I think of Schrader Electronics — I have mentioned it before — which has 30% of the world market in remote tyre-pressure-monitoring systems for cars. FG Wilson, in my constituency, has been one of the best exporters in the United Kingdom.

Why should we spend millions in trying to attract foreign investment, while at the same time taking on board policies that will drive away existing jobs? Invest Northern Ireland and the Government must reassess what they are doing.

I thank the Northern Ireland Manufacturing Focus Group for their work, and I support the motion. It is important that we, as an Assembly, present a united view to the Government, and I hope that the Secretary of State will respond.

Mr P Ramsey: We are indebted to the Member for East Derry for tabling the motion, and I acknowledge the high number of representatives from the business sector who came here today. I notice quite a few from the north-west. It is only as a result of their determination in bringing forward their concerns that the issue is being debated.

Today, the Assembly has the opportunity to speak with one voice in support of NIMFG's campaign, and

it calls on the Secretary of State to freeze the industrial rate. That is why the manufacturers are here. They are not here to listen to a talking shop; they are here to make sure that the Secretary of State takes account of the resolution passed in this Chamber. I have no doubt that not only will there be a consensus, but it will be unanimous.

In recent years, my constituency has seen a huge decline in the textile industry, particularly in shirt manufacture, affecting thousands of jobs. We cannot and will not tolerate any further job losses that will, no doubt, result if this legislation is allowed to pass.

The SDLP fully supports the efforts of the Northern Ireland Manufacturing Focus Group to alleviate the burdens on industry. We favour a more reasoned and targeted system of industrial incentives, which would counteract some of the regional disadvantages borne by manufacturers. Moreover, there is a need to bring together new methods of encouraging, supporting and sustaining our existing manufacturing base in Northern Ireland. This issue does not just concern big companies; we support small and medium-sized companies and the new ideas coming from the creative-industry sector.

Businesses in the border region are relocating to the South of Ireland. Companies originally based in Foyle, my constituency, are now setting up in Donegal for higher profit margins and more favourable rates of corporation tax. The issue of industrial rating must be considered in the wider context of the competitive advantage in the South, which must be matched in order to enable businesses in the North to survive and prosper.

We all have a responsibility to ensure that central Government Departments are committed to the development and growth of all businesses across Northern Ireland in order to ensure a balanced and sustainable economy. The SDLP is determined and committed to ensure that manufacturing and business thrive in Northern Ireland, with results that clearly benefit everyone in the community.

The reduction of poverty and the creation of higher levels of employment opportunities must be our top priorities.

It is in that context that I fail to understand why the British Government are intent on pursuing a change that has no mandate from the political parties represented in the Chamber and that will have a completely negative impact across all the communities that we represent. As some of us heard from Basil McCrea this morning, it will potentially lead to a loss of upwards of 30,000 jobs; we cannot tolerate that. It could also lead to businesses closing down, as was mentioned previously, or relocating to the South of Ireland.

If the legislation is fully implemented, it will make an already difficult marketplace even more difficult for businesses to work in. Existing manufacturing companies are facing increasingly difficult trading environments. If industrial rates are not capped in some way, the gap between North and South will widen further, placing Northern border counties on an uneven playing field and at a further disadvantage when attracting investment.

The imposition of industrial rating will throw the manufacturing sector into crisis at a time when it is much harder for businesses to ensure a more sustainable future. We must also consider new business start-ups. What incentives will there be for future generations? What encouragement will be given to young people who may consider starting up their own businesses? Industrial rating will increase overheads and make it more difficult to make profits.

At a time when we are achieving a consensus in the Chamber, we not only hope but demand that the Secretary of State takes account of the motion, which will undoubtedly be passed.

Madam Speaker: Before I call the next Member to speak, I remind Members of the convention relating to maiden speeches.

Mr McCausland: I support the motion. It is quite clear from the debate that there is a broad consensus on this subject that stretches across political parties — with the notable exception of the party that happens to be missing today — across different business sectors and across the Province. Members from the west of the Province, mid-Ulster and the east of the Province have spoken on the issue.

The decision to phase out industrial derating was ill conceived and ill considered. The former Finance Minister, Lord Rooker — recently departed but not much lamented — was in favour of industrial rating. He said:

“There really is no reason why the manufacturing/industrial sector ... shouldn’t pay”.

He was quite fond of the term “no-brainer”, but on that occasion, he was not using his brain, because only someone who has not thought about the matter could actually say that there is no reason.

There are good reasons why derating for the industrial and manufacturing sectors should be retained — primarily, jobs and employment. The point has been made on a number of occasions that unemployment is quite low, so what are people getting excited about? However, the fact remains that, in significant parts of Northern Ireland, many people are economically inactive, many areas have inter-generational unemployment, there are low levels of skills and people seeking work look to the manual or semi-skilled sectors.

When I mention that, I think of my own constituency, because there is a need for more investment, more businesses and more manufacturing there. For example, a few years ago, Invest Northern Ireland spent a considerable amount of money building an advanced factory at Glenbank. It sits across from some of the most deprived wards in Northern Ireland; it is a lovely factory, but it has been empty since the day it was built. It has only ever created one job — and that was the caretaker. Apart from that, they have not managed to create one job; they cannot get anybody to go into it.

Other employment opportunities came along and promised much. The American company Teletech invested in the Northgate centre in Duncairn Gardens and, at one stage, promised 900 jobs. However, it has never created more than a fraction of that, and is constantly under threat. The future of the company is uncertain.

In fact, because the firm is recruiting in places such as Holland and other continental countries so that workers can be brought in from abroad, nothing more than a handful of jobs have been created for the people in the immediate locality. Therefore, the impact on local communities is negligible.

That is why it is particularly important — and several Members have already made this point — that we stress how local enterprises, industries and the manufacturing sector are valuable to the local economy and how they can address unemployment. We should also encourage those sectors. The removal of industrial derating will discourage them, but its retention will encourage them to some degree.

We should be concerned about this matter for the sake of those who have suffered and who continue to suffer from the effects of unemployment. I am therefore delighted that there is such a breadth of support for the motion, and I am happy to support it.

Mr P J Bradley: I welcome the industrialists who are here today, and I am surprised that we are even here together. The message from the Waterfront Hall that day was loud and clear, but, as yet, no one has taken heed of it.

Many different groups are interested in the outcome of the debate. The rating exemption has been enjoyed for almost 80 years and is about to be removed. It is probably unfair to use the word “enjoy”, but the exemption was certainly an encouragement that is now under threat of removal.

The motion is not a call for the continuation of derating; rather, it is a call to freeze the industrial rate at an acceptable 25%. I am aware of over 50 industrial and manufacturing companies, some large, some not so large, but all of equal importance, in my constituency of South Down. Indeed, some of those companies have

been creating employment and manufacturing in my area for over 50 years. Those companies are now faced with something that is between economic uncertainty and complete closure.

Our concerns must not stop there. We must think of those firms' employees and their families. The local economy is also under threat, and at a time when many farmers seek earnings to supplement their farming income, it is to such firms that those about whom we have heard so much today often turn when they seek that secondary employment.

I said in my opening remarks that many groups are interested in the outcome of the ratings debate in Northern Ireland. Included, but for a completely different reason — and we have already heard about this from many Members — are the many owners of industrial sites in the Republic of Ireland who would gladly avail of the opportunity to deal with those whom the Government north of the border are forcing out of business.

We know who out there is listening with interest to what is being said in here, but I ask whether the Secretary of State is listening. If he is, he must not ignore the views that have been expressed in this Assembly. So far, 19 Members have expressed their unqualified support for the business people of Northern Ireland. The Secretary of State should also note that four of the five main political parties that were elected to the Northern Ireland Assembly are unanimously opposed to the Government's proposals.

If Mr Hain is a democrat, he will pay heed to what democratic Northern Ireland is saying; if he is a labour-conscious politician, he will share the concerns of employers and their employees; and if he is a believer in common sense, he will recognise that the common sense that has been repeated so often in the Chamber today cannot be ignored.

I support the motion.

Mr Dawson: I welcome the debate, and I support the motion. It is interesting to reflect that, even in the worst days of the terrorist campaign in Northern Ireland, the manufacturing industry employed about 170,000 people. That was despite the efforts of IRA/Sinn Féin to destroy the economy by bombing our businesses, intimidating and kidnapping business leaders and making the country unattractive to foreign investors. During all that time, many jobs were maintained and businesses strengthened.

4.30 pm

I take the opportunity to pay tribute to the business community and to the many companies, large and small, that weathered the storm of 30 years of terrorist violence. Business leaders, during all that period, kept their heads down; they concentrated on their businesses

and on the employment and stability that those businesses could bring to local communities. In a time of terror and despair, hope was kept alive in an otherwise chaotic and difficult economic climate by the regularity and routine of business activity and business existence, and often business success, in Northern Ireland.

The business community's contribution to maintaining some stability in that time of general instability has never been fully recognised. The irony of the situation in which we find ourselves today should be evident for all to see. Where is the peace dividend for the business community in Northern Ireland? Having striven and worked to create stability during the entire period of the troubles, the business community could at least expect to be rewarded and protected by the Government as we come to the end, it is to be hoped, of the troubled time that we have been through. There is no peace dividend for the business community and no general peace dividend for Northern Ireland across the board.

Rather than seize the opportunity to capitalise on the possibilities for further stability through the business community, and rather than look for creative partnerships to tackle long-term unemployment and use the strength of an active business community to tackle the figures on those who are economically inactive, the Government's response is and has been to penalise the business community, to reduce its profits, to stop the possibilities of research and development, to reduce investment and, ultimately, to create further unemployment, which may lead to renewed community instability.

If ever a policy was ill thought through, ill prepared and ham-fistedly implemented, it is the one that levies industrial rates on our business leaders.

Today, manufacturing jobs are, sadly, at half the number that they were during the worst days of the troubles. Manufacturing is still competing in that global environment, but more particularly, as Mr Dallat mentioned, it is competing with businesses in the Republic of Ireland, where the overall tax regime is more beneficial. The Northern Ireland business environment is different to that experienced in the rest of the United Kingdom. We are the only part of the United Kingdom that has a land border with a country that operates a different fiscal regime and is within the euro zone. The structure of our economy is, as we know, dominated by and focused on the public sector. Members referred to the energy and transport costs, which are higher in Northern Ireland than in the rest of the United Kingdom.

Manufacturing continues to decline in Northern Ireland. Our economy still needs a period of special measures that are clearly focused on delivering a strong, competitive, outward-looking and confident private sector. Levying uncompetitive rates on the manufacturing sector will do nothing to transform our

economy into a private-sector-dominated one; rather it will entrench the dependency culture and will dramatically and negatively impact on the private sector, as has been said many times today. That proposal runs counter to the published 'Economic Vision for Northern Ireland', as set out by the Department of Enterprise, Trade and Investment. It says little that is positive about the notion of joined-up government. The one thing that has been consistent in all the debates in this Assembly has been the criticism of the lack of joined-up government in Northern Ireland.

The House will unite today, I believe, in opposing the implementation of industrial rates beyond the current 25% level. I draw Members' attention once again to the empty Benches opposite. Outside this Chamber, those who would sit there promote their ability and their confidence in demonstrating for the business community, yet they have nothing to offer in debate on its behalf.

Mr Storey: Does the hon Member agree with me that one of the reasons for the absence of Sinn Féin/IRA representatives in the Chamber is that they have no fiscal policy? In fact, in their proposals for the finance of the Irish Republic, they have actually proposed that those levies should be increased. It is a matter of embarrassment as to why they are not here, and it is a matter of inability because they are not able to deliver on any fiscal policies for the benefit of the people of Northern Ireland.

Mr Dawson: The hon Member is of course right that the Sinn Féin party proposal for the economy of the Republic of Ireland is increased taxation. They are the party of increased taxation, and while they proclaim that they are against increased industrial rating here, in the Republic of Ireland they are saying that rates should be put up. They are bereft of sensible economic ideas. As my hon colleague has said, they have nothing to offer in terms of the bread-and-butter issues facing the Province.

The rest of us also need to be challenged, because while it is good for us to leave this place today believing that we have represented the interests of our constituents in the business community, the plain fact remains that we need to do more to influence Government thinking. In the first debate in the Chamber, on the economy, there was cross-community support for a working party to be set up to look at the range of issues affecting the economy in Northern Ireland. Such a working party would be of more value than a contrived restoration Committee, which has no real business to conduct, but which is designed to provide a political fig leaf to the absentee politicians of Sinn Féin. The need for that working party to explore the real economic issues — rates; tax; how we can benefit the business community and drive a competitive economy

through Northern Ireland, tackling the range of issues that needs to be tackled — is urgent.

Today we have expressed our opposition to increased industrial rating. That opposition is all well and good. The pressing need for this House and its Members is to find solutions that will be for the benefit of all the community; solutions that reflect the specific needs of Northern Ireland and challenge the current thinking of the Treasury beyond Northern Ireland and in relation to taxation that is levied here. I appeal to the members of other parties to ensure that that working party is set up, and that we get down to the real business of helping the economy of Northern Ireland in a meaningful way rather than complaining about what others are doing.

Some Members: Hear, hear.

Mr Girvan: I am grateful for the opportunity to debate the issue in the Chamber. I say debate; I have heard one side of the debate today. There is unanimity throughout the Chamber. Everyone seems to be united on the stance that the implementation of the rating policy put forward by direct rule Ministers is nothing but economic vandalism upon the economy and the business community. Coming from the private sector, I am only too aware of all that that implies.

Northern Ireland is a different case from any other part of Great Britain in that our energy costs are probably the highest in Europe. We also have to deal with trying to cross the sheugh, because 75% of everything that is manufactured in Northern Ireland has to be exported to GB, and that gives rise to additional costs. Businesses in my area are feeling the pinch already, not only because of corporation tax and the differential between Northern Ireland and the Republic, but because we went through 30 years of vandalism and terrorism, which has had an impact on business.

I note that the Benches opposite are empty — that party would be only too willing to lambast and shout about everything, yet for 30 years it wreaked havoc not only on the lives of men and women, but on the Northern Ireland economy and the economic well-being of this Province.

We must support capping the rate at 25%. I do not always agree with Mr Dallat, but on this occasion I do. I am glad to support the motion. The focus group has done a fantastic job of lobbying and getting its message across, and I congratulate it on that. It has been very positive in its approach. My party is 100% behind the stance that the business economy of Northern Ireland needs to be supported.

Our reliance on public-sector employment was also mentioned. The death nail is not being driven into Northern Ireland by terrorism, but by the British Government and the vandalism of direct rule Ministers. I support the motion.

Dr Farren: In supporting this motion, I believe that the issue posed by the removal of industrial derating goes far beyond whether the rate is justified, too high or affordable at all. The stark fact is that the present state of our economy and the threat to the manufacturing sector posed by the removal of industrial derating have arisen because of an absence of private-sector investment on the scale necessary to create more vibrant, wealth-creating enterprises. In turn, that failure to invest, as many have pointed out, has come about primarily because of political instability, civil unrest and terrorism.

It is critical, therefore, that we grasp the opportunity to create political stability and cease the seemingly endless game-playing that we, to our shame, allow to pass for politics here. We are already well into injury time, and it is time that we realised it — the people out there do — particularly if we are to address the issues that the motion raises.

Important as the removal of industrial derating is, the more fundamental issue is what support systems must be put in place to move into a wealth-creating, wealth-producing economy that retains as much of its manufacturing base as it can, and, where possible, adds to it. Such an economy would also be able to attract investment — whether from indigenous sources or from overseas investors — in the fast-growing tradable services sectors: in software and technology development; tourism; pharmaceuticals and so on.

It must be admitted that there has been a welcome growth in investment from overseas in recent years, but it has been very slow, especially compared to that of our neighbours in the South, as many Members have pointed out, and in comparable regions elsewhere. Aside from the image created by political instability and unrest that long deterred investment, we do not have a competitive investment offering to effectively meet that which others can offer.

It is to that issue that we must apply ourselves, and, in the meantime, take every step possible to ensure that no sector of our economy is made to carry burdens that it cannot bear. We are supporting this motion to allow a breathing space while we develop an agreed investment strategy and package of supports to ensure that the strategy succeeds.

That breathing space is necessary because our manufacturing base is under considerable pressure. However, we recognise that such pressure is not exclusive to manufacturers in Northern Ireland — that industry is under pressure almost everywhere in the Western World, particularly those forms of manufacturing that can be moved easily to places where costs are much lower. As we cannot demand access to other markets if we try to adopt anti-competitive protectionist methods, we cannot expect our manufacturers to be immune or to be unduly protected.

4.45 pm

However, the request to peg industrial rating at 25% is not a case of seeking a form of protection. It is a tax that, because it is not income-related, has the potential to increase uncontrollably for the payee. Therefore, although this form of taxation is widely used elsewhere, in our situation, where the numbers involved in manufacturing have been in serious decline, it has the potential to do serious damage very quickly if the escalation of the rate continues. Therefore, a moratorium in its application is essential — at least until a new agreed investment strategy and the necessary support packages are put in place.

Two weeks ago in the first debate in this Assembly, Members began to tease out some of the features of such a strategy and what its support package should consist of. If my recollection is correct, we seemed to agree generally that we want our economy to develop in the way that I have just outlined. We also discussed some of the supports that we believe should be provided: tax incentives to match those elsewhere, such as the frequently mentioned 12.5% corporation tax in the South; incentives to encourage research and development; marketing and training; and reforming our education system to focus more on vocational needs.

Many Members also stressed the clear benefits of an all-island approach in which a joint North/South strategy to attract inward investment could have very positive results in pulling in key overseas investors. We urgently need to apply ourselves to putting that package together, whatever it is. We also need to examine the levels at which industrial rating should be set and how other forms of businesses, apart from those in the manufacturing sector, should be rated. For definitional reasons, there are anomalies in the present situation that exclude many businesses that might now qualify from the present concession. Therefore, it is justifiable for those of us who may put that kind of strategy together to ask how we classify and rate across the whole business sector.

If we are to put together an economic recovery package and seek support for it, we need to ensure that it is comprehensive and that it sets ambitious and challenging targets. It is an urgent task; it is becoming clear that the main driver of our economy in recent years — public-sector investment — can no longer be relied on to continue generating the levels of growth that we have experienced over the past decade.

Public-sector expenditure could well decrease as a proportion of the economy over the next few years, and many commentators expect that it will do so. Therefore, private-sector investment must play a greater role if we are not to experience lower levels of growth, an increase in unemployment and even greater threats to our manufacturing sector than it currently experiences.

We have a responsibility to address this issue. I agree with those who want to see it addressed urgently as part of preparation for Government. Indeed, I have come from a session of that Committee today. There is an opportunity in such a Committee to identify the relevant issues and examine how they might be pursued. It is a responsibility that we must discharge urgently if we are to restore the hope that the institutions should be giving to the electorate.

Mr Storey: I welcome, and concur with, the comments made today by many colleagues. In particular, I endorse the comments made by the hon Member for East Antrim, Mr Dawson. When one comes to this stage of a debate it is always difficult: many of the issues have been covered and the points made. One recurring point seems to be that we are glad to support the Member for East Londonderry, Mr Dallat, for tabling the motion. If nothing else has been achieved today, that is something that we can commend.

Rather than rehearsing all that has already been said, it would be beneficial to come at this issue from another perspective. First, I place on record my support for the motion, but I do not believe that a motion from this Assembly will carry the weight that it should unless we consider some other matters from another perspective. Let me read three statements that we should think about. The first reads:

“The climate for change”

— that is, to restore industrial rating —

“probably exists provided it is implemented incrementally over, say, a period of ten years”.

Who might have said such a thing? Was it Peter Hain, or Paul Murphy or Angela Smith? No, it was not. It was the Ulster Unionist Party.

The second says:

“Without clear evidence of necessity and effectiveness, it is difficult to maintain the argument that other businesses should foot the bill for industry in this country, given the present economic climate”.

Was that statement made by Ian Pearson, or the much-maligned, and rightly so, Lord Rooker, or David Hanson? No. In this instance it was the SDLP.

Finally —

Dr Farren: Will the Member give way?

Mr Storey: No, I will not give way.

The third statement reads:

“The removal of industrial derating will give an enormous boost to the Northern Ireland economy.”

I see some Members beginning to shift nervously in their seats. They can relax, because that last statement is not true; it was made up.

I read those first two statements not to castigate or to embarrass either the Ulster Unionist Party or the SDLP, but to make a broader point. The proposals for the removal of industrial derating were initially discussed and suggested by the previous Executive, partly on the basis of an economic analysis of the subject, and partly because of the promise that alternative arrangements would be put in place. However, it is absolutely clear and evident to us today that it has not been and may not be possible to make such arrangements. From the information provided by the manufacturers who are here today, it seems that a further economic analysis needs to be carried out.

In those circumstances, as well as calling on the Government to freeze the level of industrial rates, I concur with the point that was made about pressing forward with the economic working group that this Assembly decided it would progress. It seems that there is reluctance and dragging of feet on this issue, and there should not be. There should be urgency. Let us put our money where our mouth is.

There is no point in trying to convince the manufacturers who have come to the Assembly today and who have lobbied the political parties over the past few months that we are behind them, if, when they look back, we are so far behind that they cannot see us. They must be able to see from this debate and what we do about it that we take the issue seriously.

The challenge — and I concur with the hon Member from East Antrim, Mr Dawson — is not about trying to set up some fig leaf Committee that will salve the conscience of the party that is absent today, so that we will have some form of shadow Assembly that it can use and abuse. The challenge is to establish the working group and ensure that its proposals are beneficial.

The Preparation for Government Committee must consider the wider perspective and urgently look at issues such as how to provide the best environment for industry; what the likely impact of industrial rates will be at a variety of levels; how to better assess rates for industry; how to make up for the loss in revenue; and where to cut back in expenditure terms. Unless we are prepared to confront those issues, our motion will not be taken seriously even if passed unanimously.

A major problem with direct rule that is often overlooked is that not only are unaccountable decisions taken, but it can lead to unconstructive opposition. That is understandable but it is not desirable. The members of the NIMFG visiting the Chamber today have, more articulately than most of us politicians, identified what those problems are, because they face them daily when the bills arrive and the books have to be balanced. Let us not only identify the problems but, where realistic, let us provide the

solutions that will ensure that the economy of Northern Ireland continues to grow and prosper.

Mr Kennedy: Madam Deputy Speaker, thank you for the opportunity —

Madam Speaker: It is Madam Speaker.

Mr Kennedy: Sorry, Madam Speaker. If you had had the day that I have had, Madam Speaker, confusion of that nature would be expected. *[Laughter.]*

I apologise to you profusely. As you are no doubt aware, I have been engaged with others on the Preparation for Government Committee. I suspect I would have been of more use to my constituents had I been in the Chamber.

Some Members: Hear, hear.

Mr Kennedy: No discourtesy was intended for my absence during the debate. I am aware that it was a convention of the old Assembly that Members had to be attentive to the entire debate rather than drift in and out of the Chamber. However, thank you for your understanding.

I pay tribute to NIMFG for the way that it has led the campaign to raise awareness of this issue. It has done so in a commendable and expert manner. Those representations have been listened to, and I hope that that will continue.

Many of the local manufacturers in my constituency of Newry and Armagh have made excellent representations to me in complete support of the view of NIMFG. I pledge my full support, and that of my party, to this campaign.

I had the great privilege to be in the Waterfront Hall — and it is not often that Ulster Unionists have had the privilege to be in the Waterfront Hall.

[Laughter.]

We have often been in the Waterfront Hall, but it was pleasant to be there at the end of April to be part of the public rally organised by NIMFG, to hear its representations at first hand and to see that political support was evident from all quarters.

A compelling case has been made by NIMFG.

5.00 pm

Politicians of all types and from all parties are aware of, and support, that case. There was widespread political support for it in the subsequent meeting with the Secretary of State, who agreed to carefully listen to and consider the points that were made, particularly that of freezing the rating level at 25%. Therefore, it is important that the Secretary of State recognises that, where political consensus exists — albeit that that consensus includes a party that has chosen to absent itself from the Chamber, but still apparently supports

the principle of the campaign — he should listen to and act upon those views.

Amid the current uncertainty surrounding the Assembly, the hard-pressed taxpayers and electorate of Northern Ireland might then at least see that it, in persuading the Secretary of State to freeze the rating level at 25%, pending the full review, is capable of achieving something. I make that call and I hope that it will be unanimously supported in the Chamber today.

Mr Paisley Jnr: Like many, I apologise for not being present for all the contributions from Members. As the previous contributor said, there was other Assembly business. Some have described it as the fig leaf Committee, others as the Preparation for Government Committee, and others have said that it is about scoping. Having come from that Committee, I feel that it is like scoping without hope. Nonetheless, I apologise for not being in my place for the whole debate. I welcome the fact that there has been, from the reports that I have heard, a good debate and great support across the Chamber for the motion.

I congratulate NIMFG, which started out some time ago as the North West Group, and as all good things, was founded by a Ballymena man. The group brought concerns to elected representatives, and I congratulate it for keeping that campaign going. It is good that some people who were opposed to what the group was saying at that stage are now very much behind it and appear to be supporting it.

I remember attending a meeting that NIMFG had organised. Two Members of the current Assembly and another who is no longer with us, Mr McClelland from South Antrim, were there, and they vehemently opposed the DUP's call for industrial derating. They told us that it was impossible and that there were all sorts of things in the bigger picture of which we should be aware. My colleagues have outlined some statements that some parties have made. I remember sitting in a meeting one night and being told that industrial derating was nothing more than a perk.

The Member who said that is sitting here today, but I will not embarrass him by naming him. Industrial derating is not a perk. It was a crucial issue for NIMFG.

Other Members have drawn attention to the fact that Sinn Féin is not here and have indicated their disappointment at that, or at least they have been prepared to highlight the fact that its unwillingness to be here demonstrates its unwillingness to discuss the crucial bread-and-butter issues. Many of us will, of course, reflect on its absence in the knowledge that, for years, the Provisional IRA was content to bomb businesses and to murder and kidnap businessmen. Today, it is still involved in robbing banks, in tiger kidnaps, and in an economic strategy that is against the very opportunity about which everyone in the Chamber has

spoken today, which is the need for Northern Ireland industry to be a success. Sinn Féin's absence today is probably borne out of embarrassment, as well as political expediency.

Other Members have commented on Sinn Féin's economic strategy vis-à-vis the Republic of Ireland. Again, I put on record that the Provisional IRA and Sinn Féin have no interest in an economic strategy that is about economic success.

Even the Government of the Republic of Ireland have said that they would not have Sinn Féin about the place because of its economic agenda. It is important to bear that in mind.

Many people have poked fun at the person who tabled the motion. I will not do that because it is unfair to him, and I think that Members have found some agreement on the motion. However, freezing the industrial rate liability at 25% is second best for Northern Ireland. It is not our first choice; we would like industrial derating to continue. Today, our message to the Government is that the capping of the industrial rate at 25% is second best. Derating was an entitlement that ought never to have been interfered with by the Government, and signals that they could interfere with this issue ought never to have been sent by the last Executive to the Government. Its removal means that, due to European regulations, we can never return to the cherished position of having industrial derating.

Now that it has been picked over, let us get it capped at this low rate as early as possible — as has already been said. If industrial rating is allowed to increase, it will affect business, employment and opportunity. People have discussed and haggled over how many thousands of jobs will be lost. Some people have said that it could be over 30,000; others have said that it will be more than that; and others have said that it will be less. Let us be clear: if industrial derating continues in the way that the Government plan, it will affect thousands of jobs. Whether that is a few thousand or tens of thousands, we cannot afford the problems that that will bring on our manufacturing sector. It is important to put that on the record and to recognise that the loss of thousands of jobs is thoroughly and totally unacceptable, and that is why the DUP supports the motion.

The introduction of full industrial rates will not only see the loss of thousands of jobs, but it will hinder research and development opportunities. Research and development is the engine room of manufacturing because it allows for that critical progression, growth and development. If growth and development are stymied, productivity and employment are undermined, and we will see the end to many parts of what has been — against the odds — a successful manufacturing sector.

Many Members have spoken to manufacturing sector employers in their own constituencies. With my colleagues, I have met representatives from Wrightbus Ltd, the Gallaher Group, Michelin, O'Kane Poultry Ltd and several others. Those four manufacturers account for almost 6,000 directly employed people across north Antrim and beyond. Those employers have systematically said that the removal of industrial derating would hamper their opportunities and growth potential and see our constituents put out of jobs. That is not acceptable. It must be placed on record that we oppose that, and that is why I reiterate that the DUP supports the motion.

It is unacceptable to tell employers that they must pay somewhere between 2% and 15% of their profit — if they have it — on this industrial rate before they turn the key in their door. The sooner the Government get that clear and certain message, the better.

I have seen other companies in my constituency such as Tyco Electronics being undermined. The company has faced hard challenges from abroad, and on top of that, it is faced with a huge rates bill that it could have done without — indeed, it might have just kept hope alive for certain jobs.

What we need, and what my colleague from East Antrim has quite rightly put forward — as have other colleagues in the Chamber — is an industrial package. The package should not only address the rating issue, but address essential industry-related matters such as duty on transport, fuel and energy costs and pension rights in the workplace. That package of measures must be identified early and put before the Government, and we must insist that they introduce an acceptable policy.

We must send out a message that a complete package will make business flow, not seize up. We do not want to see business seize up in Northern Ireland; we want to see it flow, expand and grow. We have heard in earlier debates in this Assembly that we need to create over 100,000 jobs in the next 10 to 12 years. We shall never do that if measures such as industrial derating are removed in their entirety. We shall never create the opportunities that people wish for if we remove the benefits that our industry has been able to build on, despite its being put at a disadvantage by others.

I, like others, endorse the motion and hope that the Secretary of State is sent a clear and certain message tonight that this House supports industrial derating; calls on him to cap the industrial rate at 25%; and reiterates that he should never have allowed his Government to have removed industrial derating in the first instance.

Madam Speaker: Before I call the final Member to speak before the winding-up speech, I remind Members of the convention to be observed during Members' maiden speeches.

Mr Newton: May I remind you, Madam Speaker, that this is not my maiden speech? I spoke in the debate on the economy.

Madam Speaker: I am sorry.

Mr Newton: That is fine; do not worry. I do not regard it as an insult. I do not consider it offensive in any way the fact that you cut short my contribution to that debate.

Madam Speaker: That is why I want you to say all that you can.

Mr Newton: Thank you, Madam Speaker. The clock has not started running yet, has it?

Madam Speaker: No.

Mr Newton: Like many other Members who have spoken, I pay tribute to the Northern Ireland Manufacturing Focus Group's campaign, which has been very professional and worthwhile. It has highlighted some very important issues.

I know, through contact with some of the companies that are represented on NIMFG and with other companies that are not members — perhaps they fall into the category of smaller businesses — that there is major concern about industrial rating. I also know that the manufacturers are not people who would be easily got out on to the street to protest. They would not normally be willing to drive their lorries to the Waterfront Hall in Belfast to make their protest in such a public way. They are generally conservative in their attitude and pursue their business activities responsibly. They are positive individuals. To go into and to remain in the manufacturing industry today, one must be extremely positive.

We must appreciate that manufacturers are this economy's wealth creators. They are the people who earn the exporting pounds, dollars and euro that bring jobs to Northern Ireland and that keep those jobs here. They have survived more than 35 years of turmoil and terrorist activity. I am sure that many of them can recount stories about the impact that those terrorist days had, and the impact that continuing terrorist-related criminal activity has on their business. It would be wrong to say that the Government do not care about the impact that additional costs have on manufacturing. They certainly care to an extent, but whether they follow that up with a strategy is open to question. It is only a short time since the Government listened to what manufacturers were saying about energy costs. They listened to the extent that, in meeting with the employers and listening to what they had to say about the disadvantage of manufacturing in Northern Ireland due to higher energy costs, they were prepared to consider giving a £30 million package to try to alleviate, in some way, the energy costs that are placing manufacturers in

an uncompetitive position compared with other parts of the United Kingdom.

5.15 pm

The Government took the manufacturers up the road and agreed that a subvention of £30 million would be made available and then told them that they were sorry but they could not do so because the EU would not allow it.

That £30 million was for the manufacturers, yet it is not being used in any positive way, because of the EU and because — as I understand from questions that my colleagues and I asked — DETI cannot find a way to put it into the system. It is recognised that there is a problem, but it cannot be addressed.

I am favoured to be a member of Belfast City Council, which is not a body with an irresponsible attitude. The response of the council's development department, which is quite sophisticated, to the Draft Rates (Amendment) Order 2003 was that it considered that the consultation process regarding industrial derating was overshadowed, as it was carried out as part of a wider consultation on the future rating policy in the region. The department was concerned that relevant parties, particularly businesses and trade unions, who might have wished to contribute to the consultation process had no opportunity to do so.

There were serious concerns about the impact that this would have on the businesses of Northern Ireland.

Last year, confidence in the local manufacturing sector was so low that an official Government report urged a programme of action to include the promotion of the message that manufacturing has a future. We are in danger of talking ourselves into the idea that there is no future for manufacturing. 'The Future Role of Manufacturing in Northern Ireland' was the title of the report, which was commissioned by the Department of Enterprise, Trade and Investment from that well-known consultancy house PricewaterhouseCoopers. It was produced last summer because of the haemorrhaging of manufacturing jobs and the movement of companies to low-cost countries.

The report is impressive, and it now needs to be actioned. Manufacturing needs to see that something will be done as a result of that report. My concerns have been raised since reading it, and Members from probably every constituency in Northern Ireland referred to recent closures of manufacturing companies throughout Ulster. I suppose that a politician does not really understand the impact that this issue can have, and I thank the manufacturing group for raising it and for graphically presenting what might happen.

Whether you accept that there will be the 30,000 job losses that one Member mentioned or whether there will be more or less than that — the figure does not

really matter — industrial rating will cost jobs in Northern Ireland.

There is a need for some positive movement on the various issues identified in the report. Employers should, and will, receive the support of this House in their campaign. Northern Ireland had a favourable rates position, but it was small when weighed against the advantages in other parts of the United Kingdom. It was a small inducement to make Northern Ireland an attractive manufacturing place for inward investment.

However, we must not shoot ourselves in the foot by detracting in any way from the impact of industrial rating.

In a Department of Finance and Personnel policy document entitled 'Review of Rating Policy – The Rating of Vacant Property and the Removal of Industrial Derating', a strategy option states that, through the rationalisation of property assets, manufacturers can collectively reduce rates that have been levied on them by up to 15%. However, every business implements a strategy of looking at its costs; every organic business has the right to evolve its strategy and adapt it to prosper in those conditions. Those businesses will do that, and will do it naturally.

I reaffirm my earlier agreement with the report on the future role of manufacturing, which found that innovation is the key to success. Along with my colleagues, I have asked the Department of Enterprise, Trade and Investment to place more emphasis on research and development activities. At a recent meeting with senior executives of Invest Northern Ireland, I urged the promotion of a better uptake of research and development grants to help local companies.

My party has taken the lead on this issue and has called for an immediate reduction in corporation tax to at least 12.5% or, better still, 10%, in the hope that that will spark a new business culture infused, as we have said over and over, with the spirit of innovation. Fortunately, Tony Blair has announced a study on the potential for tax breaks to boost the Province's economy. We are at the very edge of the European Union, and are, therefore, the most remote part of it, and we need every advantage.

Madam Speaker: Can you draw your remarks to a close?

Mr Newton: I am just coming to a conclusion.

The point has been made that the Secretary of State needs to listen to this debate and to take heed of the points and the good sense of the debaters in the Chamber and of Northern Ireland manufacturers. Manufacturers need our support and encouragement.

Madam Speaker: I am sorry, Mr Newton, but your time is up.

Mr Newton: You are making a habit of this, Madam Speaker. *[Laughter.]*

Madam Speaker: No, I am not. Every Member has had 10 minutes to speak, and you are the first Member whom I have had to ask to curtail his remarks today.

Mr Newton: It is nice to see unity of purpose in the Chamber.

Madam Speaker: We are now at the end of a long day.

Mr Dallat: This has been a good debate. I was hoping that, with all the plaudits coming across the Floor from DUP Members, the Secretary of State would have no choice but to make an immediate decision to freeze the rates. Unfortunately, Ian junior appeared on the scene and knocked a few dents in this new-found harmony. I am sorry that he did not talk to me earlier; I could have assured him that the Northern Ireland Manufacturing Focus Group agreed with the motion. However, even if he disagreed with the motion, he had an opportunity, until 9.30 am this morning, to table an amendment.

Madam Speaker: Stop the clock. Mr Dallat, I must take a point of order.

Mr Paisley Jnr: On a point of order, Madam Speaker. I do not know whether there is anything in the Official Report that will show that I said anything against the motion. I have spoken in support of it.

Madam Speaker: That is not a point of order.

Mr Dallat: He said that there should be no industrial rating at all. Nevertheless, we have had a degree of agreement, and the fact that it happened on the sixth of the sixth '06 is good. Perhaps all the other disagreements in the Assembly will now vanish and, in future, the Chamber will not have empty Benches, but will be packed to the gills with enthusiastic Assembly Members working on behalf of the people who elected them.

Member after Member emphasised the need to act now before budgets are set for the next financial year, a point made very clearly by Sir Reg Empey and Dr Birnie. The motion needed to be debated now — not at some time in the future. The fact that the Public Gallery has been packed with industrialists is a clear sign that the concerns are real. They are not men and women who should be at home looking after their businesses, as Lord Rooker said; they are people who are fighting for the survival, not only of their companies, but of the jobs of the people whom they employ.

I congratulate them on their just and dignified campaign. Indeed, I take hope from the fact that elected representatives and the business community have taken a partnership approach.

My colleague Margaret Ritchie made the valid point that there has been a period of rising unemployment and that during such times, the most vulnerable suffer

greatest. Nelson McCausland, speaking from an urban perspective, made the same point.

Here is a simple piece of advice for the Secretary of State: he must listen to the voices of this Assembly and businesses and lay the foundations for a positive future for all our people. He must remember, as Members have pointed out, that this economy is still recovering from the past. For that reason alone, we should not create havoc in industries that have provided jobs in the worst of times and that should be allowed to continue to do so in normal times. We need to convince the Secretary of State that jobs are one of the keys to unlocking a new future that does not look to the past but that has its eyes fixed on a confident future. Perhaps it was a little unwise to draw parallels with Dr Shipman, and I regret that that comment was made.

My colleague Tommy Gallagher rightly mentioned that new employment in the west brings short-term benefits, but those are cancelled out by other job losses in the same constituency. He also reminded us that Members have a duty to resolve their differences. We may not like that, but it is a fact.

His constituency colleague Tom Elliott reiterated the problems of the west and emphasised the need to freeze the industrial rating. Arlene Foster endorsed all those points and expressed disappointment that the Sinn Féin Members for that constituency were absent. Let us hope that the chairman crisis is resolved so that it will be happy families in Fermanagh and South Tyrone.

Roy Beggs reminded us of the loss of income tax, National Insurance and the rising unemployment benefits' bill. Of course, none of that measures the loss of confidence, the shattering of morale and the sense of hopelessness — about which I spoke earlier — that my father experienced all those years ago.

Pat Ramsey spoke passionately about the sense of devastation in the Derry area when factories closed, resulting in hundreds of job losses. The Secretary of State must surely listen. My colleague P J Bradley underlined what others have been saying all day in this Assembly: he must act decisively now.

Towards the end of the debate we had flashbacks to the past, which I am used to, but we cannot live in the past. We must move to the future, together as one voice, representing those who keep the wheels of industry turning. Some argue that the good wine is always kept to the end; and here Dr Seán Farren called for an end to the blame game. He called for support systems to be put in place so that industry can have a bright future. He welcomed overseas investment, but that is much too slow. He called for an end to industry having to carry burdens that it cannot bear. I have no doubt that industrial rating is at the top of the list.

I was a bit sorry that Mervyn Storey did not give way to Dr Farren; we could have had an entirely accurate record of what happened in the past.

Mr Storey: On a point of order, Madam Speaker.

Madam Speaker: If it is a point of order.

Mr Storey: It is. The accusation has been made that I was in some way inaccurate. I have the SDLP's official response to the review of the rating policy, and for accuracy, I will continue to read from it. It states: "We therefore support this proposal".

I may have not had a third-level education, but I can read and understand what that paper says.

Madam Speaker: That is not a point of order.

Mr Dallat: Madam Speaker, I also have a response from Dr Farren, which is somewhat different. At this stage of the day —

Madam Speaker: Order.

Mr Dallat: At this stage of the day, we will not fight. We have had a good debate, and I congratulate the DUP for being so well behaved all day. It would be an awful pity if they had problems now.

5.30 pm

The main issue is to send the message back to the Secretary of State that the motion has been agreed unanimously and that he must act on it now, not at some time in the future. This affects the jobs of people who perhaps feel a lot less secure than we do — although, God knows, if politicians should feel secure in their jobs; I am not sure.

In conclusion, I congratulate all the Members who spoke today on their excellent contributions.

Question put and agreed to.

Resolved:

That this Assembly, pending the restoration of a fully devolved Assembly and power-sharing Executive:

- (a) calls on the Secretary of State to freeze the Industrial Rate at 25%;
- (b) agrees with the Northern Ireland Manufacturing Focus Group that the introduction of full Industrial Rates as currently planned by the Government will lead to devastation in the manufacturing sector and the loss of thousands of jobs; and
- (c) therefore calls on the Secretary of State to deliver on his undertaking to act upon the agreed position of all the political parties, and cap the Industrial Rate at 25%.

Adjourned at 5.31 pm.

THE ASSEMBLY

Friday 7 July 2006

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

Members observed two minutes' silence.

ASSEMBLY BUSINESS

Madam Speaker: In accordance with the Northern Ireland Act 2006, the Secretary of State has directed that the Assembly should sit on Friday 7 July 2006 at 10.30 am to consider business as it appears on the Order Paper. The Secretary of State has also directed that the Assembly should rise for the summer recess at the close of business today and should return on Monday 4 September.

SECRETARY OF STATE MOTION

Spending Review and Priorities

Madam Speaker: The Business Committee has agreed that a maximum of four hours be set aside for the debate. The Committee also agreed that the first round of speeches should be limited to 15 minutes, with subsequent Members being allowed 10 minutes. I intend to send a copy of the Official Report of the debate to the Secretary of State.

I remind Members that a two-minute silence will be observed across the United Kingdom at 12.00 noon today to mark the first anniversary of the London bombings. It was agreed at this week's Business Committee meeting that I should, therefore, interrupt proceedings at an appropriate moment to announce the period of silence and to allow Members and staff in Parliament Buildings to observe it. If a Member is speaking at the time, he or she will be allowed to continue after the silence with no reduction in speaking time.

If that is clear, I shall proceed.

Mr P Robinson: On a point of order, Madam Speaker. At the first meeting of the Assembly I raised a point of order about the standing of what has become known as the Ulster Unionist Party Assembly Group, which purported, at one stage at least, to be a political party. When might the Assembly expect a ruling on that issue?

Madam Speaker: As Members will be aware, the Clerk to the Assembly has been gathering information on this subject. This has now been provided to counsel and I shall rule on the matter once I have received counsel's further advice. I, like you, regret the delay, but I want it to be an absolutely clear decision. Members will appreciate that the issue must be examined thoroughly.

Motion made:

That this Assembly notes the results of the Spending Review 2004 and the current Comprehensive Spending Review 2007 and their implications for the spending priorities for a Programme for Government to be agreed by a Northern Ireland Executive following its restoration on or before 24 November 2006. — [*The Secretary of State.*]

Rev Dr Ian Paisley: Madam Speaker, we are surrounded in the Assembly by mystery. We do not know what is going to happen. We are here because the Secretary of State, in his benevolence, has permitted the Assembly to meet today to discuss the comprehensive spending review.

As a Member of the Assembly representing the people of Northern Ireland, I feel that the way the business of the Assembly is conducted from the office of the Secretary of State is absolutely outrageous. All the parties in the Assembly should have had the right

to be consulted about what would be debated today. No individual party should be able to dictate the business of the Assembly. We have had dictations right, left and centre — especially from the party that is conspicuous by its absence from this House today.

The time has come when this House needs to consider its own sovereignty in regard to the matters in the Act that set it up. This Assembly has responsibilities and a certain sovereignty. Listen to the Secretary of State and look at the papers we eventually receive from him about the conduct of business in this House — it is absolutely ridiculous. The rules can change within hours rather than days. This Assembly must signal to the Secretary of State that if this is the way that he wants to conduct his business, he can conduct it on his own.

There is no use in pretending that this Assembly has at least some democracy when it has very little, and indeed would have none at all if the Secretary of State had his way. I protest and put on record that Members and parties in this House should be consulted in some way about the business to come before it, especially when that business is not in keeping with the rules of the House in regard to the Business Committee or any other Committee that wants to bring forward business.

The time has come for us to tell the Secretary of State that he cannot simply call a meeting of the Assembly, and, a day or two before it, say, “Here is a bit of paper; get on with it” and then tell us that on a certain day we will be out anyway. That must be brought to an end. The tragedy is that this Assembly meets and seeks to conduct its business while one party that is much involved with the setting of that business refuses to come to the Chamber. Yet the Secretary of State insists that other parties attend the meetings of a Committee that has the authority to bring matters before the Assembly.

Madam Speaker, I do not want to weary the House or to get on your wrong side. I do not worry when you make your own decisions, but I worry when the Clerk whispers in your ear. I was told by an old Member of the first Stormont Parliament that when one sees the Clerk whispering in the Speaker’s ear one should beware. I see that the Clerk is now getting impatient and speaking in your ear.

Madam Speaker: I have listened intently to the Member, but I would now like to hear him address the motion.

Rev Dr Ian Paisley: In another place we would call this a “Dan to Beersheba” motion: one can walk over the whole land — whether it be holy land or not. The motion is wide enough for that because it includes everything.

The most important issue at the present time is the security of the citizens of this land. Not only are we

living in the shadow of terrorism as terrorists carry out many atrocious crimes, but individuals in the Province are being attacked, especially womenfolk. That is absolutely deplorable, and any right-thinking citizen should be alarmed by the lack of security for the individual. Every day, other matters arise that cause us to wonder whether there is any real security for the people of this Province.

Tied in with that is the agitation surrounding the marching season. Some of us think that the great persuaders in this matter are those who are out to make trouble at various marches. They seem to have so much strength that if they threaten enough, their threats are listened to.

A serious matter has arisen in the village of Dunloy in my constituency. I resent the fact that, at this time, certain Protestants cannot lay a wreath in their graveyard without being told where they should stand so that they will be concealed behind a wall. When a country cannot honour its dead in reverence, it is on the road to anarchy. I feel strongly about that, and about the fact that at that particular incident, which could have become serious, when there was opposition —

10.45 am

Mr McCarthy: On a point of order, Madam Speaker. What has this got to do with the motion on budgetary constraints?

Madam Speaker: I imagine that Dr Paisley will come to the financial implications in due course.

[Laughter.]

Rev Dr Ian Paisley: The hon Member must have forgotten that policing the Province is expensive. Vast amounts of money are laid out on that. Mr McCarthy should recognise that that must interest those who want to represent their constituencies.

Last year, as this particular parade was taking place, there was lawlessness and illegal parking of vehicles to deny the Protestant people peace to remember their gallant dead. Not one person was taken to court or made to pay the price for that lawlessness — not one. Those who have been negotiating with the police and the authorities have told me that the ante is up. Those who got away with illegal acts and lawlessness last year think that they can go one better this year, and the threat is now greater.

Those matters may not interest the Member from the Alliance Party, but they interest me and all right-thinking citizens in the community. There is great expenditure on security. If there were lawfulness in the country, less money would need to be spent.

I do not know whether the civil servant who wrote this motion for the Secretary of State realised that Members could say anything here today and tie it in to

the spending of Government money. Although the Clerk may whisper in your ear, Madam Speaker, that does not alter the fact that expenditure on policing must be faced.

We can go to France, stand at the Somme and see the liberty that is given to people of all creeds to pay honour to their gallant dead. Yet, in our own country, those who carry out acts of lawlessness resist that. They get away with it and nothing is done. That is a sad comment on our land today.

Mr Gallagher: Does the Member agree that the best way to address many of the serious issues that he has raised is for elected representatives to assume responsibility for them; in other words, to have devolved government?

Does Dr Paisley recognise that the DUP is one of the parties blocking progress towards devolution, without which there will be endless hot-air debates here? The DUP, as it did at yesterday's meeting of the South Eastern Education and Library Board (SEELB), will take part in hot-air debates in which it criticises everybody and everything, and yet will not accept any responsibility.

Rev Dr Ian Paisley: The hon Member is himself engaging in hot-air debate. Does he not know that members of his own party were in that debate yesterday, and voted with the other elected representatives? Or does he think that children in need of special payments for their education should not be treated as they would in any civilised country? *[Interruption.]*

If the Member wants to make a speech, he should make it in the time given to him. There is no place for the people that the Member wants in a future Government of Northern Ireland. The gunman will not be there, and neither will the people who carry out criminal activities. Those who are associated with terrorism, from whatever side of the country, will not be there with my vote, or the vote of my party.

The Member may vote for them, and work with them, as he did in the past. We will not be working with those people. The way to peace is an utter rejection of terrorist violence and all that goes with it. I regret that the hon Member has expressed those views in this debate, because I thought that he, at least, had sympathy for those who do not want terrorism in Government.

This is an important debate, because it deals with people's lives, their well-being and the well-being of this country. I trust that today, in spite of all the peculiar circumstances surrounding this debate, and the strong eloquence of Benches not sat on, the people of Northern Ireland will know again exactly where the truth lies, and will back that truth with all their might as the party I lead intends to do in this House.

Dr Birnie: I am very pleased that we have been granted this debate. The decree, as it were, has come down from the royal court, and the peasants have been allowed to have a discussion about what crops to plant for the next couple of years.

Mr McNarry: The croppies are not here.

Mr Kennedy: Croppies lie down. *[Laughter.]*

Dr Birnie: Now, now.

To cut through the convoluted wording of this lengthy motion, it seems to be saying that Northern Ireland is facing something of a squeeze on the growth of public spending. That is undoubtedly the case. We had warning of this in the Budget last December, and no doubt the forthcoming comprehensive spending review will reinforce the point.

Dr Paisley said that this was a Dan-to-Beersheba motion, and I suppose that — to continue the biblical analogies — our situation is similar to the seven lean years following the seven fat years. Beginning in 1999, we have had five or more years of rapid growth in public expenditure; between 4% and 5% on average annually in real terms. For the foreseeable future, that rate of growth is going to drop to about 2%. If, as has happened previously, the Department of Health, Social Services and Public Safety continues to get a rapid increase, the implication is that many other Departments will face either zero growth or, indeed, reductions in their spending levels.

The crucial implication is that if one thought that the previous Executive of 1999-2002 faced hard spending decisions, any returning Executive this year or at any point in the immediate future will inevitably face a greater host of spending dilemmas.

That is the context. In a tough expenditure environment we have the logic of the comprehensive spending review. To use the jargon, the review is zero-based: no programme can be taken for granted, and everything must be justified against alternative uses of funds.

I wish to turn to some themes that relate to public spending. Aneurin Bevan, Welsh politician and founder of the National Health Service (NHS), said that socialism is the language of priorities. Indeed, given competing demands and scarce resources, all proper politics is about identifying priorities.

There is every indication that the public regards health as a key priority, perhaps even as the top priority. We must continue to respect that. From our experiences either as constituency representatives or from our own families, we know about the human tragedies that result from the avoidable suffering caused by prolonged waiting for operations, or, indeed, the unavailability of certain treatments in the NHS. Those drugs or treatments are often available to people who live elsewhere in the United Kingdom. That is the

sharp end of so-called healthcare rationing. Yet we also know that since 1999 the cash available to the Department of Health has enjoyed very rapid growth; in some years there have been increases of 10%. Money has gone in at one end, but there have not always been obvious signs of output at the other.

Several years ago, the Wanless Report considered the future of the NHS across the UK. Wanless reported to the Chancellor that the NHS should continue to provide free treatment at the point of use and be funded out of general taxation. However, the report also issued a warning that sudden increases in public spending on health — above about 7% annually in real terms — were likely to be associated with bottlenecks. Hence, not all the money would be absorbed in a way that would raise standards of patient care. Our experience supports that sorry conclusion: spending grows, but waiting lists remain stubbornly high. Part of the problem is that, notwithstanding the increase in financial resources, the number of staff who deal with patient care — doctors, nurses and other healthcare professionals — has often grown little, if at all.

The recent Appleby Report casts further doubt on the efficiency and effectiveness of the many structures of healthcare provision that we have in what is, after all, a small Province of only 1·7 million people. Many will feel that the current Review of Public Administration (RPA) proposals are an opportunity that has been missed to streamline administration in the local NHS.

In education, there is obviously —

Mr Burnside: Will the Member give way?

Dr Birnie: Certainly.

Mr Burnside: Before the Member continues discussing education as the second priority, will he agree that an allocation of money to the victims of terrorism has been left out of the overall funding spend? That runs across different Departments. Does he agree with other Members and with me that priority should be given to the victims of violence? They are often forgotten and pushed from one Department to another.

Dr Birnie: I thank my colleague for that point. I agree that there is a need for a cross-cutting approach to victims, who are so often neglected.

There is a multimillion pound demand for investment in the school estate. I note that the Government seem to have backed off from the public-private partnership (PPP) route. That is surely not an accident. Public-private partnerships are similar to a 20-year or 25-year mortgage, and it may be that the early PPPs, with respect to school redevelopment, did not represent a particularly good deal for the taxpayer. Many, and not just in my South Belfast constituency, would like to get to the bottom of the why, how and who of the PPP

decision on Balmoral High School, which was a particularly extreme case of an unsuccessful PPP.

About five years ago, the Department of Education entered into a 25-year arrangement to rebuild that school, which was to have a 500-pupil capacity. The school now has only 200 pupils and is about to close.

11.00 am

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

Any consideration of allocations of public spending should not only be about how to divide the cake, but about how we can spend wisely in order to expand that cake in future. Wealth creation must be a priority. In our comments on the current Budget, my party pointed out its concern at the way in which the Department of Enterprise, Trade and Investment (DETI) budget was being cut. An earlier so-called concordat arrangement to adjust DETI and Invest Northern Ireland spending in line with levels of inward investment seems to have resulted in year-on-year reductions. Indeed, some decisions that have been taken on tourist promotion, or, in practice, the lack of it, similarly show a “penny wise, pound foolish” mentality.

Levels of R&D spending in Northern Ireland continue to place us at the bottom of the league. Therefore, we support anything intelligent that can be done with spending or through tax incentives to boost science and technology in the region. We remain concerned by the lengthy slippage in the writing and publication of the regional economic strategy. It will shortly be a year behind schedule. We are also still waiting, after several years, for the electricity cost reduction package that the then Minister Ian Pearson announced some years ago.

When MLAs speak about public spending, the criticism is often levelled that we are swift to present the begging bowl but slow to suggest ways in which to save money. I have some suggestions as to how the output of public money could be trimmed.

Mr Kennedy: Does the Member agree that, on the anniversary of the London bombings, and given that the Prime Minister has refused a public inquiry into that outrage on grounds of cost, it is a matter of grave concern to learn of the escalating costs of the Bloody Sunday inquiry, which a member of the Cabinet now estimates at approaching £400 million? Does he agree that that clearly represents a considerable drain on the resources potentially available to both the Exchequer and the Northern Ireland block grant?

Dr Birnie: I thank my colleague for that point. It is an interesting comparison.

Mr Durkan: I can inform the hon Member that the figure of £400 million that Tessa Jowell quoted was a complete aberration. She does not know where she got

that figure from, nor does anyone else in the Government. The figure is £163 million.

Dr Birnie: I submit, Mr Deputy Speaker, that, even if it is £150 million or £160 million, or £250 million as other sources have quoted, that seems a very large outlay of money for an inquiry that has satisfied very few people.

Some Members: Hear, hear.

Dr Birnie: I want to ask some questions about the so-called national stadium. Is its business case robust? The Department of Finance and Personnel and the Strategic Investment Board (SIB) have so far refused to publish the business case and the economic appraisal. Will the necessary infrastructure be provided to make the stadium accessible, wherever it happens to be built? What will be done to avoid any ongoing subsidisation charges on the public purse? Surely one way ahead would be to maximise the private sector's role in the project. That would reduce the drain on public resources and ensure that the stadium would be there to boost tourism and maximise the benefits for Northern Ireland as we approach the 2012 Olympics.

The RPA is a missed opportunity.

Mr Donaldson: I agree entirely with the Member. It is essential that the development of the Maze site be a public-private partnership. Is he aware that the two improvements to the major roads infrastructure in the Lisburn area in the past five years have both been privately financed? Is he also aware that the proposed new Knockmore link into the Maze site will also be privately financed, saving the taxpayer millions of pounds?

Dr Birnie: I am aware that at the moment the so-called national stadium has a budget of more than £100 million. We should bear in mind the examples of stadia in London and Dublin, and indeed of Olympic stadia around the world. We could be looking at substantial cost overruns. We need to consider the detail of any PPP arrangements to ensure that such overruns are borne by the private rather than the public sector.

The RPA is a missed opportunity. The commission appointed by the Government targeted the 26 district councils, which was arguably a soft option, rather than deal with the vast expanses of quango-land and the billions of pounds that are spent there. Sir John Banham recently noted, based on his experience of reform of county and city councils in England in the 1990s, that the merging of councils there did not necessarily save much money.

The architecture of Government Departments chosen in the previous Assembly in 1999 might have been right at that stage, but it may not necessarily be so after 2007. If, for example, Northern Ireland follows the other United Kingdom nations in establishing an environmental protection agency — a subject that I

know is of some interest to you, Mr Deputy Speaker — we will have to look again at the relationship between the Department of the Environment and the Department for Regional Development. I am sorry for making that little point.

Mr Kennedy: No, you are not.

Dr Birnie: No, I am not.

We have argued since October 2002 that the North/South bodies should remain on a care-and-maintenance basis. We are concerned that the current Budget envisages a large growth in the capital spend of Waterways Ireland, for example. The North/South bodies should not be shielded from the general financial stringency facing all the other Departments.

This debate will largely focus on spending, but it is appropriate to mention the associated revenue-raising side. We repeat that Northern Ireland's tax revenue would be boosted in the long term if the Government showed much more imagination in relation to corporation tax, the derating of industry, VAT on tourism and the fuel excise differential with the Republic. The wealth-creating sector can be given incentives to grow. This debate will probably force us all to face the uncomfortable reality that any return to devolution will not enjoy the best economic circumstances.

Mr Kennedy: On a point of order, Mr Deputy Speaker. In an earlier ruling, Madam Speaker indicated that a Member giving way to interventions would have time added to his or her speaking time. Is that convention to apply today?

Mr Deputy Speaker: The Member is correct, but of course it applies only to those who have 10 minutes to speak. The Members making the first round of speeches have 15 minutes, and they are restricted to that.

Mr Durkan: We all need to recognise the phoniness of the exercise that we are engaged in this morning. We are supposed to be pleased to have been granted a debate. The Secretary of State is weaving between two vetoes on whether to grant debates and the terms on which such debates are to take place. He feels compelled to humour the DUP by making sure that there is a debate before the recess, but at the same time he has to convenience Sinn Féin by making sure that the topic of the debate is one from which it can be comfortably absent.

Mr Burnside: Surely the Member has forgotten the third veto. Does he not agree that his party exercises a veto by refusing to create a cross-community coalition to get Stormont up and running?

Mr Durkan: The SDLP is not the party standing in the way of the successful working of the Preparation for Government Committee. We are committed to taking forward the work of that Committee; we have indicated how we would take things forward. All sorts

of people are canvassing all sorts of plan Bs for what may or may not happen after 24 November. We pointed out, more than two years ago, a way of restoring this Assembly that would have made sure that both it and the North/South Ministerial Council could be fully functional, even if the parties in this Assembly would not form the Executive.

Other parties have not responded to our proposals and ideas. The SDLP is not standing in the way of the restoration of institutions.

I mentioned the phoniness of this debate — although I do not intend to be drawn into the difficulties and shenanigans of the Preparation for Government Committee. The Secretary of State's motion asks us to address the comprehensive spending review 2007 and asks questions about the spending priorities for a Programme for Government.

The main significance for Northern Ireland of the comprehensive spending review 2007 will be its determination of the overall increase in public expenditure for the UK and, in particular, how that expenditure will be allocated across Departments in Great Britain. The main implication for Northern Ireland is in the Barnett consequential that it produces rather than the implications for the budget lines of individual Departments. Our main interest is the increase in Northern Ireland public expenditure as a result of the Barnett formula. Northern Ireland Departments are not direct participants in the comprehensive spending review in the way that Whitehall Departments are. That is an added phoniness to this debate.

We should work through the Preparation for Government Committee to see how far we can agree in advance the broad policy colours of a Programme for Government. There may be merit in agreeing some of those priorities before restoration so that parties will have discussed strategic priorities and recognised the social and economic implications for the shape and structure of public services. Having agreed those issues before Ministers are appointed and captured and become fascinated cheerleaders for their Departments, we will have broadly agreed some priorities.

In drawing up a Programme for Government we must learn lessons from the shortcomings of earlier Budgets with their problem of short-termism. Because we were only able to produce budgets year on year, we produced annual Programmes for Government. We must produce a multi-annual Programme for Government with real strategic priorities. To do that we need a Programme for Government that is not negotiated just between civil servants in various Departments or between Ministers of various parties in an Executive as a glossy text that can be stuck beside the Budget.

Instead, with the social partners — trades unions, business, the community and the voluntary sector —

we must negotiate a multi-annual programme that deals with the necessary long-term public service commitments and which sets out the real patterns of public expenditure that must be pursued if we are to deliver better public services and economic growth and allow the private sector and a strong public sector to grow alongside each other.

That is the lesson of the economic performance change in the South, where social partnership has been at the heart of strategic progress. Social partnership must be based on multi-annual programmes that create clear frameworks so that everyone knows where they stand and where their priorities lie. That way, we will not be ambushed with all sorts of implementation difficulties caused by one sectoral pressure after another.

Parties could do a great deal now, although, unfortunately, they have not got their act together in the Preparation for Government Committee. Too often, business is left to the Secretary of State to determine. I heard Dr Paisley —

11.15 am

Mr Kennedy: Given that the Member thinks that we are engaged in a sham fight, I can confirm that King William's army appears to be in place; King James's army appears to be seriously depleted, particularly those Members with any military experience. *[Laughter.]* Does the Member not welcome the participation of the political parties in the Preparation for Government Committee and see that as a limited form of progress?

Mr Durkan: I do not know of anybody on these Benches who has ever had a particularly good word to say about King James. *[Laughter.]* Mr Kennedy might still be fighting that fight, but some of us do not regard ourselves as ever having been part of that fight, and we do not identify with it.

Dr Paisley complained earlier that things are being determined by the Secretary of State. Well, that is the way that the parties are playing it. They are leaving it to the Secretary of State to take decisions. Some people are happy to hop between vacuum and veto, and then complain when the Secretary of State takes a decision. The next minute, those same people try to bend the Secretary of State's ear about the next decision they want him to take. Let us get real about our responsibilities. The Preparation for Government Committee should be doing more work and better work. We want to see that work continue over the summer.

We must create a sense of confidence among the parties and the broader public that restoration is a real prospect. However, the signal that is being sent out is that the 24 November deadline is not real and that restoration is not a real prospect. If we can create a sense of confidence among ourselves, we can then create a sense of confidence with the public. As we

scope the main policy pillars of the Programme for Government, we could engage purposefully with the trade unions, the business sector and the community and voluntary sector and reach consensus about the possibilities for progress.

We need to examine a number of issues in relation to the Programme for Government and the comprehensive spending review. In the past, all parties in this Assembly have recognised that there has been a capital expenditure deficit with a cumulative effect on our poor infrastructure and poor public services. In the devolved Assembly, we placed a greater priority on a stronger capital expenditure performance. That is an absolute imperative. We must increase the scale of our capital expenditure and improve our performance.

The Strategic Investment Board has a role to play in delivering that. Direct rule Ministers have not mandated and structured the board in the best way. We had other plans, including ensuring that the board would be a social partnership body, not simply made up of people who supposedly had expertise in private finance. It would have included people from all the social partners who had real knowledge and understanding of public-sector needs, and of the needs of people who rely on public services. It would have taken on board the insights of people who are skilled in delivery, as well as the ideas of people who can come up with good financing solutions, to ensure that we had a strong investment portfolio across our infrastructure and public services. More must be done about the strength of our capital expenditure.

We need to map out in greater detail the equality impact of our public expenditure and public-sector activity. It is interesting that Government are responding so alertly to the case for special funding measures for loyalist areas.

Some of those measures are worthwhile and are welcome. However, the Government, and direct rule Ministers in particular, have failed to respond to the fact that counties in the west and south of this region show up on maps produced by the Equality Commission as having the worst figures for long-term unemployment and as losing out with regard to employment, the distribution of new jobs over the past five years, and the location of Government jobs and public-sector activity.

If the Secretary of State is serious about the scale of our dependence, in gross domestic product terms, on public-sector activity and public expenditure, and having accepted that those maps are pretty stark pictures of inequality, then he must recognise that Government decisions have a lot to do with that. That is why Government reform programmes currently under way, including Workplace 2010, need to be tested for the creation of opportunities for decentralisation and for a

greater equality yield and a greater equality outcome across the region.

Mr Hussey: Does the Member agree that in the areas he refers to in the west, the issues apply equally to the Protestant community as they do to nationalists?

Mr Durkan: I referred to counties as a whole in the west and the south; I did not make any other distinctions. The maps in the Equality Commission's booklet are very stark and clear. Decentralisation is in everybody's interest, and that was reflected in this House during the period of devolution. All parties were concerned to see decentralisation. Workplace 2010, however, is going ahead with very little regard for decentralisation opportunities — opportunities for the relocation and redistribution of Government-derived employment.

Other spending issues that we need to address in the context of the Programme for Government are the implications of the continued drop-off in EU funding. There will be Peace III funding, but it will not be as much as in the past, and other EU funding will be dropping off. That is why funds such as the Executive programme funds, which were abolished under direct rule in the comprehensive spending review of 2004, must be restored.

The Executive programme funds were to be our home-grown version of European funds. We also need to ensure that Departments do not just assume that the money is theirs to do with as they wish, and to scrutinise again the need for each Department to have its own separate establishment or separate support. There should be far more shared services and shared support across Departments. That will reduce the costs of individual Departments and do more to reduce the cost of Government than a reduction in the number of Departments.

We remind other parties that at the time of the review of the agreement in 2004, and at Leeds Castle, we proposed a number of changes to the workings of this Assembly. We proposed new Committees in the style of the Public Accounts Committee, with one focusing on the cost of government, that could interrogate any Department on its administrative costs and on its budgeting. Similarly, we proposed that there should be a Committee to deal with the effectiveness and performance of different policies.

All of those Committees would have been supported by the Northern Ireland Audit Office, but this Assembly would have provided a strong role in respect of accountability and scrutiny, a role that the Department of Finance and Personnel cannot provide. People think that that Department polices the spending of other Departments — it does not.

Mr Ford: As other Members have said, today's debate is clearly a complete farce. However seriously

matters are taken in this Chamber, we know that this debate was set up for one reason only and that the person who instructed that it should happen will take no notice of what we say.

Had the Secretary of State been serious, he would have taken notice of the Business Committee. Four times the Business Committee has asked for a debate on the Review of Public Administration. I understand that four out of five parties agreed that, yet the Secretary of State did not give us a debate on the RPA, which is clearly the wish of the majority of the Members of this House. Nor did he ask us to debate the work, so far, of the Committee on the Preparation for Government.

Instead, he set up this debate, as has been mentioned already, to try to get round the Sinn Féin version of the veto by giving it a motion that was not what unionists wanted and to try to get round the DUP veto on the setting-up of subcommittees. That does not suggest that it is a good recipe for engagement on serious issues.

Work was done in the Committee on Preparation for Government that would have merited teasing out further in the Chamber. Seán Farren and Alan McFarland — who currently hold the joint gold medal, possibly the world championship, for hours attended at that Committee — could have contributed significantly. However, without all parties present in the Chamber, it is not likely that we will get much from that. The very absence of Sinn Féin in its entirety from the debate calls into question whether it is truly interested in working for the restoration of Government.

Let us look, on the other hand, at an issue on which we indeed had all-party agreement, and not just four-party agreement, but five-party agreement: industrial derating. There was clear consensus in the business community that, in light of the competition presented by the Republic and our inability to vary corporation tax, industrial derating needed to continue. When that opinion was put to the Secretary of State, he took absolutely no notice. It is clear that what we say inside or outside the Chamber, even when there is five-party agreement, is having no effect on the policies of the Secretary of State.

That may explain the low attendance today: it is not only one party that is absent. Many Members have constituency business on a Friday, and others will have thought the holiday period had begun. For the Secretary of State to propose a serious debate on a critical issue on the last available day does not suggest that he is taking the Assembly seriously.

Some Members: Hear, hear.

Mr Ford: If he continues with that level of “ad-hocery”, the quality of debate will be affected, because no one can prepare properly without notice. The level of engagement on the bread-and-butter issues, which the Secretary of State says are important, will be so

low as to be non-existent. The value of plenary meetings is being devalued, not by those of us who are here engaging, but by the Secretary of State in the way that he is setting things up.

Not only does he not want to hear our opinions on economic and social matters, but he is playing party power games. That is what the debate is about today. It is a massive missed opportunity. The comprehensive spending review merits discussion in a much more meaningful way than this opportunity affords. It should not have been in a cobbled-together debate, at short notice, and purely for image — not the image of the Assembly but of the Secretary of State, showing his machismo and power in telling us to get on with work.

There is much that needs to be said about investment in hospitals, community health and social services, and schools and colleges; about environmental protection and building sustainability in supporting industry and agriculture; about improving the infrastructure and social capital of people in Northern Ireland; and about reducing crime. However, I will confine my remarks to one area that is sadly lacking from the comprehensive spending reviews of both 2004 and 2007, and which was almost ignored in all recent Programmes for Government. It is nevertheless supposed to be a key policy of this Government: building a shared future.

Much of our discussion about the spending review is inevitably on where the money should be spent. A shared future, alongside proper investment in community relations, would release significant sums of money that are currently wasted on segregation. A couple of years ago, the Alliance Party commissioned some low-level research, as a result of which we estimated that £1 billion per annum — roughly 10% of the Northern Ireland budget — is wasted on the cost of segregation. Last September, I heard Mitchell Reiss, speaking on behalf of President Bush, give the same figure. I presume that the US Government have had some additional research done — I cannot imagine that they depend entirely upon our view. The Northern Ireland Office is also commissioning detailed research on the question.

If we are wasting that amount of money, the way in which we recover it and put it to good use is a huge issue for the public purse. We cannot continue to run services in that way, and we cannot continue to fund such segregation with all its human and financial costs. The £1 billion does not include the loss of inward investment, nor does it include the tourism that is lost due to ongoing instability.

11.30 am

I have heard Orange Order spokesmen give estimates about how much revenue is generated by tourists coming to Northern Ireland to see the 12 July celebrations. However, I would love to know how much money is lost every year during July and August

due to those celebrations, because when I go to the airport far more people are leaving than arriving —

Mr Burnside: The Member obviously does not understand that people in the Province have always gone on holiday during the traditional Twelfth fortnight. He should attend some orange parades; then he would realise how they can be turned into a great tourist attraction for this country. The Member should stop playing down the tourism industry, which has done extremely well in recent years.

Mr Ford: I was not playing down the tourism industry: it has done extremely well against the background of street violence that has driven people away. If we seriously addressed the costs of a shared future and considered what that £1 billion could do, we could completely negate the effects of the proposed “tap tax”. We could make huge differences to our overall public expenditure by redirecting money more efficiently, by providing more quality services and by preventing, in many cases, two sets of second-rate services rather than one set of decent services.

Recently, the Government gave priority to the costs of the criminal justice system — the costs of maintaining the rule of law — yet little priority has been given to recognising the fact that, in many cases, community relations budgets have been cut by district councils and bodies funded by the Community Relations Council when the costs of dealing with violence and maintaining the rule of law, whether in Whiterock or Ardoyne, have to be met.

In my constituency of South Antrim two schools beside each other are to close; one is controlled and the other is maintained. The North Eastern Education and Library Board is proposing a major capital investment for the controlled school. In the other controlled secondary school in the town —

Mrs I Robinson: Why is the Member in favour of integrated schools, which take a large amount of money from the controlled and maintained sectors?

Mr Ford: I am grateful to the Member for helping me to make my point.

In the case of the controlled secondary school, the North Eastern Education and Library Board is not proposing the necessary renovation of the other controlled secondary school but the renovation and expansion of it to cater for the additional pupils. At the same time, the board is faced with significant costs in transferring pupils from the maintained school, which faces closure, to a maintained school in Randalstown, which is five miles away. A local parents’ group is seeking to establish an integrated college with a building that could adequately cater for the needs of an integrated school. That would make more sense than expanding an existing school that would maintain

segregation and put children on buses to take them away from their hometown.

There is a clear financial argument in support of integration, which would deal with some of the problems that the North Eastern Education and Library Board faces and which are being exacerbated by the proposal to close two schools. That situation is being replicated in towns and villages across Northern Ireland. A fully integrated school will not necessarily be the entire model, but, in many places, an integrated school or shared facilities will save significant capital sums. We have to accept the reality that we cannot maintain segregation —

(Madam Speaker in the Chair)

Mr McGimpsey: With regard to the Member’s point about saving serious capital sums, Balmoral High School in South Belfast is a case in point. It was built at a cost of £15 million under PPP, and substantial amounts of land were given over for development.

That PPP project failed because Malone Integrated College was built closer to the catchment area. Pupils who go to that school get free bus travel, whereas children attending Balmoral High School do not. The result is that Malone Integrated College has taken away Balmoral High School’s pupils, and we now have a school that has failed and cost the taxpayer something in the region of £15 million. Those sums do not add up.

Mr Ford: I do not see how failing to recognise the demand for integrated education in south Belfast and proceeding with the extremely expensive PPP scheme for Balmoral High School was necessarily in the interests of either the children of south Belfast or those who pay the costs. That is not an argument against integrated education; it is an argument for those who make the decisions having a rational plan that considers all educational sectors — maintained, controlled and integrated. I have been pressing the last three Education Ministers to do that in Antrim, and it has clearly proven to be necessary in south Belfast. However, I thank the Member for adding to my case. *[Laughter.]*

It is a simple reality that many of the most popular schools in Northern Ireland are integrated. That is certainly the case in my constituency: one of the smaller controlled primary schools is now the second most popular in Antrim town because it is integrated.

Mr McNarry: Will the Member give way?

Mr Ford: Is this another intervention?

Mr McNarry: It is if the Member so wishes.

Does he agree that in talking about capital, one of the advantages of the integrated scheme about which he eulogised this morning is that it invariably brings a brand new school to an area? It brings not only an educational facility but a building that has the latest

and most up-to-date equipment that a school could ask for. Therefore does the Member agree that that building is attractive to parents and teachers?

However, is he asking us to opt for integrated education on the basis that the schools that he mentioned would be part of a merger? They would be part of a merger that had not been given a new building — they would have to settle for second or third best. They would also have to settle for the old crumbling building that has no room for new equipment. Is that fair?

Mr Ford: Will the Member give way? I will not have time to respond.

Mr McNarry: Having been obliged to give way, I am asking whether it is fair that integrated schools —

Mr Ford: Given that my time is limited, how long can interventions go on?

Madam Speaker: Unfortunately, Mr Ford, if you have given way, that is up to you.

Mr McNarry: Thank you, Madam Speaker.

Is it fair that integrated schools use the capital to build new schools? The Member is asking us to settle for crumbling schools in areas in which he does not want schools to mature.

Mr Ford: Clearly, Mr McNarry was not listening to my point. Specifically in the context of secondary schools in Antrim, I said that there was the potential for a new integrated school in one of the redundant school buildings.

I had the pleasure to be recently nominated to the board of governors of Round Tower Integrated Primary School, having previously been on the management committee of Spring Farm School when that was established. Spring Farm School is approximately 28 years old, has had no major renovations in that time, and is extremely popular because of the quality of education that it provides.

Madam Speaker: The Member's time is up.

Mr A Maginness: On a point of order, Madam Speaker. A very long intervention was made during Mr Ford's speech. A Member cannot simply get up and make a speech and call it an intervention. There must be some rule for interventions.

That is an example of a Member abusing the intervention mechanism in order to make a speech. The Speaker should give some direction on that.

Madam Speaker: We discussed this at the beginning of this session, and a ruling was made — I believe the matter concerned Mr Neeson. The general rule is that Members must try to be careful not to give way if they suspect that the Member to whom they are giving way will make a speech. If an intervening Member begins to make a speech, it is up to the

Member who gave way to remind him or her not to do so — as Mr Ford rightly reminded Mr McNarry.

Members give way entirely at their own discretion. However, we did ask Members to show courtesy to those who were speaking. Mr McNarry has not done that, so I now remind Members that if they ask another Member to give way, they should consider that that Member has a limited speaking time.

Mr P Robinson: Further to that point of order, I agree with Mr Maginness. Madam Speaker, I do not expect a ruling straight away; you might like to consider it with your colleagues. However, an intervention is only an intervention if it is very short. If a Member speaks for a longer period of time, then I suggest that the Speaker should intervene and ask the Member to resume their seat.

Madam Speaker: We will take that point on board. I remind Members that we had a full discussion about this at an earlier sitting, and Members were asked to do exactly what Mr Robinson and Mr Maginness suggest. I will discuss this matter with my colleagues and give a ruling, hopefully in September.

Mr McClarty: On a point of order, Madam Speaker. When did the Secretary of State last accede to a recommendation from the Business Committee?

Madam Speaker: This matter can be decided at my discretion. I will examine it again.

Mr McFarland: Further to that point of order, Madam Speaker. My understanding was that when this matter was discussed previously — and my recollection may not be quite correct — you decided that if a speech was under 10 minutes and a Member allowed a intervention, he or she would be allowed an additional minute of speaking time. By the logic of that ruling, an intervention should last for only a minute.

Madam Speaker: I think that I have made myself clear on the issue. The Member is quite correct; that was the ruling. The discussion arose after Mr Neeson gave way to another Member who then turned their intervention into a speech. We will examine the matter again, as Mr Robinson requested.

Mr Ford: On a point of order, Madam Speaker. Will you also perhaps discuss with the Business Committee whether asking a question three times does not go beyond the bounds of normal good manners in this place?

Madam Speaker: I will look at that also. The first round of Members have now spoken, and from now on Members have 10 minutes.

Mr P Robinson: I am pleased to follow the remarks made by the leader of the Alliance Party about the manner in which the Secretary of State is treating this Assembly. One of the key elements of any deliberative Chamber, particularly an elected body, is that it should

be master in its own house. It is very clear that in this Assembly that is not the case. There is a puppet-master outside who wants to pull the strings.

The Assembly should attempt to regain control of how it functions, both in the Chamber and within its precincts.

11.45 am

Anyone looking in on today's debate might consider that it is not well attended. It is outrageous for the Secretary of State to have announced in the middle of the week that the Assembly would sit on a Friday. It is not a normal sitting day, and no Member is likely to have assumed that the Assembly would sit. In spite of what the Secretary of State may think about the role of MLAs, most have other constituency duties today, dealing with Ministers and others. That is one reason for the poor attendance. This is not an excuse for what may follow, but Members have had little opportunity to prepare for the debate. We were given the motion only yesterday. I hope that people will take account of that when listening to today's speeches.

Sir Reg Empey: Mr Robinson makes a serious point, and I raised a point of order with you on that very issue at the last sitting, Madam Speaker. Does Mr Robinson agree that the implication of what he said is that the Business Committee will probably have to take decisions via a mechanism other than unanimity? The Secretary of State must let go of the reins and give you, Madam Speaker, and the Business Committee some real responsibility for Assembly business.

Mr P Robinson: I agree entirely. At times, all of us will be sore at the Business Committee for going against our wishes, but if we want to make progress, we must put some trust in the Business Committee and the party representatives that sit on it. If Members, who often have conflicting views, are prepared to trust the Business Committee, surely the Secretary of State should be prepared to do so as well.

Due to the wide-ranging nature of the debate, I want to speak about devolution. Before that, however, I want to comment on the Education Minister's decision yesterday on the South Eastern Education and Library Board. I am not quite sure where Mr Gallagher was coming from. Perhaps he was not aware of what took place at that meeting, or of the background to the situation, when he determined to drag the issue up as a matter of division. It was not a matter of division to the political parties on the South Eastern Education and Library Board. All the elected representatives, from the parties that are gathered here and some that are not, agreed on the issue.

The background to the problem is that a previous board ran up an overspend, not because it knowingly spent the money but because officers of that board had not properly reported to it on its financial circumstances. Only after they had considerably overspent was the

matter drawn to the attention of the board, and some personnel changes in the board's officer corps indicate that that was the case.

However, the Minister is now saying that this board is to be punished not only for a previous board's decision, but also, in effect, for the decision of officers no longer on that board. The Minister needs to be better acquainted of the circumstances. The current board should not be punished. Worse still, vulnerable children, with the most to lose, will be punished by the Minister's decision.

Mrs Long: Does Mr Robinson agree that there is a conflict in the Minister's messages on this issue? He has referred to the debacle of previous SEELB overspends. Board members have all been instructed to scrutinise rigorously all proposals from officers, yet yesterday the instruction was simply to rubber-stamp those proposals. Therefore, there is a complete conflict in the messages from the Department of Education on the responsibility of board members for financial programming.

Mr P Robinson: That is right, and it is regrettable, at a time when we are trying to get greater democratisation, that when there is unanimity on an issue from Northern Ireland's political parties, the response from Government is to sweep them to the side and bring in people who will do the bidding of the Minister.

I will move on rapidly from that issue, as I am sure that others will want to make their comments known during the course of the debate. I want to talk about devolution. Via several interventions, it has become clear that the SDLP has a somewhat jaundiced view of what might be described as the "blame game". Apparently, anyone who does not agree with them is to blame. I had always understood that to have agreement it was necessary to have all parties, or at least a sufficient consensus of parties, agreeing on an issue. It is not simply a case of the SDLP saying, "We brought out a document, and there is no progress because you did not agree with it." We could all say that; but it is not the way to make progress.

There has been a lot of talk about the Preparation for Government Committee. The Secretary of State for Northern Ireland set out what seemed to me at the beginning, at least, to be a logical course —

Dr Farren: Will the Member give way?

Mr P Robinson: Just one minute, please. I am in the middle of developing an issue. The Secretary of State set out what was to be a logical progression. There would be a Preparation for Government Committee, which in their terms, would "scope the issues". That, apparently, is the trendy term for attempting to identify what the obstacles were to the return of devolution. The Preparation for Government Committee would attempt to categorise those obstacles, define them in some way, and bring them forward to the Assembly.

The next stage would take place here, where each of the parties would not so much debate the issues, but say where they stood on those issues and the difficulties surrounding them, and would learn from others who would do likewise from their party position. By the time the Prime Minister commenced the negotiating process, we would have scoped the issues, understood other people's positions and, hopefully, been able to outline that for other Members. We would be in a better position to look for a way to overcome those problems.

That is what I understood the process to be. Regrettably, because of the way the Assembly is being set tasks by the Secretary of State, I do not believe that the issues are getting a proper airing. That would help us to move to the next stage of this process. It does no good for the Secretary of State to issue threats, either about the financial losses that we will bear if the Assembly dies on 25 November, or about rigid timetables.

The parties will not take their decisions based on those factors. Their decisions will relate to principle, and to mandated positions; to issues that have been put before the electorate that has endorsed them. As far as my party is concerned, the issues that block the process are widely known. They relate to the requirement for accountability, stability, effectiveness and the operational efficiency of institutions and structures. That goes to the problems that we have had with the institutions and structures of the Belfast Agreement.

We addressed some of those in detail in December 2004. Let me make something clear: my party did not endorse the comprehensive agreement, as it contained many proposals that were not the first choice of the Democratic Unionist Party.

Mr Nesbitt: On a point of information, Madam Speaker.

Mr P Robinson: I will run out of time if I take an intervention.

Unless those issues are properly corrected by legislation, there cannot be progress. We are happy to outline them in any future debate. The critical issues are those of completion — the need for an end to paramilitary and criminal activity. Those issues cannot be washed away, timetabled away, or bought away. They are matters that stand before the electorate. The people outside know what the issues are. If we want to have stable political structures in Northern Ireland, it is absolutely essential that we do so on a basis that can last. Those structures must be robust, stable and workable. That will occur only if we have dealt with outstanding issues.

We have been going through groundhog day for long enough in Northern Ireland. Agreements are reached, but the underlying essential issues are left unresolved.

We get into some form of Administration that collapses because of the unresolved issues. It would be better by far if we took our time to resolve all those issues and ensure that we build from a firm foundation. We can then go forward and not have the collapse after collapse that damage the prospects of devolution in the future.

I trust that the Assembly will be allowed to debate those critical issues so that it can examine the problems and the nuances of the matters that each party identifies as being important for them. I hope also that the Secretary of State will trust the Business Committee so that it can programme debates to allow those kinds of important issues to be determined and real progress to be made.

I make it very clear that my party wants to see progress: we want devolution and we want an Executive to run in Northern Ireland. However, that progress must occur on a basis that the community can support and one that will ensure that the Executive will be workable and lasting.

Madam Speaker: We have about four minutes left, and rather than ask Mr Jim Wilson, the next Member to speak, to start his speech only to have to stop, I ask Members to agree to suspend for a moment. After the two minutes' silence, Mr Wilson will begin his speech. Are Members happy with that?

I will be turning on the tannoy so that my statement about the two minutes' silence will be heard all over the Building so that people can observe it as they wish.

The debate stood suspended.

FIRST ANNIVERSARY OF THE LONDON BOMBINGS

12.00 noon

Madam Speaker: The debate will resume in a moment. I invite Members and all others in Parliament Buildings, to whom this message is being conveyed, to stand, if they are able to do so, and join me in observing two minutes' silence to mark the first anniversary of the London bombings.

Members observed two minutes' silence.

SECRETARY OF STATE MOTION

Spending Review and Priorities

Debate resumed on motion:

That this Assembly notes the results of the Spending Review 2004 and the current Comprehensive Spending Review 2007 and their implications for the spending priorities for a Programme for Government to be agreed by a Northern Ireland Executive following its restoration on or before 24 November 2006. — [*The Secretary of State.*]

Mr J Wilson: I associate myself with remarks that have been made right around the Chamber on the fact that the Secretary of State continues to call the tune when it comes to the subject matter for debate. It would be better, of course, if we elected Members were calling that tune. We might not agree the same tune, particularly at this time of the year, but at least it would be democratic.

I wish to say a little more about that. The motion is one that was probably totally unexpected. I question its usefulness. Given the wide gulf that exists between republicans and unionists, only the most optimistic will believe that a Northern Ireland Executive will be restored on or before 24 November, although we will try to achieve restoration by that date. We will try very hard. To link that date to the 2004 spending review makes very little sense.

Why did the Secretary of State for Northern Ireland and for Wales determine that that motion should be debated today? The Business Committee did not recommend it to him. I have no reason to believe that any party here recommended it to him, but, if so, I am certainly not aware of the fact.

The Business Committee made suggestions to the Secretary of State. It has a long list of motions — 16 or perhaps more. I shall mention only a few, but they include the Department of the Environment's (DOE) failure to meet European directives. Since we are talking about spending reviews, funding and finance, the DOE risks incurring heavy fines over our heads as we speak. Post-primary education is on the no-day-named motions list, as are water charges, local property tax and assaults on emergency workers. Those are very important bread-and-butter matters for the people of Northern Ireland.

There was one other motion on the list, tabled by my party, and, in case you call me to order, Madam Speaker, this brings me to spending priorities.

It invites the Secretary of State to note:

“that there is no cross-community support for the current proposals on the Review of Public Administration as it applies to local government.”

Any spending review that will, before 2009, have to determine financial resources for a new local government structure that is fundamentally wrong and which is not

supported by the four parties in this Chamber will in itself be fundamentally flawed. There is a problem for the Secretary of State. Following a debate in this Assembly on Draft Planning Policy Statement 14, the Secretary of State said:

“I will naturally want to reflect carefully on the Assembly debate ... I will take account of the views where there is cross community support.”

Had there been cross-community support — and I have reason to believe that there could have been — what would the Secretary of State have said or done?

In November 2005 at the Hilton hotel, the Secretary of State said that there would be a quango cull. We know that there was no real cull, just some tinkering at the margins. He said:

“this will cut costs and transfer resources ... to the frontline delivery of key public services like health and education.”

Does anyone really expect that his proposals would lead to savings from a cull on quangos?

He went on to say that:

“the RPA has never been a cost-cutting exercise ... Nonetheless, I do expect the streamlining of structures to result in significant savings ... tentative estimates I have received indicate savings of up to £200 million per annum”.

A colleague of mine remarked that, in a lifetime in politics, he had never seen a review of scale result in savings of any kind.

In another place, Lady Hermon asked the Secretary of State what cost savings were expected from the Government’s plan to reduce the number of local authorities in Northern Ireland. David Cairns replied:

“Savings from the Review of Public Administration (RPA) decisions on local government have been estimated at £54-£73 million.”

They have given themselves some scope to get it right somewhere in the middle, although I do not think that they will even hit the middle target. Here is the line that needs to be read twice:

“The final figures will depend on how the proposals are implemented.”

The proposed structure of local government is wrong. The associated savings are wild guesstimates; they are not based on reality. As I said earlier, today’s debate has been an opportunity missed.

Dr Farren: Like my colleagues in the SDLP, it is with some reluctance — and having participated in the Preparation for Government Committee over the past six weeks or so, considerable disappointment — that I participate in this morning’s debate. It is not the debate with which I hoped we could have concluded this session of our business. I had hoped that some progress might have been recorded in the Preparation for Government Committee. I suppose that having all the

parties in the same Committee room is progress, but that is a very low threshold.

Instead, as most colleagues probably know from reading the reports of the business in that Committee, the meetings have been characterised by a considerable degree of vindictiveness and strident allegations — almost personal abuse — on the part of both the DUP and Sinn Féin. If things are not done their way — and their ways are contradictory and exclusive of each other — matters cannot be progressed in the Committee. We are, therefore, left with a situation where the Secretary of State has to decide. It is difficult for a self-respecting Irishman to accept that our business can transpire only as, when and how the Secretary of State determines.

With respect to some of the remarks made by the DUP, since it is present today, Mr Robinson tried to reject the comprehensive agreement a few moments ago —

Mr P Robinson: Will the hon Member give way?

Dr Farren: Well, he may not have agreed them, but the submission by the DUP includes an approving reference to the comprehensive agreement proposals. Among the many conditions heaped by the DUP into their submission, it seems that it is now ready to accept those proposals. It is not surprising, since, in the immediate aftermath of the publication of those proposals, Mr Robinson —

Mr Nesbitt: I see that both Gentlemen are now back in the Chamber. Mr Robinson said that his party disagreed with many aspects of the comprehensive agreement. Does Dr Farren agree that the Leader of the Democratic Unionist Party said that there was only one element that was not agreed, namely the modalities for decommissioning?

Dr Farren: Mr Nesbitt’s memory of what the DUP said is probably clearer than mine. However, it is clear —

Mr P Robinson: Will the Member give way?

Dr Farren: No, Mr Robinson did not give way to me a few moments ago. May I just remind Mr Robinson —

Madam Speaker: Mr Robinson, the comprehensive spending review and the comprehensive agreement are two different things.

Mr P Robinson: Madam Speaker, is it not usual protocol in any debating chamber that if a Member is named he is given the opportunity to respond?

Madam Speaker: You are quite correct.

Mr P Robinson: I am grateful. May I make it clear that the comprehensive agreement was not agreed in any part by any party. It was an agreement between the two Governments, who brought it forward, and was subsequently endorsed by the United States Government. It was not an agreed document. We support many

aspects of that document, although not particularly in their present form. We support a range of issues, but the general context is that we have not yet supported the agreement.

Mr Durkan: The comprehensive agreement appeared as proposals put to Sinn Féin and the DUP by the two Governments; proposals which both parties had to accept before 8 December 2004. That acceptance was indicated. Consequently, Peter Robinson described the comprehensive agreement as a remarkable achievement by the DUP. Now he says that the DUP never agreed or accepted it.

Dr Farren: May I continue, Madam Speaker?

While the shenanigans continue in the Preparation for Government Committee, we are faced with a situation where, despite the best intentions — as we might describe them — of the 2004 spending review, we still live in an economy that is considerably unbalanced and seriously in need of substantial regeneration.

12.15 pm

Indeed, over the past two and a half years, all the parties participating in the Preparation for Government Committee have been meeting representatives from the Northern Ireland Business Alliance. They have been preparing a basic framework document on which to base plans for economic regeneration; all those parties have agreed the contents of the document. That framework document would have been a more appropriate basis for today's debate. At the behest of the Secretary of State, subcommittees are to be established; that framework document could be further developed in one of those subcommittees.

The Northern Ireland Business Alliance, and the entire business and social partnership community, must be looking on, with despair and disappointment, at our failure to progress those issues. At the outset of this Assembly, just seven weeks ago, the Northern Ireland Business Alliance gave us a detailed presentation, in the Senate Chamber, which was widely and enthusiastically acclaimed. The alliance expected further work to progress quickly.

The establishment of priorities to underpin economic regeneration will require us to take greater advantage of the social and economic levers at our disposal and to seek other levers where necessary. Those levers are in education, training, and research and development. There are also fiscal levers, such as business taxes, that we already control and others that we may be able to acquire. No modern economy achieves success without a strong investment in education and training, especially in vocational and technical training, and in third- and fourth-level education. The people who will lead the research and development of new products and new processes, and those who will manage and develop

new enterprises, are educated and trained at those educational institutions.

Northern Ireland still lags far behind other economies in research and development. An overwhelming proportion of local research is conducted in our universities. That research has resulted in considerable successes in business applications. However, we need to address the fact that much of that research does not emanate from the business sector.

The establishment of an all-Ireland research alliance, through a restored North/South Ministerial Council, would be a key initiative to achieving a more effective role for research and development. Such an alliance would mobilise the research facilities and expertise available in all the universities and colleges of technology on the island and link them with businesses, wherever they are located and wherever it is appropriate. That initiative, supported by public funds, philanthropic and research bodies, and the business sector, should be a strategic priority for restoration.

A newly established economic development subcommittee should progress that initiative in order to make our commitment more urgent. We all made that commitment to the Northern Ireland Business Alliance to show that we are determined to contribute significantly to economic regeneration.

Mrs I Robinson: I cannot let Dr Farren get away with some of his comments. I remind him that the Protestant community in Northern Ireland feels that it has not had a fair deal since the 1970s. In 1985, when the Anglo-Irish Agreement was foisted on us, the unionist population of Northern Ireland — one million Protestants and their elected representatives — were totally ignored. When asked why the unionist people were ignored, Dr Farren's former leader Mr Hume said that it was because they would not have gone along with that deal. That comes from a party that is supposedly moderate and democratic. We do not take lessons on democracy from the SDLP.

With regard to the spending priorities, I want to add my voice to the condemnation of the Minister of Education's actions in forcing the members of the South Eastern Education and Library Board to endorse the swingeing cuts that will hit the most vulnerable section of the community — children with special needs. I am delighted that those elected representatives stuck to their principles and refused to rubber-stamp the disastrous ineptness of the former board members, who failed to identify the looming deficit of approximately £21 million. Ultimately, it was the responsibility of the chief accounting officer to draw that to the board's attention. Sadly, children with special needs will be the main losers in this scenario if the Government have their way. Unfortunately, the Government picked independents who are neither accountable nor elected

to represent anyone in our community and who failed to stand shoulder to shoulder with the rest of the democratically elected board members. They are a disgrace, and I hope that parents make their views known to them.

At a time when the ongoing Review of Public Administration looms, the general view is that there should be more democracy in Northern Ireland rather than less. Those Government appointees, who outnumber elected representatives, should be done away with, and the voices of elected members should be heard. The elected representatives undoubtedly took the right decision. They took that decision on principle, and I salute the stand that those members took, including, of course, the SDLP representative.

How can we deny those vulnerable children every aid and assistance that will encourage them to reach their full potential? Our party will raise the issue in the House of Commons, and I have sought an urgent meeting with the Minister to include Peter Robinson and Jeffrey Donaldson, whose constituencies are in the board area. I can say, without a shadow of a doubt, that the Minister, following my request and having expelled the elected members, will not be rushing to accommodate those representatives as enthusiastically as she introduced the unelected personnel who will deal with the board's finances from now on.

With regard to the comprehensive spending review, Health Service expenditure in the Province will have risen from around £1.7 billion in 1997 to £3.8 billion by 2008. It now accounts for more than 40% of the Northern Ireland budget. How the Health Service deals with those neuro conditions for which numbers of diagnoses are rapidly increasing will have significant resource implications. Those conditions include autism spectrum disorders and attention deficit disorder, as well as those that result from the impact of childhood abuse. We are part of an ever-ageing population: dementia, strokes and diabetes will use up more and more resources. Trusts are under greater pressure than ever before with the Minister's tightening of the purse strings.

New service development was suspended, and it is proving a struggle for some trusts to even maintain existing front-line services. The escalating costs that are associated with providing services will result in even greater pressures in future.

Government continues to ignore differential need. There is a greater level of healthcare need in the Province than in the rest of the United Kingdom. The health and social care needs and effectiveness study that was published three years ago showed that more than 20% extra spending per capita is required to achieve the same standard of care that exists in England.

Several factors in Northern Ireland can only add to the disparity between standards in the Province and

those across the water. Significant extra health costs result from the continuing legacy of terrorism and community tension in the Province. It costs more to provide services to a sparsely populated region, and low levels of subscription to private health insurance result in a substantially greater burden on public finances.

The Northern Ireland population is growing faster than that of anywhere else in the United Kingdom. The most expensive patients to care for are those at either end of the age spectrum. At the same time, 30% of the Province's population is aged under 20 years, compared with 25% in England, and there are 40% more adults who are severely disabled in Northern Ireland.

The respected health economist Professor John Appleby has recognised the disparity in need. In a recent study, he stated that in an attempt to calculate future spending for health, a way would have to be found to bypass the Barnett formula. Appleby also claimed that, compared to that in England, our Health Service was under-performing and inefficient. For instance, he identified that the drug-prescribing practice in the Province has led to an unacceptable waste of tens of millions of pounds. That must be examined, because doctors are writing prescriptions *ad nauseam* even though other means might be used.

Progress on waiting list totals has been made in recent months, but health trusts are under great pressure to meet Government targets. Sometimes that leads to a conflict between continuing with elective procedures and dealing with unexpected emergencies that come in overnight.

The Review of Public Administration has the potential to make improvements to health structures. Health Service reform that speeds up and streamlines decision-making will be welcomed. A reduction in the number of trusts will undoubtedly mean savings on the basis of economies of scale. The one thing of which we can be sure when considering the comprehensive spending review is that the cost of providing good-quality healthcare will only escalate further over the next few years. That is why we must take every opportunity to ensure that the system within which services operate is as rigorous and efficient as we can possibly make it.

Some Members: Hear, hear.

Madam Speaker: If Members are content, I shall now suspend the Assembly for lunch between 12.30 pm and 1.30 pm.

The sitting was suspended at 12.29 pm.

On resuming (Madam Speaker in the Chair) —

1.30 pm

Mr Cree: I hope that the small turnout is not due to the fact that it is my turn to speak, but I will take advantage of that.

I wish to address three issues that feed into the themes of the comprehensive spending review. The first issue that I wish to address is water charging, which has been with us for some time. The people of Northern Ireland have been paying for water and sewerage services through their regional rates and, as no reduction has ever occurred in the regional rates, one can safely assume that we will continue to pay in that manner. Water is essential for life and is a fundamental requirement of public health. We all acknowledge that our water and sewerage system has suffered from several decades of underinvestment by successive British Governments.

The Government's current proposals remain unfair for a variety of reasons: the proposed capital value does not take account of the ability to pay; the proposals do not take account of the amount of water used; and they do not provide incentives to save water as required by European law. Focus must be placed on needs in Northern Ireland, rather than comparisons with the rest of the United Kingdom. We are continually reminded that Northern Ireland pays less for rates and water, but that is a crude and unfair comparison as Northern Ireland's income and expenditure profile is different. Developers should pay for the provision of services to new housing developments. The Government have conceded that point, but there is still no sign of that saving being passed on to the consumer. Road drainage costs should be paid by road users and not by water consumers.

In Great Britain, the Water Service received a green dowry of £1.6 billion to upgrade its water and sewerage services. At the same time, it was agreed that £50 million would be paid annually to Northern Ireland for water and sewerage improvements. That cash was not ring-fenced and appears to have been absorbed into the pot. We are still waiting to see some sign of the Government's peace dividend.

There are other issues arising from the Government's intentions. Water charging will commence next year, and by 2010 the full charges will be applied. Water and sewerage services will then transfer from the Government to the regulator who will decide the charges to be levied by the Government-owned company (GoCo). Some would speculate that the sole purpose of separate charging is to prepare the Water Service for a quick sale.

The experience across the water does not provide much comfort. The water companies wrote off £960 million in bad debts last year, and it is estimated that

up to 15% of householders consistently refused to pay their bills. Leakage targets set by the regulator have not been achieved. Thames Water has applied for an emergency drought order. Those are the benefits of 17 years of privatisation.

Although I have no difficulty in supporting private industry as a principle, the Government have left too many imponderables in their plans for water charges for the project to be a success. The Government must cease their "suck-it-and-see" approach to this important matter and return to the drawing board.

The second issue that I wish to address is the reform of the domestic rating system.

The roots of the current system of rating were established in the nineteenth century. Very few Members would have been around at the time — although most would have by 1976 when the last revaluation of domestic property occurred. That assessment was based on evidence emanating from the late 1960s, and few would disagree that the system needs updating.

However, the Government's proposal for a new system based on capital values is again unfair. Basing domestic rates on the capital value of homes is not a fairer system of assessment as it fails to properly reflect an ability to pay. Many householders in Northern Ireland are asset rich but income poor.

In 1995, the average house price stood at £43,826. It now stands at around £140,000; indeed last evening's 'Belfast Telegraph' reported that the figure has now risen to £146,000. This system is not about fairness: it is about Government tapping into a lucrative housing market and squeezing as much as possible out of hard-working families. That is a recipe for disaster for society here, particularly for low-wage earners and the elderly. I acknowledge that the Government have made some gestures in their direction, but much more must be done to affect people on low incomes.

The ratepayer here is already paying far more than previously. In 1998, £166.5 million was collected from the domestic sector. Last year, £346.8 million was levied, and this year the figure will rise by a further £20 million. Government seems to be exploiting the political vacuum in Northern Ireland to impose a draconian system for local government finances.

On 3 July the Minister of State assured us — in fact he emphasised — that the reforms were not about raising more revenue. Rather, he said that they should make the system fairer — by sharing the rating burden among householders — and easier for ratepayers to understand. I beg to differ on that.

My third point relates to Belfast Harbour. Many Members were alarmed to learn recently that the Government are considering the possible sale of Belfast Harbour. The Government's document, out to

consultation until 22 September, could pave the way for selling off key parts of the Port of Belfast. The Strategic Investment Board has denied any sinister intent, but it would appear that the Government might be attempting to asset-strip the Belfast Harbour Commissioners' property portfolio by selling key parts for the benefit of speculators.

The Port of Belfast has contributed massively to the economic infrastructure of Belfast and Northern Ireland for many years. This untimely speculation could undermine the port's current £140 million capital investment programme. The port currently handles two thirds of Northern Ireland's sea-borne trade and 25% of that of the entire island of Ireland.

I understand that the previous Assembly rejected any suggestion of a change in status for the Port of Belfast. That was the correct decision, and any idea of a sell-off is sheer foolishness and shows a total disregard for the future of our infrastructure.

Mr Storey: As well as seeking to make savings in health and education services, amongst others, Government must ensure that their own house is in order in relation to financial management and savings. The hon Member the deputy leader of my party referred earlier to the puppet-master Secretary of State, who would like to pull strings to operate this House. It is time that he pulled the strings of those who are in charge of the finances of Northern Ireland.

As an illustration of that, and of the necessity to focus not only on money but on the reform and quality of delivery, let us consider Northern Ireland's waste management strategy and the report by the Comptroller and Auditor General for Northern Ireland. I refer to two specific areas. Earlier in the debate Dr Farren, the Member for North Antrim, told us about the virtues of cross-border initiatives and all-Ireland institutions that could be of great benefit to us all.

Let us look at one initiative that should have been dumped — the fridges fiasco of a couple of years ago. The Department of the Environment negotiated an all-Ireland contract for the disposal of domestic waste, fridges and freezers, but when the bid collapsed before the contract was due to be signed, some councils stockpiled fridges, while others waited for prices from other places. The Comptroller and Auditor General estimates that the delay in putting the contract in place cost the public purse at least £750,000. That money could have been better spent on public services, and on front-line services in particular.

The Comptroller and Auditor General's report makes even more damning comment about the Government's good intentions in promoting recycling, which were undercut because recycling facilities were too often simply unavailable. The Comptroller and Auditor General notes that the Government resorted to the

hiring of a consultant — often their first port in a storm. He says:

"A fundamental cultural shift in attitude and behaviour is essential to achieving the Waste Management Strategy's... objectives. In order to encourage this shift, EHS employed media consultants, in December 2001, to drive a £1.5 million public awareness campaign: 'Wake up to waste'".

He goes on to note that because sufficient recycling facilities and other opportunities for avoiding waste disposal were not available:

"these improvements have progressed only to a limited degree, the success of 'Wake up to Waste' may have been limited, in the short term, and will be more difficult to maintain, or expand, in the longer term."

Therefore, whether we are talking about health, education, the environment or waste management, we must take an interest, not only in the money, but in the skill or otherwise with which Government can organise themselves to deliver a high-quality service to the public who pay for it.

The Department of the Environment did wake up to waste; it woke up to the reality that it was time to dump the issue with local authorities, and to have them incur the costs, so that members of local councils — some of whom are Assembly Members — would have to raise the revenue and the finance to do what central government should have done.

When the Northern Ireland estimates for the current financial year were published, they were accompanied by a statement of excess. This related to expenditure in excess of the net estimate provision for the Department of Education in the previous financial year. The excess expenditure was not an insignificant sum; it was somewhere in the region of £123 million. The Department was rightly criticised by the Public Accounts Committee for lacking adequate control mechanisms to prevent the situation from arising. I trust that, to prevent any such recurrence, the appropriate rules are now in place, not only in the Department of Education, but in other Northern Ireland Departments.

Mr Dallat: Does Mr Storey agree that if this Assembly were up and running we would have our own Public Accounts Committee to scrutinise all the issues that he has raised?

Some Members: Hear, hear.

Mr Storey: The Hon Member should recall that the failure and the faults of the previous Assembly created some of the financial crises that we have experienced, so we should not be begging, cap in hand, for the restoration of the failed structures of the Belfast Agreement.

The hon Member earlier referred to the regional rate. It was the old Assembly — the failed Belfast Agreement version of this Assembly — that brought in a 7% year-on-year increase on the regional rate, and

the pro-agreement parties supported it in this House. Therefore, the hon Member for East Londonderry should not be giving any lectures about the restoration of a devolved administration for the financial good of Northern Ireland.

1.45 pm

Mr Beggs: Mr Storey criticised the 7% increase to the regional rate incurred during the previous Assembly. Is he more satisfied with the 19% increase that was recently delivered?

[Laughter.]

Mr Storey: The hon Member from the Ulster Unionist Party should also bear responsibility, because his party negotiated the Belfast Agreement and brought about the situation in which the 7% increase was introduced.

The published Department-by-Department figures for the net administrative cost are interesting and bear some scrutiny. Adding up the net administrative costs for Northern Ireland Departments for 2005-06 and comparing those with the costs for 2004-05 and the actual expenditure for 2003-04, there is a consistent pattern: actual administration costs for 2003-04 were almost £803 million, rising to £854 million for 2004-05 and £954 million for 2005-06. Time and time again we hear that Government are committed to cutting out waste, getting resources to front-line services and doing away with superfluous administration. However, there seems to be a contrast between their words and their actions.

The House needs to pay particular attention to the House of Commons Select Committee report that confirmed that the level of fuel smuggling is so great as to warrant a reduction in the tax levy placed on the people of Northern Ireland. That is significant because a Westminster Committee, weighed down with Labour Party representatives, has concluded that such is the extent of the criminal conspiracy in Northern Ireland that it ought to affect the level of taxation.

One of the groups most responsible and associated with those who have threatened and attacked our economy, jobs and investment is the party that is missing from the Assembly today. Today, Sinn Féin stands officially condemned by that report as the public face of pirates, smugglers, counterfeiters and gangsters. It stands exposed as hypocritically demanding places in government to help to run the economy by day and seeking to destabilise the economy by night — to such a degree that the Select Committee recommends a change in Northern Ireland's taxation.

However, one should not be surprised by that. This week, the true face of the abstentionists in the republican movement has been seen. A Sinn Féin Member of the House publicly admitted that he stole flags and bunting in Lurgan, and it was reported in the local papers. He

then prides himself that that was an act of valour. A more sinister comment from a councillor in Cookstown shows the true face of republicans. The councillor determined that the Continuity IRA and dissidents are not hardliners because they have not killed any Brits yet.

That says something about the character and the credentials of the party with which so many in this House are keen for the DUP to sign a deal. Sinn Féin does not have the credentials to be in government. It has a long way to go. With regard to the finances of Northern Ireland, I would not trust Sinn Féin with the finances of my piggy bank, let alone the finances of Northern Ireland.

Ms Ritchie: The alleged purpose of today's debate is to define:

"spending priorities for a Programme for Government to be agreed by a Northern Ireland Executive following its restoration on or before 24 November 2006."

That is an act of political contrivance to mask and conceal the real political and economic problems that confront all Members and the wider community.

Those problems cannot be ignored, and they must be tackled if we are to achieve a political resolution that reflects the requirements of all the people.

This morning, the hon Member for North Antrim Dr Paisley informed us that this House was surrounded by mystery. Then, the hon Member for East Belfast Mr Robinson told us that we were not masters of our own house. How can we be, when the DUP and Sinn Féin refuse to allow restoration to take place? It is clear what the DUP must do. It must sign up to a commitment to power sharing and to partnership government. Sinn Féin must sign up to the principles of policing and an end to criminality, as defined by the Northern Ireland Affairs Select Committee report that was published this week.

Dr McCrea: Does the hon Member really believe that the Democratic Unionist Party can sign up to putting into government those who are wedded to a continuation of terrorism, criminality, paramilitarism and extortion? Does the Member really expect us to put those people into government?

Ms Ritchie: The SDLP firmly believes in inclusion. If we want to move forward, and if we want, for example, to correct the funding problems presented by the South Eastern Education and Library Board and counter its unacceptable introduction of commissioners, the political institutions must be restored. Both parties must stop protecting their own territory and get down to the business that the people of Northern Ireland elected us to do. That is the challenge.

Mr Storey: Will the Member give way?

Ms Ritchie: I will not give way. We have already been served a diet of that terrible behaviour in the

Preparation for Government Committee. We have been served a diet of insinuation and cruel insult. The people of Northern Ireland are saying that they have had enough. They want us to get down to business and deal with the real priorities. If this was a real debate, we could do that, and be able to define our priorities. We only have to look at our roads infrastructure. For example, one of the key objectives of the Department for Regional Development's corporate and business plan is to:

"maintain the road infrastructure to keep it safe, effective and reliable and to preserve the value of the asset".

We have work to do then. There is extreme concern in the construction and quarry-products industry, as the SDLP and other parties have pointed out, that the financial allocation of £58 million for roads maintenance this year is totally inadequate. To protect an asset, resources should not be reduced. We must continue to invest in those resources. Recent statistics have highlighted a £9.8 million reduction in the budget allocation across the four Roads Service divisions for asphalt and bitmac resurfacing in Northern Ireland.

Mr Storey: Will the Member give way?

Ms Ritchie: I will not give way; I have limited time. If the DUP would get down to the business of government, we would not be dealing with this petty squabbling, to which many of us have been subjected in the Preparation for Government Committee.

Some Members: Hear, hear.

Mr Storey: On a point of order, Madam Speaker. The issue that I wished to raise was not an example of petty squabbling. I wanted to raise a matter of fact with the Member. That was why I asked her to give way.

Madam Speaker: That was not a point of order, Mr Storey.

Ms Ritchie: I have already dealt with the roads infrastructure and the roads maintenance budget. However, my party believes that, generally speaking, there is also short-term thinking in the comprehensive spending review. We believe that the British Government are passing the buck to the public, who must pay for the renewal of our infrastructure through additional taxation in the form of water charges. That is not just short-sighted but morally bankrupt.

The direct rule Administration has been responsible for neglecting our infrastructure for decades. They diverted investment towards other purposes, such as security, although we would readily concede that both sides' paramilitaries carried out terrible acts during those years.

It is right that there should be a complete end to all forms of criminality and terrorism. The sectarianism that breeds discontent and terrorism should also end. The correct course of action for the Government would

be for them to make good their neglect and make up for past deficits.

If we had restored institutions, we could define spending priorities for infrastructure. There are other issues to consider, including the crucial North/South dimension. If we are to tackle the impediments that partition has caused, we need to deal with the all-island spatial planning strategy, which has come about as a result of the regional development strategy in the North and the national spatial planning strategy in the South. Now that that document has been published, work needs to start immediately.

Other all-island regional development measures must be factored into a comprehensive spending review, and we could do that if there were restoration. Such measures include the creation of an all-island transportation and infrastructural body and the all-island free-travel scheme, which, thankfully, will be implemented next April. For the life of us, we do not understand why that is subject to a consultation here and not in the South. We need a strengthened all-island approach to road safety, given that this week we have seen terrible tragedies, some of which resulted in death.

We also need an integrated approach to road signage, marking, speed measurements and penalties. The benefits of an all-island approach to spending on our infrastructure are already visible as a result of the Dublin Government's investment in the City of Derry Airport and the joint management of the Newry/Dundalk road construction project, which, coincidentally, Roads Service manages.

Fundamental to the debate is a need for the DUP and Sinn Féin to change their political attitudes and mindsets. We witnessed the semblance of a love-in of the Preparation for Government Committee. That attitude needs to be restored, and I hope that we will see some of its benefit.

The obstacles to political progress must be removed so that all our political institutions can be restored. That will ensure that together we can define the spending priorities for a new Programme for Government that will facilitate the renewal and rebuilding of a sustainable economy and infrastructure on an all-island basis.

That includes our social and recreational spheres of life. From a comprehensive spending point of view, we should also look forward to the 2012 Olympics and to what we in the North of Ireland can do to contribute to a greater investment in sport and recreation and to the Olympics — perhaps that contribution can be made on an all-island basis.

Our communities demand the restoration of political institutions, and they demand that we all grow up and politically equip ourselves properly. They want a reinvigorated approach to developing our infrastructure. That can be achieved through making infrastructure a

major priority in the Programme for Government and for a new Executive.

The SDLP cannot wait for the day on which the DUP and Sinn Féin wise up to their responsibilities and join with the rest of us in forming that new Executive and in making decisions for people here, so that we do not encounter the problems such as those that the South Eastern Education and Library Board encountered yesterday. We should be able to put financial programmes in place for that board so that it can cater for children who have special educational needs. Concessionary travel passes were removed from children who attend schools in the South Eastern Education and Library Board area, thus marginalising those who live in rural communities. Those passes should be reinstated.

We look forward to defining those spending priorities for a new Executive.

Mr McNarry: It appears that the price that we will pay for this debate will be the formation of sub-committees under the charge of the Preparation for Government Committee. If it is to be believed, Sinn Féin will grace the Chamber to debate the reports of the supposed subcommittees.

However, not one of the subcommittees that the Secretary of State has conceded to Sinn Féin will cover a Programme for Government. Instead, the issue has been shunted here for us to take note of today. Surely the work of a priority subcommittee — directed by a Committee that is charged with preparing for government — would be expected to include a report on the essence of a Programme for Government.

2.00 pm

Perhaps it is deliberate that the instinct of a natural agitator, with form and history of rubbing people up the wrong way, is all too obvious in the choice of motion that he has sent to us to debate today. Perhaps it is his warped, cynical arrogance that, in an effort to find favour with Tony or Gordon, leads Peter to report back and say, “Look at clever me. I have contrived to have the democrats in the Assembly reach consensus.” In truth, the consensus is not to prepare for or restore devolution, but one based on disdain for the Secretary of State for having the audacity and temerity to insult this House with this motion.

The motion draws attention to a Programme for Government. When was it agreed that a proper Northern Ireland Assembly, if restored, would inherit and adopt all the aspects of governance and management that have been introduced and practised under direct rule? If this Hain Assembly threw out its sponsor’s own motion, what effect would that have on Government thinking?

What purpose is there in noting the action of the direct-rule decision process on spending, when the outcome would, more than likely, be entirely different

if those spending actions were brought to a proper Assembly by its own Minister? Surely Peter Hain should consider asking this House whether his regime is fit for purpose and fit to govern in the manner that any other part of the United Kingdom would expect, because he is failing to govern in that way in Northern Ireland. I suspect that he knows the answer to that question, and I would be concerned if he did not.

What mark out of 10 would we give him on education, health, infrastructure, fishing, agriculture, closing down crime and protecting the vulnerable from thuggery? We on this side of the House would be hard pressed to give him four out of 10.

Let us set aside spending and look first at the costs involved in education. The Minister with responsibility for education cannot account for the costs of running education in Northern Ireland, because, like her predecessors, she does not know the costs. There is no bottom line, no starting point on expenditure and no monetary or fiscal strategy. The Government are working without a sustainable schools policy. How can someone run a business, a charity, or even a social club, let alone a Government Department, without having a sustainable policy in place? When our community groups put together a funding plan, the first question that they are asked, and the big question that they must answer, is whether their plan is sustainable, yet this Government runs our Department of Education without a sustainable schools policy.

I cannot take note of the motion, Madam Speaker, because that would give the impression that I am content with a spending review that relies on savage spending cuts. The spending review introduces education budgets for the purpose of whipping in punitive measures that act ultimately against children.

However, the Secretary of State refuses to grant us an education debate or an RPA debate that includes education. His arrogance hides his lack of bottle. He knows that in playing the consensus card he sends an open invitation to certain people to use their veto — as they did today and will continue to do until the situation changes. That is what has happened.

Not only does Sinn Féin refuse to come into this Chamber to debate with us, but the Secretary of State now enables it to dictate what will be debated. As a result, he bottles out of approving a debate that was requested by those who show respect to the House, who will attend and who will take part in debates. Instead, we are landed with a Hain motion for the Hain Assembly on the Hain regime spending review allied to the Hain Programme for Government.

It has been said — correctly — that we are all at fault. Although I passionately believe that the objective of devolution is to make elected Members masters of this House, it would be foolish to let that aspiration

transpire without first ensuring that there would be a transition period for devolving Departments into the hands of an agreed Executive. What would we take over? We would be ultimately accepting the blame for, and the consequences of, direct rule. The legacy of direct rule will be an inherited shambles, based not on what is best for Northern Ireland and its people but on what the Exchequer sees fit for Northern Ireland and its people in costs only.

It is therefore nonsense to think that I would take note of spending reviews and spending priorities for a Programme for Government unless I had a practical input into agreeing a Programme for Government to be recommended to the people of Northern Ireland. Government cannot be approached without the comprehensive agreement of the vision enshrined in a Programme for Government.

Coming out of terrorist activity and compounded by lamentable direct-rule governance, we need to restore confidence not only through offering a vision for the future but by being capable in this House of delivering the costs of such an agreed vision. It would be irresponsible to do otherwise, and it would be downright stupid to negotiate the restoration of a devolved Assembly on the basis of becoming accountable by default and of inheriting and therefore administering for the foreseeable future not our vision but the policies of the outgoing Government.

Madam Speaker, there was talk earlier about the Preparation for Government Committee. Despite the reference in the Hansard report of a “love-in”, the prospects of consensus in that Committee were not served by remarks identifying some of its members as “the Taliban”. I take exception to that, even though those remarks were not made in my direction. I sat through some 20-odd — and some of them were very odd — hours of intensive discussion and grilling and for one party it was a case of “hear no evil, see no evil, speak no evil”.

We are assembled here. Rather than take note of the Secretary of State’s motion, I ask through you, Madam Speaker, when is he going to take note of the democrats elected to this House, willing — and showing their willingness — to be in their place of work? When will he do so in a manner that denies the abstentionists any more oxygen for their veto?

Will it be better come September? That remains to be seen, and the onus between now and then is on the Preparation for Government Committee. Does that mean that debates will now be regulated continuously by the Secretary of State? Or does it mean that this Assembly will take control of its business and begin to be master in its own house?

Perhaps, Madam Speaker, over the recess, a decision could be reached and relayed to us corporately. If not,

look around you. Is the action of the absentees deliberately intended to bring disgrace to this House? If you were a member of the public, what would you think of what you see here today?

It is incumbent upon the Secretary of State to deny the veto process adopted by one party. Otherwise, he is making a shambles of this Assembly.

Mr Shannon: Some specific issues show that the spending review falls down in its delivery to the people of the Province. It is a challenge to outline where it will not meet its mark and where it will not deliver.

One issue, alive in the minds of those of us who represent the east of the Province, is that of children with special needs, particularly in the area covered by the South Eastern Education and Library Board. The boards are under pressure to cut spending, and those cuts will impact specifically on children with special needs. The spending review disadvantages the children of Northern Ireland, especially since the Government are keen to make what they term “efficiency reviews” and savings.

The DUP is, with other parties, committed to helping those most in need — the children. Unions, parents, teachers and elected representatives vigorously oppose the imposition of a commissioner to the South Eastern Education and Library Board. That matter has already been raised in this Chamber, but the point must be made.

Government are enforcing budgets and threatening education and library boards with court action if those budgets are not adhered to, never mind that the needs of the children increase each year. How can parents be expected to cope when two new taxes are imposed, yet their much-needed services are removed because the Government want to save money? It is unrealistic for the spending review to talk of delivering services while, at the same time, taking them away.

The Government seem desperate to shave off money here, there and everywhere, while imposing taxes on the populace at alarming rates. Labour is the party of taxation; some 80-odd taxes have been introduced in its nine years in Government. That says a great deal. Perhaps two foreign wars and the consequent loss of life are taking their toll on the Treasury. The fact that enough decent, modern equipment cannot be supplied to the armed forces is an indication of how bad the situation is, and the Government should be reprimanded for that.

Perhaps this Government have delivered very little on promises to the people of the United Kingdom. If anything, things have gone backwards. If the record is examined, the previous Tory Government are blamed for anything that has gone wrong. However, in nine long years the Labour Government have not delivered; they have passed the buck, ducked and dived. Now they

have begun to impose taxes in order to look as if they care about education and the Health Service.

Even under the Tories, nurses were not being sacked because of budget cuts.

2.15 pm

In my constituency of Strangford, and across the entire Province, tourism has the potential to boost the economy and lead to more jobs. It could lead to diversification for the rural economy and the farming community. In times of hardship, the rural community has been held back by draconian planning rules and regulations. We have already debated 'Draft Policy Planning Statement 14' in the Chamber. If planning regulations were eased, tourism could be boosted in the rural economy. That issue should be examined in the spending review.

In the past few days, the financial boost given to 12 July parades has been a topic in the press. That boost to at least one section of the community is welcome and could be replicated across the Province to benefit many areas. That wonderful, colourful celebration of culture is of historical importance, and it has tremendous tourism potential. If the same financial opportunity were afforded to others, thousands of jobs could be created.

Many families in my constituency are already feeling the strain from the lack of investment and spending. Many of my constituents look after elderly relatives without any support from the NHS and social services because the budgets cannot meet their needs, such as one hour a week of respite. Long lists of people need the services of the NHS, but the services are limited because of budget cutbacks and lack of investment. The spending review does not address those issues. Waiting lists in my constituency, and in many other constituencies, show that it is the volunteers — the carers — who look after the elderly and the ill. The Eastern Health and Social Services Board and the Ulster Community and Hospitals Trust do not have the budgets to deliver a satisfactory carer service to the community. The demands will increase because there are more old people. Will the spending review match that? I believe that it will not. For that reason, I have grave concerns.

In 2001, my colleague Kieran McCarthy and I raised the issue of roads. What we said was very clear: the minor roads budget for the Ards peninsula and the Strangford constituency is the same today as it was 10 years ago. How can a roads budget remain at the same level as it was 10 years ago? Those roads are 10 years older and in need of repair. The population has grown and road traffic has increased. There is no logic whatsoever to the roads budget. The spending review does not address the issue of road provision.

Mr Storey: This is a point that we wanted to raise earlier with the hon Member from the SDLP. There has

been a £50 million reduction in the Roads Service's maintenance budget. Under the Review of Public Administration, roads provision will become the responsibility of the new councils. Does the Member agree that one of the first tasks for the new super-councils will be to raise the rates in order to fix this basic asset, which will be neglected between now and 2009 because of that financial deficit?

Mr Shannon: After many lean years for the roads budget, the new super-councils — should there be seven, 11 or 15 — will be facing hard times. It is only fair that councillors who are responsible for roads are given a budget to address the issue. The Member is absolutely right.

The spending review should include a job-creation strategy, whether it comes from Invest Northern Ireland or directly from Government, that gives people the opportunity to find jobs.

This week, again, there have been more job losses in my constituency. One small village with a population of 800 or 900 people has lost 120 jobs over the past two years. Across the area, 3,000 jobs have gone. The onus is on Invest Northern Ireland and the Government to deliver a strategy and a plan of action that creates opportunities for people in my constituency and which also creates wealth and gives an economic boost to the area. That is not happening, and I find that very worrying.

With regard to the spending review, farming, fishing and rural affairs have suffered under Governments over time. Farmers tell me that when they apply for grants and premiums, although there is a timescale within which they should receive the money, they often have to wait three months or six months longer for payment. The faceless bureaucrats do not see the hardship on the farms; they do not see that the grant is part of the farm's budget and is needed to keep the farm going and to pay the bank on time. It should be possible in this age, with modern technology, to make grant payments within the timescale. The Department of Agriculture and Rural Development should have a system that is capable of doing that.

The backbone of my constituency is farming and fishing. People working in those industries already face severe hardships under the current spending budget and under this review. I hope that the Government will ensure that the extra taxes that they propose to raise will be poured into the budget of this country for spending in this country, and for spending in our constituencies on issues that really matter, such as children's education, the safeguarding of jobs and doing the best for the people whom we represent. This spending review, set up by the Government, does not deliver that. Therefore, we must register our concerns about, and our opposition to, the review.

Mr Hillis: Like others, I begin by registering my complete dissatisfaction at the way in which we have been expected to debate this motion with less than 48 hours' notice. The Secretary of State continues to treat us with considerable disrespect.

Although the wording of the motion is somewhat cumbersome, and the sentiments perhaps a little presumptuous, it is nonetheless an important debate. Everything hinges on money. Quite a few Members have made important points in the debate, and I am glad that a few Members are left in the Chamber as we continue. In the time that I have, I want to concentrate on the tourism industry and explain why I believe that spending on this area must be high on the priority list in any future Programme for Government.

I sometimes feel that tourism is regarded as something of a bit player in the greater scheme of things in Northern Ireland. It must be emphasised that tourism is a growing part of the Northern Ireland economy, with much potential for further growth. Sadly, at present, income from tourism represents only about 2% of gross domestic product (GDP), which is a big contrast with the Republic of Ireland, or with Scotland or England, where tourism represents between 5% and 6% of GDP.

With imagination and vision, we can build on previously untapped assets. I agree with Mr Shannon, particularly with regard to events around 12 July. For example, we are now in the midst of what some people would call the "marching season", and for years tourists have been told that it is a bad idea to visit Northern Ireland during the Twelfth, presumably because the nasty orangemen would be on the march. The overt message was that something nasty might happen to the hapless tourist. To my mind, that is absolute piffle.

I am disappointed at the negative remarks made earlier by the leader of the Alliance Party. For years others and I have advocated that the Twelfth celebrations be marketed as a major tourist attraction. Why not? It makes complete sense.

It would never threaten the carnival of Rio, but it is unique; there is plenty of colour, music, pageant, culture. Given a chance, it could be a major tourist attraction.

My party and I welcome the fact that money has now been set aside to market the Twelfth as a major festival. My hon friend the Lord Laird of Artigarvan and I find it extremely difficult to understand why tourism that supports Ulster Scots is not more readily available. There are about 22 million Scots Irish living in America, many of whom are anxious to come back to their homeland for a visit. Ulster is the only part of the world where one can get Ulster Scots culture. Why is there not much more targeted funding to allow us to

tap into this market? An opportunity awaits us from which everyone — and I mean everyone — can benefit.

Since 1994, the total visitor numbers have grown by 60%, with revenue increasing by 80%. Now tourism is expected to contribute well over £400 million to the Northern Ireland economy. Members will agree that those are positive figures. It would appear, however, that the financial mandarins are intent on jeopardising the excellent work of our tourism industry. I base this statement on the fact that the draft 'Priorities and Budget 2006-08' did not include any resources for some areas of tourism additional to the bid made by the Northern Ireland Tourist Board of £1.5 million — not an enormous amount — for regional tourism partnerships (RTPs).

These partnerships have critical responsibility for regional promotion and for the development of the regional tourism product. They market the regions, sell city breaks, and attract cruise ships, conferences and activity breaks. The co-ordination of effort and resources across local councils and individual industry members means that the RTPs' key successes have helped remedy duplication and inefficiency in the delivery of tourism. Since their creation they have proved a positive example of public-private sector partnership, and now over 2,000 private/commercial sector business members are in partnerships with RTPs.

Much public sector investment in RTPs has to date been from EU funds that came to an end in March of this year. The current Budget made no provision for these partnerships beyond that date, leaving a void when the EU funding ceased. This was filled by the industry, local government and from the NITB funding, leaving less in its already depleted budget.

The Northern Ireland Tourist Industry Confederation explained the gravity of this situation recently in its response to the draft 'Priorities and Budget 2006-08':

"Failure to direct public sector funding to RTPs will be extremely negative to the tourist industry."

The Department of Enterprise, Trade and Investment tourism spend has, I admit, risen from £184 million in 2004-05 to £219.5 million in 2007-08. This increase is very welcome indeed.

2.30 pm

Those figures do not include the funding that has been ring-fenced for the Giant's Causeway visitor centre. While I am on that subject, I appeal to all concerned organisations to quicken the pace on the visitor centre. I am glad that a design has been chosen, but we have been without a visitor centre for some time.

The global environment for tourism is highly competitive. I have had the pleasure of visiting the World Travel Market in London on more than one occasion. It is quite frightening to see what is on offer

in the holiday market. Eastern European destinations are now posing great competitive pressure, and the EU in general is losing out to the Far East and the Middle East, a trend that is likely to continue. If Northern Ireland is to compete in this environment, it is essential to have an investment structure to meet the needs set out in the Northern Ireland Tourist Board's Strategic Framework for Action 2004-07.

Unfortunately, many of Northern Ireland's departmental budgets and priorities mention tourism as an add-on, rather than as an important sector of the economy. I sometimes think that tourism is the Cinderella of our economy. There must be adequate provision for, and sustainable investment in, our tourism industry in any future Programme for Government. If that does not happen, I will have serious concerns for Northern Ireland plc.

Mr Dallat: I will begin on a positive note and assume that everyone here wants to get back to work as quickly as possible in an all-inclusive power-sharing Assembly. In such circumstances, we need a Programme for Government that has the soundest financial control — public scrutiny. That has been sadly lacking for the past three and a half years of suspension.

Assuming that common sense prevails and a new Assembly can be formed, an audit strategy should be put in place to address issues relating to the management of money and risk assessments. Proper guidelines should also be put in place to show civil servants where their remit begins and ends.

The Chairman of the Public Accounts Committee in Westminster, Mr Edward Leigh, influenced by talks that he has had with United States congressmen, has been calling for improvements in financial scrutiny. Mr Leigh has drawn to the attention of Parliament the willingness of the National Audit Office to support the Committee. From my experience as a member of several Committees in the previous Assembly, we would have welcomed such support and co-operation from the Northern Ireland Audit Office. That would have given us the opportunity to address previous errors and failings.

We have not been allowed to take any interest in the financial affairs of the Assembly, but there is a budget of more than £1 billion of taxpayers' money. It is surely incredible and unique in the world of finance that a corporation, if I may call the Assembly that, is responsible for so much money, yet exercises no financial control over it.

However, it is much worse than that: the 108 Members continue to be paid, while those who refuse to reach agreement to run the Assembly complain about plans to increase rates, introduce water charges and threaten the very future existence of the manufacturing industry. Only yesterday, children with special needs were told that their rights to equality were finished, and today

there is a commissioner crawling all over the books of the South Eastern Education and Library Board to do just that.

Several investigations are under way relating to the manner in which public money has been spent. Everything must be done to ensure that any future Programme for Government is not impeded by costly investigations that could be prevented if proper strategies are in place to ensure that Members have the appropriate written and oral briefings from the Audit Office.

How much longer must we rely on journalists to uncover what is wrong with the financial affairs of this Assembly? When will we derail the gravy train that rumbles on bringing direct-rule Ministers, senior civil servants, and other heads of non-departmental public bodies to the four corners of the earth for reasons that are ill defined and poorly justified?

Again, on a positive note, there is an opportunity to enhance the work of the Public Accounts Committee. This is particularly important because we must review the practice where public expenditure is reviewed after the event, rather than before the horse has bolted. In order to achieve that, I would like to see an approach made to the Comptroller and Auditor General at the Northern Ireland Audit Office to ensure that the Public Accounts Committee can play its full part in strengthening financial scrutiny within its current terms of reference. This is vital if we are to address issues relating to risks to future delivery that can be assessed and managed.

A new Assembly must avoid the embarrassments where millions of pounds are wasted on projects such as DeLorean, the sheep annual premium scheme and various other training schemes that did not achieve their purpose. We must bring to an end the scandals of millions of pounds being spent on transatlantic trips of questionable value to the ratepayer.

It is equally important that any future Programme for Government, and the money attached to it, makes clear where it is appropriate, if at all, to accept hospitality such as dinners, galas, days at the races, and so on. Indeed, the whole area of public procurement or contracts, worth many millions of taxpayers' money — has been undermined by scandals relating to hospitality and gifts.

I do not propose to go into any detail because there are ongoing police inquiries, and I would not wish to prejudice those in any way. However, if the Assembly were up and running there would at least be an opportunity to ask searching questions about who is on the gravy train, how much they have benefited from it, and when it will stop.

Mr Storey: Does the hon Member for East Londonderry also agree about, and include in that list, the abolition of the Civic Forum, which cost the

previous Assembly and the taxpayers of Northern Ireland over £2 million and delivered absolutely nothing?

Mr Dallat: I am happy to say that the Civic Forum was a splendid organisation. *[Laughter.]*

The Civic Form took up the issue of literacy and numeracy — a matter very close to my heart — and it produced a splendid report. Given that 25% of the population, or 250,000 people, in the North, leave school with the lowest skills in reading and writing, I do not understand why it is a laughing matter.

All those issues must be worked on so that any new Assembly has the mechanisms ready to roll when it takes over responsibility for the Programme for Government — that is if it is serious about it and does not find it a joke.

In conclusion, one of the first tasks is to draw up the criteria for an effective internal audit mechanism, and the involvement of the Northern Ireland Audit Office is crucial. So, too, is the strengthening of the work of the Assembly's Public Accounts Committee, and this would entail a change in its terms of reference.

The Committee on the Preparation for Government should devote time to examining the current procedures, look at best practice in other jurisdictions and have in place mechanisms that will radically change current procedures, which are more about shutting the stable door after the horse has bolted, rather than ensuring that there are controls in place internally that would prevent scandals, embarrassments and bad practice in the first place.

However, much depends on how sincere we are about taking responsibility for the Programme for Government.

Nothing that I have heard recently indicates that there is any real hope that political morality is about to dawn on this Assembly. In the meantime, credibility is fast going out the window, public patience is at breaking point, and much of what I have said is falling on deaf ears. People refuse to listen, and minds cannot comprehend that we have moved on.

This may be our last opportunity to convince the world that we really care, but I doubt if anyone will be convinced that there is any real desire to take responsibility for what we are paid to do. Perhaps I am wrong; I hope that I am wrong. Many people feel sick at the behaviour of elected representatives who are blocking the democratic rights of people to take charge of their own affairs. Today, we have had a lot of hot air from the DUP and cold water from Sinn Féin.

Madam Speaker: The next Member to speak is George Ennis. This is his maiden speech, so please show him the usual courtesy.

Mr Ennis: Thank you, Madam Speaker, for those kind words.

I welcome the opportunity that this Assembly has been given to discuss the comprehensive spending review. The review covers much too wide a range of subjects for me to attempt to cover in this short speech.

Members have raised many important issues already. In order to benefit the economy in the best way, the comprehensive spending review must be directed at the areas of greatest importance and those that will deliver the greatest return. The case against the removal of industrial derating has been put in the Chamber already, and I fully support that case. Like industrial derating, the issue of corporation tax has been raised many times in the Assembly, and in other forums, in recent months. However, we must continue to discuss the issue. The comprehensive spending review should focus on issues that must be addressed in order to make Northern Irish businesses more competitive. If we are to deliver this world-class Northern Ireland that is often spoken about, we must recognise that corporation tax is a barrier to achieving that most laudable of aims.

Northern Ireland faces many different challenges to those faced in the rest of the United Kingdom, because of the land border. A review of corporation tax levels is needed so that we are not placed at a competitive disadvantage to our neighbours. However, that is not the be-all and end-all; that measure will not miraculously jump-start the Northern Ireland economy. It must be part of a broader plan and a strategic approach adopted in areas such as the comprehensive spending review. That review can target investment at the most important areas and stimulate high-quality investment in the local economy, which will then pay the highest dividends.

Government cannot continue to use the argument of cost to justify any reluctance in this area. We are not asking for a blank cheque or an unquantifiable return from investment. This would be a strategic investment in the future of Northern Ireland, leading to Northern Ireland positioning itself among the best places in the world in which to invest, and bringing in the spin-off benefits that such a position would create.

Some small steps have already been taken. For instance, the last Budget increased the research and development tax allowance to firms above the current small and medium-sized enterprises' research and development tax credit threshold. Such mechanisms will deliver investment to Northern Ireland, but it will be a guaranteed investment, with a high-quality reward. Such investment must be targeted through mechanisms such as the comprehensive spending review.

We must encourage other ventures — for example, knowledge-transfer partnerships. For some time, our universities have been involved with such partnerships,

which can deliver information and expertise to the business and private sectors. Those partnerships are of particular use to businesses that previously have not invested in research and development, and Northern Ireland companies are low in research and development financing.

2.45 pm

They are also a way for smaller businesses to make use of high-quality knowledge, with direct benefit to their business. The Department of Trade and Industry currently provides 60% of the funding for knowledge-transfer partnerships for small and medium-sized enterprises (SMEs). As much encouragement as possible should be given to SMEs to participate in those schemes and the benefits should be made clear to them. An increase in support to businesses, particularly smaller businesses and those not previously involved in that scheme, could help to encourage further participation.

Similarly, those on the other side of the partnership must be fully supported to enable them to help as many businesses as possible. Support must be given to ensure adequate resources on the academic side of the partnerships to deliver the knowledge and expertise to those businesses that can be encouraged to take up the offer.

Although the main focus of knowledge-transfer partnerships is often through universities, some further education colleges are already involved in such programmes. Different businesses have different needs, and not all will require the high-level expertise of the university sector. Improving the networks between local business and further education colleges can help to bring businesses into the system at a relevant level and on a scale that is manageable for small businesses.

All those proposals could help to increase research and knowledge in Northern Ireland's business sector. Everyone knows that the public sector plays much too great a role in the economy; that will not be turned around overnight. It will require a strategic focus from the Assembly and at least a medium-term investment in those areas that will deliver the best returns for Northern Ireland plc. Outside the political process, the economy is the most important aspect on which Government must focus if any semblance of stability is to be achieved.

I hope that notice is taken of the motion and of this afternoon's debate in the Chamber. We remain to be convinced that previous debates have been taken on board, but we, as elected Members, must continue to put forward our case. I hope too that the correct strategic approach to developing the economy can be put in place.

Rev Dr Robert Coulter: I have learned from my engineering experience that, when it comes to this time in the afternoon, the longer the spoke the greater the tyre.

I support Members who said that this is no way to operate an Assembly. It shows a flagrant disregard for the seriousness of the public business that we are trying to conduct. At the heart of the problem lies a total lack of meaningful consultation, and behind that lies a lack of respect, verging on contempt, for the Assembly. I appeal to all Members to recognise that we have it in our power to end the Secretary of State's control over all those matters that are so vital to the interests of our constituents.

Lack of consultation is also at the heart of what I have to say about the spending reviews of 2004 and 2007. The point is that direct-rule Ministers produced those reviews without consulting the Assembly. Indeed, MLAs were summoned to the Long Gallery to be told the details of important aspects of the spending reviews — and that was after the event had been publicly announced and the details given to the press. That shows scant regard for the democratic process.

There are important items that are not catered for in the spending review, with particular reference to my own party brief, which is health. To begin with, the failure of the Review of Public Administration to separate primary and community care budgets from hospital budgets will mean that hospital budgets will continue to drain resources and starve primary and community care of the funds needed. That, of course, runs counter to Government policy, which is to boost preventative medicine. The best way to do that would be by funding primary and community care separately from the hospitals.

Leaving primary and community care at the end of the queue after hospitals makes it an "Aunt Sally" service, and fatally undermines the whole process of the Review of Public Administration with regard to health services. We should demand that that situation be reviewed at the earliest opportunity, before it is set in stone and we create another service that will go wrong at the planning stage. I call on the Secretary of State to ring-fence primary and community care budgets as a matter of urgency.

Secondly, with the central trauma centre being located in Belfast, extra demands will inevitably be placed on the Northern Ireland Ambulance Service, for which additional provision must be made. I call for the establishment and proper funding of an air ambulance service to ferry seriously ill patients to the new central trauma centre. Northern Ireland is the only part of the United Kingdom that does not have a dedicated air ambulance service. That is an absolute necessity if we are not to abandon whole swathes of rural Northern Ireland to inadequate emergency cover. I speak here of Tyrone, the county of my birth. The western and northern parts of Northern Ireland will not have adequate cover in an emergency. We have not been

consulted, and this matter has not been properly budgeted for.

I draw the Assembly's attention to two salient points in relation to health budgets. First, the Bamford Review of Mental Health and Learning Disability (Northern Ireland) spoke of serious deficiencies in investment in mental health in Northern Ireland compared to Great Britain. That underinvestment affects the real lives of real people, especially in view of the suicide rates here among young men.

Thirdly, it is important to note that the Appleby Report of 2004 stated that an additional 7% is needed in general health budgets to meet all needs. The common theme that emerges from these matters is that there is no substitute for the democratic control of public business by this democratically elected Assembly. I appeal, therefore, to the Secretary of State to give the Assembly control of its own agenda. It is only by doing that that some order can be brought into the conduct of public affairs in Northern Ireland.

Mr B Bell: Does the hon Member agree that in any future Programme for Government or any future spending programme, provision should be made by the Northern Ireland Assembly for free care for elderly people, similar to that which pertains in Scotland?

Rev Dr Robert Coulter: When one comes to my age one can identify with those sentiments. My party and I would fully support the idea of free personal care for the elderly.

Mr A Maginness: I had a dream last night. The dream was that we were in this Assembly on 25 November. The Benches were full, but I saw four figures hugging one another, glad-handing and clapping one another on the back. Who were they?

Madam Speaker: I must point out, Mr Maginness, that that day is a Saturday. What about Monday 27 November? *[Laughter.]*

Mr A Maginness: You have ruined the punchline. It was a dream, so I should be permitted a bit of poetic licence, Madam Speaker.

The four figures were Willie McCrea, Alex Maskey, Mervyn Storey and Gerry Kelly. Where is Mervyn? I see that he is not here. They were hugging one another and patting one another on the back and asking, "What Ministry do you have?" They walked out of the Chamber down the corridor to room 21 to meet with Ian Paisley, the First Minister, and Gerry Adams, the Deputy First Minister.

Dr McCrea: On a point of order, Madam Speaker. Can Members really lead us down the path of fantasy? Surely we should be debating reality.

Madam Speaker: That was not a point of order, but I would like Mr Maginness to continue.

Mr A Maginness: Of course, there are historical precedents for such events. Brian Faulkner, John Hume, Gerry Fitt and Paddy Devlin all shared the same Cabinet table in the power-sharing Administrations in which they worked together for the good of the people of Northern Ireland.

That was my dream. Of course it is not true, but come 25 November it could be the reality, and I hope that it will be. However, it will not come true if the DUP continues with its obstructionism and Sinn Féin continues with its abstentionism. We have the two great negatives: the negativity of Sinn Féin and that of the DUP.

You can whinge all that you want today, and you have had an absolutely cracking session of whinging. The Secretary of State has been so badly kicked that he is barely conscious. He has been kicked, stoned and generally derided and ridiculed. Why? It is because he exercises power. You could exercise that power if tomorrow you signed on the dotted line and said to Gerry Adams and the rest of them that you will form a power-sharing Executive for the good of the people of Northern Ireland.

Mr Nesbitt: When the Member talked about our whinging, he spurred me on to ask a question. Although I have just come in, I wish to note —

Mr A Maginness: I was not talking about you.

Mr Nesbitt: I did not say that you were. However, I noted that you praised the Government of the Brian Faulkner era of many years ago. Do you agree that the Government that was formed then, although it was short term, was formed on the basis of a voluntary coalition between the SDLP and unionism?

Mr A Maginness: Let me put it this way: the notion of power sharing is fundamental to remedying a divided society. All the parties, including Brian Faulkner's, accepted that power sharing was fundamental to the future. I do not care whether you call that a voluntary coalition or an involuntary coalition: it was a power-sharing coalition. That is the fundamental objective for all of us if we want to reform this society and create a sustained peace. We must create a power-sharing Executive if we want to create harmony instead of disharmony and tolerance instead of intolerance.

That is the only way forward, folks. We can say goodbye to any form of power unless it is shared. That is the message that the Secretary of State and all reasonable people in the community are sending to you.

Mr Donaldson: With all due respect to the Member, that is not the message that the Secretary of State is sending us. If the message were simply that we should form a power-sharing Executive, we could do that with the Member's party tomorrow.

The message is very different: we can have a power-sharing Executive only if it comprises a range of parties, including Sinn Féin. The Member knows the difficulty that we have with that. We are not against the principle of power sharing; we simply need to know that the criminality, violence and intimidation, which happen in his constituency and in mine, are at an end.

3.00 pm

Mr A Maginness: All the significant elements that make up the political landscape of this Assembly and this society must be included in government — it is as simple as that.

You cannot exclude a significant section of the political community in Northern Ireland. You cannot do that and hope for stability and to progress to a new and dynamic society in which there is real peace and harmony. If you think otherwise, you are quite wrong. You must be mad if you think that the SDLP will suddenly say, “Aha, that is the solution to the problem. We will form a voluntary coalition” — as you call it — “with the unionist parties, and that will solve the problem”.

Mr Donaldson: I remind the Member that, in the previous Assembly, his party sought to exclude the DUP from the Executive; therefore, it is not true to say that the SDLP has been consistent on this issue. Were the SDLP consistent, it would accept the principle that there can be no Executive without the DUP.

Mr A Maginness: The Member is wrong. The SDLP fought long and hard to achieve power sharing. From the early 1970s and right through the 1980s and 1990s, that was our political objective. We fought long and hard to achieve that and to bring everybody together, including the DUP. We never told the Ulster Unionists to exclude the DUP. You should know that, because you were in the Ulster Unionists at the time. Perhaps your memory is fading. However, every significant element of political opinion in Northern Ireland must be included in the power-sharing arrangements.

Mr McFarland: Do I take from the Member’s exhortation that all parties should form a Government now and that his party is comfortable with going into government tomorrow with Sinn Féin, which is clearly not dedicated to law and order and which does not support policing? I understood the SDLP’s position to be that it would not go into government with Sinn Féin until that party supported law and order. Is that still the case?

Mr A Maginness: It is quite simple, Madam Speaker. If the opportunity arises, we in the SDLP would form an Administration with the DUP, the Ulster Unionists and Sinn Féin tomorrow. We have not set preconditions for Sinn Féin or any other political party. Of course Sinn Féin should sign up to the new policing arrange-

ments; it has been disgraceful and irresponsible in not supporting them.

Indeed, in many areas of Belfast and elsewhere throughout Northern Ireland we see the result of the fact that there is a policing vacuum, which has been caused in part by Sinn Féin’s irresponsibility. People are suffering as a result of that vacuum. Yes, Sinn Féin should sign up to policing, and we want it to do that, but we do not make it a precondition to establishing an Executive.

I have no criticism of your raising all the issues that you have talked about today. It is right and proper that you do so, because you are concerned about your constituents and about the future of the Northern Ireland economy. However, if we want to deal with those issues, the only way in which to tackle them is to get to the very heart of the political problem here. How is power to be transferred to you, as public representatives, in a way that includes everyone of significance in this Building and in this Assembly? That is the central issue with which you as politicians must deal. I return to my dream — of course it was a dream. Rev William McCrea said that it was a fantasy, but I do not think that it was.

It could well come true, although perhaps not on 25 November.

Unless you face up to the reality of power sharing, we will not move forward as a community. We will not move forward as politicians and exercise real power. Also, in part, you, by the paralysis that you have brought to the political system, are causing —

Madam Speaker: Please draw your remarks to a close.

Mr A Maginness: In part, you are causing the very things that you are criticising today: the rates increases; the problems with derating; and the difficulties in relation to expenditure and education etc. You are partly responsible for that because of your inability to face up to the political realities.

Madam Speaker: Members should really speak through me and not refer to one another as “you”.

Mr Beggs: In January the Secretary of State launched his comprehensive spending review of Northern Ireland Departments. That review has been repeated in other regions of the United Kingdom and in other Departments that are not controlled in the Northern Ireland block grant. Therefore it is a very encompassing review, and we must bear that in mind.

On several occasions the Secretary of State has highlighted the over-dependence on public sector funding in Northern Ireland. It is right that we re-examine our spending and our priorities in Northern Ireland. However, Government must also examine the

wider policies in the United Kingdom that can adversely affect this region in particular.

Ulster Unionists support that reassessment of how Government does its business. We must attempt to reduce bureaucracy in the Civil Service in Northern Ireland so that more money can be spent on front-line services such as health and education, and to enable the Northern Ireland economy to grow and to be sustainable.

As my colleague Esmond Birnie said, that will become increasingly important in future. In the past few years we have experienced relatively large increases in public expenditure, and in future that expenditure is likely to be rather lean.

Public service must be about making a difference to the quality of life in Northern Ireland. It should not be about frustrating the public and the many skilled and hard-working civil servants by requiring high levels of administration and mountains of paperwork to be completed. That was well illustrated recently in the Long Gallery when the Ulster Farmers' Union (UFU) provided a pile of documents that was about a foot high that each farmer must read in order to complete their paperwork. There must be a review of how the Civil Service process is completed in Northern Ireland. It must be sensible, and it must be lean.

The Secretary of State has also criticised the over-reliance on public-sector funding in Northern Ireland. However, that must be set in context. Northern Ireland has suffered from 30 years of violence. That resulted in a loss of investment and in higher policing and security costs. The relatively high levels of organised crime in Northern Ireland inhibit business, and they affect us all. We must support the necessary funding for the police, the Assets Recovery Agency (ARA) and Customs and Excise. Government should also reassess their policies, which on some occasions have created opportunities for criminals.

Although we welcome the increased numbers of customs officers in Northern Ireland, would it not be much better to harmonise fuel duties? Sir Reg Empey suggested that idea in January, and the Northern Ireland Affairs Select Committee recently supported it. That would end fuel smuggling at source by eliminating the profit. A result would be achieved much more simply.

Sir Reg Empey: Does the Member agree that the funding that could be saved from the roughly 164 customs officers, plus all the policing time, could free up some of the Northern Ireland Office (NIO) budget to honour the commitments that it made to provide resources for the new policing college in Cookstown?

Some Members: Hear, hear.

Mr Beggs: All the parties in the Chamber would certainly support that. It is dreadful that such an

important decision has been delayed. The future training of officers is being inhibited by the lack of funding. The Treasury must address that urgently.

During the troubles, relatively few private sector investments were made. Many of our brightest young people chose to take their skills elsewhere. We do not necessarily need less public-sector spending, but we do need more private-sector investment and employment. The Government must review their policies, which should encourage and support the private sector.

With regard to taxation, Northern Ireland's land border with another EU country means that it can be more adversely affected by neighbouring fiscal regimes than can other UK regions. I ask that the Secretary of State and the Treasury take that into consideration when determining tax levels in Northern Ireland. Careful adjustment could even, in some instances, increase the Treasury's income from Northern Ireland taxes. For example, the high level of excise duty on fuels means that those who live in border areas choose, legally, to fill their vehicles south of the border. Moreover, the opportunity to deal with fuel laundering is being missed.

There is a need to reduce corporation tax levels and to increase R&D opportunities in Northern Ireland. As other Members have said, that is an area of concern. Research and development is largely being led by the universities, and there is an urgent need to increase the level of funding in the private sector. Without that, the future of our industry is questionable. We must be at the cutting edge; our products must compete in the global market.

The Northern Ireland section of the Irish Congress of Trade Unions (ICTU) recently advocated diverting higher levels of corporation tax in order to fund additional research and development. I believe, as do many of my colleagues, that this idea has much merit; it might overcome the Treasury's apparent reluctance to reduce Northern Ireland's corporation tax levels to those in the Republic of Ireland. Anything to improve Northern Ireland's competitiveness and encourage investment in R&D and investment by industry must be welcomed. I ask the Secretary of State to pursue that vigorously with the Treasury.

With regard to industrial rates, the success of the manufacturing sector is vital to the Northern Ireland economy as a whole. Many service-sector jobs are dependent on money that was initially generated by the manufacturing industry. What would happen if the industrial jobs were lost? It is clear that all those jobs are interrelated.

There is the potential for some companies to relocate to the Republic of Ireland, which is seen as more business-friendly. Why should Invest Northern Ireland be allowed to spend millions of pounds in

encouraging inward investment, when the full rates proposed for industrial premises have the potential to export or end many existing industrial jobs?

The Northern Ireland Manufacturers Focus Group's campaign to cap manufacturing rates had the unanimous support of all of the Assembly Members present at the recent debate on the subject. I urge the Secretary of State, even at this stage, to heed that.

I support my colleague Norman Hillis, and many other Members, in the view that we must build tourism opportunities in Northern Ireland. Our gross domestic product for tourism is approximately 2%; we are missing out on the levels of tourism experienced in the rest of the United Kingdom and in the Republic of Ireland, where it is closer to 6%.

The Twelfth of July should be a community festival. It used to be, and there is no reason for it not to be again. There was, of course, disruption, organised for political purposes, and the sooner that Sinn Féin turns off those that it unleashed, the better for everyone in the community and for our entire society.

On electricity, my colleague Esmond Birnie indicated his concern at the lack of an announcement about the cost-reduction package. Northern Ireland suffered as a result of the highly profitable electricity privatisation contracts, which were sold at inflated values to the benefit of the Chancellor. Business users still await the support promised by the former direct-rule economy Minister, Ian Pearson. When will that cost reduction come?

Another report that gave me concern was that produced by the Commissioner for Victims and Survivors.

The report states that, for the past eight years, some £44 million had been used to support victims and survivors of the troubles. The physical and psychological damage inflicted by the troubles must be addressed, given that 3,500 murders and almost 50,000 injuries have been recorded. The individuals and families concerned must be helped. However, there is no long-term strategic plan for victims and survivors, and the current proposals could result in the existing limited support being reduced dramatically. That situation must be rectified.

3.15 pm

Although I welcome the opportunity to debate the priorities contained in the spending review, I am concerned about the absence of Northern Ireland Scrutiny Committees in which we would have had a chance to get to grips with the detail behind the Budget. In the absence of those Committees, it is difficult to be fully knowledgeable about the subject. However, I hope that the Secretary of State listens. Regrettably, I fear that he may simply note the Official Report.

Mrs Foster: The SDLP Member for North Belfast told us that devolution of power to this Assembly lies at the heart of the problem. He is not correct, of course. The criminal and paramilitary actions of Sinn Féin/IRA, its inactions in not supporting policing and justice, and the fact that it will not identify the graves of the disappeared are the issues that lie at the heart of the problem. I would have thought that the Member would have recognised that those issues lie at the heart of the problem and that they continue to concern people.

Like my colleagues, I want to register my disgust at the way in which the Secretary of State has treated the House — yet again. He treats the House, and Members, with contempt. By implication, he also treats those who have elected us with contempt. A motion has been foisted on us that is so broad that there has been little continuity in the debate. I regret that.

Money seems to fascinate the Secretary of State, be it the comprehensive spending review or the ability of members of my party to sustain themselves after 24 November if agreement is not reached. I want to put on record — should the Secretary of State take the time to read the Official Report — that he can carry out as many secret assessments as he likes, but he must realise that monetary considerations will have no impact on the decisions to be taken this autumn. The way in which that issue was spun to the media shows that the Secretary of State knows nothing about what motivates me, my party colleagues and, even more alarmingly, the majority of Northern Irish people who vote for the parties here. That is a pretty damning indictment of a man who has been Secretary of State for Northern Ireland for quite some time.

Ethnic minorities face difficulties in my constituency and throughout Northern Ireland. Before I am prevented from speaking for not addressing the motion, I should point out that there is a spending review implication in relation to that issue. Last month in Dungannon, at a meeting of local residents who felt frustrated at the lack of social housing in the town, views were expressed that caused me concern. Houses that are on the market for sale and for rent are being snapped up by investors and developers, resulting in first-time buyers being priced out of the market. Those houses are let to people from ethnic backgrounds who have come to Northern Ireland to work in local factories and to provide employers with quality employees. For monetary gain, those developers pack the houses with 10 to 12 people, which not only exploits the scarce housing situation in Dungannon but exploits those from ethnic backgrounds. Those landlords charge rent per head, and if 10 people are living in a house at £80 per head, per week, it is difficult for young couples to compete in that market.

This, of course, has the knock-on effect of alienating young indigenous people in the local community and

causing community tension, something that, unfortunately, as we have seen from recent reports, is on the rise.

How should the Government, and indeed all of us, deal with this? First, I want to congratulate local police for the stand that they have taken and the drive that they have shown in dealing with ethnic tensions. However, Government finance has a part to play. Last year the Government launched a racial equality strategy but, unfortunately, little has been done, and negligible resources have been set aside to deal with what was to be a cross-departmental action plan.

Recently, at a meeting with the Northern Ireland Council for Ethnic Minorities the chief executive of that organisation expressed his dismay at Government will to deal with what has become a large social issue in this country. My colleague Lord Morrow and I contacted the Minister for Social Development to seek a meeting in relation to the ongoing difficulties in Dungannon, in particular the housing issue, which is one of the key causes of problems in the area. We will push on that issue on behalf of those from the ethnic minority community and on behalf of those from the indigenous community who feel frustrated and alienated in their own local area.

Another issue that I wish to address with regard to Government spending — and colleagues would be surprised if I did not mention the west — is the need to see Northern Ireland as a whole and not as two halves. Other Members have addressed the disastrous consequences of the RPA for the west of Northern Ireland. This week, however, I was pleasantly surprised when I attended the launch of the fuel poverty strategy. In the Fuel Advisory Group's report, the first recommendation was that strategies to tackle fuel poverty should be rural proofed. I welcome that realisation and call upon the Government to acknowledge that in their action plan.

Infrastructure deficits are most acute in the south-west of Northern Ireland, and I call upon the Government, when considering the new investment strategy for Northern Ireland, to ensure that due consideration is given to areas such as Fermanagh and South Tyrone that urgently need a huge investment in roads infrastructure. The divisional roads office in the west has submitted new roads schemes for Fermanagh and South Tyrone, and I ask the Government to take due notice of those bids.

The west of Northern Ireland is falling behind, not because of the will of those of us who live there, but because of the Government's unwillingness to look at Northern Ireland as a whole rather than as two distinct halves. If the Northern Ireland Office is serious about sustainability and long-term growth, nothing less is required.

Mr Donaldson: While none of us likes the manner in which the Secretary of State called this debate,

nevertheless any opportunity that public representatives have to at least address these issues is welcome, even if we do not have the power, at this stage, to do much about them. It is good that three of the main parties are here — and the Alliance Party was here earlier — but it is a matter of regret that, on an important issue of concern to the public, Sinn Féin is missing. It saddens me that the Secretary of State seems to give a veto to Sinn Féin on certain issues and that the party does not participate in debates in this Chamber, yet it chides other parties, including the DUP, for not seeking to make progress. It talks about the need for engagement, yet it will not engage on these issues. That is highly regrettable. Just as Sinn Féin abstains and absents itself from Westminster, it absents itself from this place. Its contribution on these matters is sadly lacking.

I turn to the issue of sport. With the World Cup coming to a conclusion and Wimbledon well on its way, many people will have been watching sport. That is an area in which we need to do more in Northern Ireland. Throughout the period of the troubles, sport in Northern Ireland was an activity that brought people together and it continues to bring people together across the community. It is something that we need to invest in.

We congratulate Italy and France on reaching the World Cup final, and we look forward to a good game.

Some Members: Hear, hear.

Mr Donaldson: Some of my happiest memories are of Northern Ireland doing well on two occasions when it got through to the World Cup finals. We need to invest in sport to get the best out of our sportsmen and sportswomen if Northern Ireland is to get back into the World Cup finals. We need proper training facilities and stadia.

Since my election to Parliament, I have campaigned for a national stadium. I have long believed that Northern Ireland needed a first-class facility. The Government considered all the options about where the new national stadium might be located; they have gone for the Maze site, which happens to be in my constituency. I welcome that prospect.

I wish that the debate would move on from location to the type of facility that we need. We politicians gripe about the need for spending money; the Government are offering the people of Northern Ireland a stadium, yet some people seem to want to look that gift horse in the mouth. I do not; I want to see the money used wisely, not only for this generation but for future generations of sportsmen and sportswomen, and I look forward to the day when the new stadium is open on the Maze site.

I was disappointed and a little surprised that the Member for South Antrim, Mr Burnside — who is no longer in his place — criticised the Maze project and favoured Belfast. The debate on location has moved

on, but since Antrim and Newtownabbey, which are in his constituency, will form part of the new council that includes the Maze, I am amazed that he, as a public representative and an Assembly Member, should oppose a proposal that will bring benefits to the rate-payers whom he represents. I am sure that the point will not be lost on the Member for South Antrim, Rev Dr McCrea, who was victorious in the elections in 2005.

Mr Kennedy: Will the Member confirm that all members of the Democratic Unionist Party, wherever they are elected, share his enthusiasm for the Maze site?

[Laughter.]

Mr Donaldson: The Member will know that the DUP, as with all democratic parties, has a variety of opinions. The DUP, unlike the UUP, takes its seat on the Maze panel and is fully engaged in the project because we see the benefit of it for all the people of Northern Ireland. The leadership of the party decided that, since the location of the stadium had been settled, we had to move on. I hope that the Ulster Unionist Party will shortly join us on the panel and get on with the job of creating this facility. The DUP is consistent on the issue and is not sending out mixed signals, unlike the hon Member's party.

Turning now, Madam Speaker, to the issue of education, I join Members who today mentioned the South Eastern Education and Library Board, which is of great concern to me. We talked today about democracy, yet here is an example of dictatorship. The Secretary of State, the education Minister and the Northern Ireland Office have decided that the democratically expressed views of the elected representatives on the board are to be ignored. That is a matter for regret.

There are historical financial difficulties to which the Member for East Belfast sketched the background, as did the Member for Strangford. It is simply not good enough for the Government to introduce a commission into the South Eastern Education and Library Board, without allowing the issue to be more fully explored. I commend the councillors on that board: they have at heart the interests of the people that they represent — especially funding for vulnerable children who have special needs and funding for special-needs schools.

3.30 pm

It is entirely wrong for the Government to proceed in such a way.

Mr P Robinson: Since I last spoke on this issue, I have realised that there is a very set procedure with regard to appointments. There is a process whereby the Commission has to clear appointments and, even in emergency circumstances, where it needs to be informed. Will the hon Gentleman join me in calling for an open statement from the Government as to whether they

complied with the appointments system that they set out, and, if they did not, that the appointments that have been made should be dissolved?

Mr Donaldson: The hon Member is absolutely right, and I thank him for making that point. We have asked for an urgent meeting with the Education Minister; that point must be clarified, because it smacks of a diktat. I listened to the Government's announcement last evening, and it was clear that the issue was pre-cooked and pre-determined. They had already decided that they were going to appoint commissioners and who they were going to be.

It smacks of the kind of attitude that we have had from the Government recently whereby, regardless of any political consensus, whether it is on education, industrial derating, water charges, planning laws or other issues, the Government will choose to ignore all that and simply press ahead with their own agenda. They lecture us on the need to achieve political consensus on the way forward, but when we do agree on issues that matter to the people that we represent, the Government choose to ignore it. That is regrettable.

The Democratic Unionist Party is a devolutionist party, and we want a devolved Administration back in Northern Ireland as soon as possible. Mr Maginness said that he would go into government if the opportunity arose — the key issue is how we determine what that opportunity is. There is no difference of opinion on this side of the Chamber about power sharing being the way forward. The hon Member should read the DUP's manifesto. We went to the country on the basis that the only form of government that would work in Northern Ireland is one that has the support of a majority on both sides of the community. We have accepted that, and that must mean that we work together in the Assembly to provide good government for the people of Northern Ireland.

The DUP would like to have moved forward immediately, and we have put to the SDLP the idea of a voluntary coalition supported by other parties in the Chamber. For its own reasons, the SDLP has decided that that is not the way forward. Therefore, if the only way forward is in an inclusive Executive, we need to know that everyone in that Executive meets the requirements for a commitment to exclusively peaceful and democratic means. We cannot afford to have another false dawn where we establish the Assembly and in six months' or a year's time it collapses again, because those who say that they are committed to peace and democracy cannot help themselves and return to criminality and involvement in violence and intimidation.

That is why the DUP wants to finish the job. We want to ensure that this time we get it absolutely right. We will not be tied down by timetables and deadlines.

It is important that we know that those who are in government with us support the police, the rule of law and abide by the rules of democracy. That is all that we ask, and I do not think that it is a big ask of any political party, that our partners in government should comply with the rules of democracy.

Let us work together to achieve that objective. It can be achieved, but it will take a lot more determination than we have seen so far, and it simply will not do for the Secretary of State to tell us to go into government on 24 November and deal with the issues later: we need to deal with them now.

Mr Dawson: I am very disappointed by the SDLP's view that the inclusion of IRA/Sinn Féin in the Executive would, in some way, be of economic benefit to Northern Ireland. That view is not shared by the parties in the Republic of Ireland, who are in no rush to include IRA/Sinn Féin in their Government, partly because of the economic nonsense expressed by IRA/Sinn Féin in their policy documents. For example, their document entitled 'Rights for All' states that everyone has the right to remuneration above the statutory minimum wage.

The damage potentially inflicted on our economy by the comprehensive spending review would be as nothing compared to having Sinn Féin in our Government trying to implement such a policy.

Consider also Sinn Féin's policy that there should be universal public services funded through direct and progressive taxation. That means that Sinn Féin is the party of high taxation. Its loud declaration outside the Chamber that it opposes the imposition of local taxes is laid bare, because it is the party of high taxation. Its stated policy is to increase tax, undermine the private sector and destroy economic advance in Northern Ireland — and, equally, in the Republic of Ireland.

Mr A Maginness: Is the hon Member saying that if Sinn Féin were to abandon its eccentric and nonsensical economic policies, he would be willing to accept it into an Administration?

Mr Dawson: Of course not. I share and am committed to the views of my party. The Member is back in his dream world once again.

It is also true that the only party standing in the way of establishing an economic committee in this House is Sinn Féin, and Dr Farren referred to that earlier. It seems that it has swapped its armed terrorism in Northern Ireland for economic terrorism.

With regard to the comprehensive spending review, one of the pivotal questions that must be answered is not only what services are going to be delivered, but how they will be delivered. We suffer from a huge amount of red tape and bureaucracy in Northern Ireland, and Members have referred to that already.

In his speech to the Fabian Society, the Secretary of State said that if "education, education, education" had been his Government's mantra, Northern Ireland's mantra was "bureaucracy, bureaucracy, bureaucracy". Of course, he failed to point out that it was the same Government implementing the bureaucracy here. I am sure that the Secretary of State would suggest that he has dealt with Government bureaucracy in what he has ambitiously called his "quango cull". However, as they have already said, Members in this House would disagree with him, given that over 60% of the unaccountable quangos will remain in existence even after his alleged quango cull.

Members will share the frustrations we have from time to time as each one of us tries to break through the barriers of bureaucracy, inefficiency, unresponsiveness and, sometimes, downright obstruction.

Mr Nesbitt: I am intrigued by a member of the DUP talking about getting rid of the quango cult and its inefficiency. Perhaps he would explain — and I choose my words very carefully so as to be accurate — why his party agreed in December 2004 that if any of its members became Ministers in an Executive, it would support the creation of an all-Ireland civic forum and an all-Ireland parliamentary forum, which are two quangos. I remind the Member that he was totally against a Northern Ireland civic forum. I would like some clarification on the quango dimension.

Mr Dawson: I am quite happy to respond to that. The hon Member does not point out that in December 2004 the DUP proposed an efficiency commission or panel that would examine all of the efficiency issues in relation to the Belfast Agreement and beyond, and, no doubt, we will return to that in the future.

Mr Donaldson: Does the Member agree that the two bodies that the hon Member for South Down referred to are not quangos? Quangos are non-governmental organisations that have powers, budgets, and so on: these are inter-parliamentary groups and not quangos, and they do not meet the definition of a quango. Did this party, Madam Speaker, not propose an efficiency commission to get rid of all the other unelected quangos that are not needed?

Mr Dawson: I thank the hon Member for his clarification. Given that time is moving on and that I have several other points to make, I will continue.

Whatever our political philosophies or party allegiances, I trust that the House can agree that the role of Government ought to be to deliver first-rate public services. All too often Government perceive that their goal is to invent new bureaucracies, more red tape and increasingly complex ways of governance, regardless of the costs.

Granted, Government acknowledged that there was a problem and set up the Review of Public Administration,

but the review, as established in 2000 by the then Minister of the Environment from the Ulster Unionist Party, was fatally flawed because it did not concentrate on the bloated bureaucracy born out of the Belfast Agreement. My party has been alone in calling for a cull of superfluous spending, and a reduction in the size of this Assembly and in the number of Government Departments, along with other elements of our oversized central Government. However, I am pleased to say that in recent times large sections of the business community have risen to support our viewpoint. It is utterly unacceptable that, for no other reason than the appeasement of selfish political interests, the people of Northern Ireland endure an Administration the size and scale of which is unprecedented in the rest of the United Kingdom.

Can it be right, for example, that in a population of 1.7 million, there is an Assembly Member for every 15,700 constituents? Compare that to the Welsh Assembly, where there is a Member for every 48,300 constituents. I appreciate that my remarks may well have a hint of turkeys calling for Christmas — or, perhaps, given the Secretary of State's deadline, turkeys calling for Thanksgiving.

Likewise, with 11 Departments and provision for a twelfth, our Administration dwarfs those of Scotland and Wales. The savings to be made in those areas are far greater than any that will be generated by the RPA. In a written answer to a parliamentary question asked by my party colleague Gregory Campbell, the then Minister of the Environment, Angela Smith, said that the savings from the RPA would be between £140 million and £200 million — although I note from Members' comments today that the Government seem to be reneging on that commitment. We have estimated that by cutting the size of Government and Departments in Northern Ireland the expenditure saving could be in excess of £0.5 billion. The Government of Northern Ireland, whether devolved or direct rule, should be setting an example to the people of the Province. It is unacceptable to demand ever-increasing amounts of revenue in the form of higher rates, water charges or industrial rates to assist in funding for higher public spending while simultaneously doing nothing to curtail the size and cost of the highest tiers of our Government. We want investment in public services, but we do not want that investment to be wasted in bureaucracy, structures and administrations.

First and foremost, the Government must look at themselves before asking the people to pay a single extra penny in rates or water charges. Government have a duty to set an example by ensuring that bureaucracy, red tape and administration are stripped back to the bare minimum. Any restored Administration will face several hard choices: I would suggest that cutting the cost of Government is one of them. That is

an easy choice and not to take it would be a dereliction of duty.

I note that we are approaching recess, and, in an effort to encourage new experiences and attitudes, particularly among my colleagues opposite —

A Member: And new dreams.

Mr Dawson: — new dreams and a better community for us all, I wish all Members a very happy, peaceful and enjoyable Twelfth. I assure the Members opposite that they would be very welcome at many of the demonstrations. To aid the tourism in Mr Hillis's area I can assure him that that most unique part of orangeism, the Independent Loyal Orange Institution, will be in Portrush on 12 July. I look forward to seeing him there.

3.45 pm

Madam Speaker: Adverts are not allowed.

Dr McCrea: I listened with care and interest to the speeches from Members on the SDLP Benches, but Mr Maginness's "I had a dream" speech took the biscuit. When I heard the Member for North Belfast utter those words, I thought that he was about to break into a broad American accent. I was not sure, either, whether he was going to continue in English or French, because he is used to speaking both languages — or rather, speaking English with a French accent. Nevertheless, I will continue in such a way that Mr Maginness will understand everything that I say.

The Secretary of State has shown a blatant disregard for Members of this Assembly. Before the summer recess, Members wanted to discuss and address a number of serious motions. However, the Secretary of State cast all those motions aside to enable him to present us with a motion on which he had decided. The motion is so wide-ranging that he knew that it would be impossible to home in on every issue.

However, it is important to mention some of those issues — for example, health. Some hospitals are closing and others are recommended for closure. Acute and maternity services are to be removed from the Mid-Ulster Hospital and Whiteabbey Hospital. The community has serious concerns: trolley waits in hospitals are a disgrace and the waiting lists for operations are unbelievable. The Secretary of State must listen to the voice of the community.

It is interesting to note that the Secretary of State is demanding consensus from all the political parties in Northern Ireland. Even if that were achieved, the Secretary of State, or the Department of Health, Social Services and Public Safety, would continue to do what they wanted to do. There was consensus in mid-Ulster, but they were not willing to listen.

There is supposed to be care in the community, but many older people are blocking hospital beds when

they could be in nursing homes in the community. Many elderly people are traumatised because they no longer receive the necessary attention. I pay tribute to all hospital staff who try to give them that attention. However, many staff are overworked and the Department of Health, Social Services and Public Safety seems to care little for their rights or needs.

The spending review also makes me think of education. The building of a new high school in Magherafelt, a new Rainey Endowed School and a new primary school has been announced. Promises have been made and budgets committed, but I want to know when they will be built.

When the Assembly was up and running, the controlled sector was discriminated against. The Sinn Féin/IRA Minister discriminated against those schools even though they were in his constituency. He was more concerned about providing finances for, and meeting the needs of, the maintained and integrated sectors. He completely closed his heart and mind to the needs of the controlled sector, especially the Protestant and unionist community. That is an absolute disgrace and an indictment on him.

Direct-rule Ministers have announced that those three new schools will be built, and I want to ensure that the money is committed and a commencement date set, so that the rights of those living and being educated in deplorable and despicable conditions are the same as those in the maintained and integrated sectors.

Take, for example, the announcement that the new police college, for which there great hopes and dreams, would be built in Cookstown. It would not only be for Northern Ireland, but would serve an international purpose. Yet, the Government has reneged on the financing of the project. All the promises and hot air from the Secretary of State for Northern Ireland and those in authority will not provide the necessary finance. They must allocate that money, and I appeal to the Secretary of State to listen to this House and ensure that the new police college will be built. The site is excellent, and I am absolutely thrilled that Cookstown was chosen. However, we must have the bricks and mortar; we must get the college up and running so that it can provide the up-to-date police training and services that are required.

We see throughout the Province the lack of infrastructure in roads, water and sewerage. It is a disgraceful situation. It is true that in the past, while England, Scotland and Wales had their infrastructures brought up to a modern standard, in Northern Ireland the money was allocated to dealing with the terrorist threat. We were denied the building of a proper infrastructure, and now that we are light years behind the rest of the United Kingdom, we are being asked to

bear the burden of bringing those infrastructures into the modern era.

We have been waiting for the Magherafelt bypass for 35 years. Although there has been an acknowledgement of the need for it — and I am delighted with the work that my colleagues Mr P Robinson and Mr Campbell did as Ministers for Regional Development with the rural strategy to move that forward — it must be put on the programme and given a date for commencement, as must the Cookstown bypass.

We need to face the challenges. There has been no great injection of investment; neither Invest Northern Ireland nor its predecessors sent many investors to those areas. However, instead of complaining, the people there pulled themselves up by their bootstraps. Now they have practically the lowest unemployment rate in Northern Ireland. That is to be commended — but let us not strangle them. Let us ensure that the infrastructure is there to help them to move forward.

There is an urgent need in Northern Ireland for social housing, which seems to have gone by the board. The Government must take that issue seriously, because there are many young people in Northern Ireland who, because of the cost of housing, cannot afford to buy.

Then we think of agriculture, which is the backbone of Ulster life, and which affects every constituency. But because of a lack of urgency in the Department of Agriculture and Rural Development, many payments that should be made to farmers have been withheld. Claims should be settled and the bureaucracy should be eradicated. No one can underestimate or overstate the pain that has been suffered by the farming community.

There are many problems in the community.

I heard SDLP Members say that somehow we could wave a magic wand and devolution would be the answer. Let me make it abundantly clear: when we had devolved Government, the Assembly recommended closing the Mid-Ulster Hospital, the Whiteabbey Hospital and other hospitals in the west of the Province.

Madam Speaker: I ask the Member to draw his remarks to a close.

Dr McCrea: I am doing so.

It was that non-democratic Sinn Féin Minister who recommended the destruction of our good grammar-school education in the Province.

Therefore, we face challenges. We want devolution, but we are not willing to put terrorists, hoods and gangsters into Government. We have to be sure that we will have a restored democratic Government in Northern Ireland and that the day of criminality and paramilitarism

is finished completely and that we are moving forward on the solid basis of democracy alone.

Question put and agreed to.

Resolved:

That this Assembly notes the results of the Spending Review 2004 and the current Comprehensive Spending Review 2007 and their implications for the spending priorities for a Programme for Government to be agreed by a Northern Ireland Executive following its restoration on or before 24 November 2006. — [*The Secretary of State.*]

Madam Speaker: I shall refer the decision of the Assembly to the Secretary of State by sending him a note of the debate and of what has happened.

Adjourned at 3.56 pm.

Committee on the Preparation for Government

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Tuesday 20 June 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Francie Molloy

Mr Billy Armstrong

Mr John Dallat

Mrs Diane Dodds

Dr Seán Farren

Mr David Ford

Ms Michelle Gildernew

Mrs Naomi Long

Mr David McClarty

Dr William McCrea

Mr Alan McFarland

Mr Patsy McGlone

Mr Martin McGuinness

Mr David McNarry

Mr Maurice Morrow

Mr Conor Murphy

Mr John O'Dowd

Ms Margaret Ritchie

Observing: Mr Jim Wells

The Committee met at 10.04 am.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): Welcome to the meeting. Could everyone switch off their mobile phones, which may interfere with the Hansard recording?

Apologies were received from Michael McGimpsey, who is replaced by David McClarty; from Alasdair McDonnell, who is replaced by Patsy McGlone; and from Ian Paisley Jnr, who is replaced by Diane Dodds.

Members have the draft minutes of yesterday's meeting, 19 June. I wish to draw attention to the letter sent to the Clerk to the Assembly. We are awaiting a response in relation to the minutes of Friday's meeting, 16 June.

There is a typo at point 5, which should read: "10 am to 12.30 pm", not "2.30 pm".

Are there any other points? Can we agree the minutes?

Members have had time to read the minutes. Are there any points to raise?

Mr McFarland: Does the typo refer to "12.30 pm"?

The Chairman (Mr Molloy): Absolutely. Are there any other issues? Can we approve the minutes? Are we agreed?

Mr Morrow: I wish to raise a point about the minutes. It seems to be important that we record everybody's coming in and going out, but does that mean that everything stood still between their coming in and going out, because nothing seems to have happened? Why is it so important that we record everybody's going in and out, but we do not record what happened as they went in and out?

The Chairman (Mr Molloy): Convention works along the lines of who is in the room at the time of interruption. The Clerks take note only of points that had been noted or decisions made within that time. Under the new arrangements for taking minutes, that will vary.

Mr Morrow: The minutes state that Dr McDonnell left at 4 pm and came back at 4.06 pm; that he left at 4.08 pm and came back at 4.15 pm; and that he left at 4.31 pm and came back. Someone reading those minutes would assume that nothing happened while all that was going on.

Mr McFarland: Maurice is right. There is no correlation between Members leaving and the conversations. However, that is now solved because Hansard is here and will be recording minutes all the way through. The time Members leave the meeting will go into Hansard so the problem is now solved. However, it can cause confusion.

The Chairman (Mr Molloy): It is the same with council minutes. They record whether people are in or out of the room, and issues may arise after members have left.

Mr Morrow: Yes, that is right. However, they also record what went on between the leaving and returning.

The Chairman (Mr Molloy): Yes. I will not say that nothing went on, but the conversation was regular within that period, and the rest of the minutes probably reveal that. However, as we deal with new issues, we will have different situations. Hansard is recording now so we will have a record of this meeting.

Is everyone happy?

Mrs D Dodds: Mr Deputy Speaker, I have one item. Do we have any indication when there will be something back from the Clerk to the Assembly?

The Chairman (Mr Molloy): The Clerk is working on that at the moment and will reply. However, there is no indication at this stage of when a reply will come back.

Mrs D Dodds: We asked yesterday for that to come back in time for this afternoon's meeting. Will that be possible?

The Chairman (Mr Molloy): Again, the Clerk will respond when a decision has been made. We have

asked for that, but there has been no decision, as yet, on that.

Can we move on to the presentations from the parties? As agreed yesterday, that will be in alphabetical order, so the Alliance Party will be first.

Mr Ford: Thank you, Chairman. I want to make it clear at the outset that the Alliance Party wants to see a fully functioning Executive and Assembly working in this Building by 24 November, but we also believe that it is important that we do not seek to merely organise a quick fix over the coming months. We must address a number of fundamental weaknesses that exist within the operation of the agreement and which have been identified at different times since 1998, and ensure that whatever we put in place this autumn does not break down again easily. I think that the people of Northern Ireland would not forgive us if that were to happen.

The Alliance Party fully supports the principles of the agreement: we were a party to it, but that does not mean that we support every detail of the way it operated in its first guise.

One of the key issues for many people relates to the rule of law. We welcome the fact that recent reports by the Independent Monitoring Commission (IMC) have shown significant, though not complete, progress by republicans on the move towards normal, democratic politics. We look forward to seeing a further positive report from the IMC in October which — if it is as optimistic as people hope — will alter the political landscape significantly. However, at this stage, we have not yet resolved many issues relating to the rule of law. It is also a simple matter of fact that those issues affect more than one party — indeed, in current circumstances, they affect more than one party that has the potential to be part of an Executive. That is why Alliance believes that among the important matters to be dealt with is the strengthening of the ministerial pledge of office to include the matters that are generally referred to as “paragraph 13 of the Joint Declaration by the British and Irish Governments” — that which defines the unacceptable behaviour in much stronger terms than has traditionally been the case.

Aligned to the rule of law, another issue which must be dealt with is policing. It seems that that will be one of the contentious and difficult issues that we have to deal with. The Alliance Party believes that it is absolutely essential that any party participating in Government — whether a national Government or a devolved Government — must fully show that it supports the policing structures, the established police service and all other aspects of the rule of law. That will be a cause for future negotiations, but we simply record that as our opinion at this stage.

We welcome the proposal for the devolution of policing and justice powers to the Assembly, but note

that there are major issues around the timing of that devolution, the powers to be devolved and the structures and accountability under which devolution will occur.

Subsequent to the publication of our detailed paper ‘Agenda for Democracy’, the recent statement in Westminster has made it clear that the triple lock, which we support, is now in place. Therefore, before there can be devolution of policing and justice powers, there must be a cross-community vote in the Assembly, an appropriate declaration from the Secretary of State, and then an affirmative resolution in Parliament. It seems that that is now relatively straightforward.

Similarly, there is probably an emerging consensus on the precise powers, but I do not wish to go into those at this stage. However, a major concern for us is the issue of the structures in which this power would be devolved. We do not believe that any of the four models proposed by the Government to date would deal with such a sensitive issue as justice in any meaningful way. There cannot be a position where a single party is given untrammelled power over justice matters; nor can two parties each take a bit of it; and neither can two parties be somehow forced to share it without any current model for dealing with the reconciliation of differences — as was shown by the difficulties in the operation of the Office of the First Minister and the Deputy First Minister (OFMDFM) during the first Assembly, which also remain to be resolved.

We believe that the only way in which justice and policing can be properly devolved is by having a single Department of Justice in an Executive with a full degree of collective responsibility, which would involve all the parties in the Executive reaching consensus over the operation of those powers. That would also mean that there was the potential for the removal of a Minister in the event of difficulties. The existing structures do not allow for that, and they have major problems within them.

10.15 am

We have also highlighted our concerns about the issue of ‘A Shared Future’. This policy was initiated under the devolved Executive, although the publication of the significant document only occurred under direct rule, but it is now a major article of faith for this Government and, we believe, should also be so for any devolved Executive.

It is absolutely imperative, on both financial and moral grounds, that we end the notion that this society can be run as two supposedly separate, but equal, fiefdoms on issues such as education or the provision of health centres or housing. That idea is unsustainable in every sense of the word, and it is vital that all those who wish to participate in a future Executive should

give a commitment to implementing the policy contained in 'A Shared Future'.

Another issue that has generated a lot of discussion in the past is the issue of victims and of how we handle matters such as truth and reconciliation. Probably one of the major failings of the agreement in 1998 was that it did not deal satisfactorily with those issues. As time has gone on, it has become almost impossible to subsequently address them properly. At this stage, there is limited time for progress and that progress is likely to be limited. However, at the very least, we should have something such as a victims' forum, which would allow people to put their stories on the record. It is probably unrealistic to recommend anything beyond that — I do not know how we would approach it.

One of the key difficulties that Alliance has in the operation of what I would regard to be the agreement mark I, and which is covered in our paper, relates to institutional issues. During the workings of the first Assembly, it was established clearly that there were many problems with the way in which the institutions had been set up. The fact that much of it had been cobbled together in the final 48 hours has been shown by the way that problems have arisen recently.

The first point that we wish to highlight will not surprise those of you who have heard us say it over the years: the issue of designations and the associated voting system. Designations entrench division; they do nothing to overcome division. They ensure that there is no equality of votes for MLAs. Those Members who were in the Assembly on 2 and 6 November 2001 will be well aware of the differences in the voting for the First Minister and the Deputy First Minister that were caused by playing around with the designation system. In particular, the designation system is too rigid to take account of changing demography, and designations allow the process to be held hostage by narrow minorities, which, because of the way in which the system operates, may constitute a blocking minority.

Given what happened in 2001, and what happened with the issue of whether the former Deputy First Minister did or did not resign and how that was dealt with, we must get away from the problems created by designation. In accordance with normal democratic procedures, the only way to do that is to cast votes in the Assembly on the basis of a straightforward weighted majority, free from designations, meaning that the two thirds or 65% or 75% or whatever needed for a weighted majority could come from any Member and, as would undoubtedly happen at different times, could come from different coalitions of Members. Anything other than that approach would continue to entrench the divisions that the Assembly is supposed to overcome and would continue to ensure that there is no equality for MLAs, especially — and specifically at

this stage — for the seven who signed the Roll for the current Assembly without designating themselves as either unionist or nationalist.

Related to the issue of designations is the formation of the Executive. There were real problems with the workings of the first Executive. There was no collectivity, and it appeared that there was no shared understanding between Ministers over most policies. Even matters such as the Programme for Government appeared to operate at a lowest-common-denominator level. Certainly, it appeared to me, as someone who sat on the Opposition Benches, to be largely ignored in implementation once it was agreed. Effectively, power was divided, not shared, and we do not believe that that is a recipe for moving forward.

There was actually no incentive for Ministers to co-operate. There was more incentive to grandstand and oppose each other. The numbers of people involved in the Executive parties led to a lack of clear understanding between Opposition and Government; the spectacle of Back-Bench Members of parties in Government voting against the policies of other Government parties; of Ministers coming into the Chamber to sit on their hands while their ministerial colleagues voted one way and their party colleagues voted another way. It was not a recipe for good government.

We believe that the only way in which good government could actually operate to a meaningful programme of government is on the basis of a voluntary coalition and a suitable weighted majority. Nobody suggests that in a society like this you can govern on the basis of 50% plus one being adequate to carry contentious legislation, but to endorse an Executive and to endorse its contentious legislation by that same level of weighted majority at around the two-thirds mark gives an opportunity for some coherence, which has been sadly lacking so far.

Those proposals are not seeking to exclude any party from government but to provide better government. They provide the opportunity for all parties to engage in post-election negotiations around a programme of government that could then be implemented by an Executive that could command the appropriate level of support in the Assembly. It is actually the way in which Governments are formed nearly all the time now in Dublin, and on both occasions in Edinburgh. It is a much more open and transparent way of operating than the way we have seen.

Fundamentally we do not believe that inclusion in the process of governance necessarily means that all parties of a particular size have a right by a particular mathematical formula to inclusion in the Government at every point in time. There has to be the opportunity

for change; there has to be the opportunity for some parties to grow, and other parties to decrease, in influence and to move in.

There are fundamental issues related to the Executive's operation that may or may not be addressed, but one thing that does have to be introduced is better accountability. We have highlighted the fact that at the moment there is no collectivity, but we could strengthen the ministerial code of conduct. It seems to be generally accepted that we should be looking for a statutory code, which would ensure that there was at least a greater obligation on Ministers to co-operate.

We believe that when Ministers have the power to take decisions, in large measure on their own say-so without recourse to the Assembly, there needs to be a potential power of recall within the Assembly. We see that as solely a power to reverse a ministerial decision if an appropriate weighted majority, or cross-community majority in current terminology, passed a measure to do so. This is not an opportunity to trip up every Minister on every occasion. It is simply that, where there are particular major issues on which a Minister clearly does not have the support of the House, it should be possible to reverse the decision.

We also believe it is essential that any Executive, when it is established, should be the subject of a vote to endorse, collectively, in the Assembly. That is the pattern that applies in, for example, Switzerland, which is probably the closest example we have to the way our Assembly would work. We believe that it is vital that any party that participates in the Executive should be prepared to show its confidence in the Executive as a whole. If parties are not willing to show their confidence in the Executive as a whole, it raises serious questions as to whether they really wish to be part of it in any meaningful sense.

Finally, just a quick point on the mathematics of the issue. If nothing else, the shenanigans since November 2003 in regard to the potential allocation of 10 seats in any Executive or other body by the d'Hondt formula — with people changing party resulting in other entirely unrelated parties eventually gaining or losing seats — shows how poor the d'Hondt formula is in reflecting proportionality when dealing with a small number of places from a small electorate. Only replacing d'Hondt by greater use of the single transferable vote within the Assembly will allow people who have broadly similar aims and objectives to come together in a way that d'Hondt does not allow to happen.

Those are the key points that I wish to make, and I think that I have actually managed to stick within the allocated time limit.

Mr McFarland: I suggest that colleagues ask questions on the fact of what has been said. It is just that if we start having a debate on that, we will end up having the same debate on each one, because there are common points. I suggest that we have factual questions on accuracy, or on what someone meant or whatever, and then perhaps have a debate on the whole discussion at the end.

The Chairman (Mr Molloy): Are members content with that? I suppose that we want to try to be as flexible as possible too with the questions and the discussion.

Mr McFarland: If we have that whole debate now on all its aspects, we cannot have the debate again on each aspect, but we may have different things to say. So it makes some sense to leave the debate until we have heard everyone's submissions and have a proper debate at that stage rather than having five mini debates.

Dr Farren: I want to go on to the substance of how we are going to proceed. I simply want to open questions for the SDLP.

The Chairman (Mr Molloy): Are there any other procedural issues first of all?

Dr McCrea: No, it is probably best if parties agree to answer questions now, rather than leave it until the end. It will break continuity of thought and therefore it is best for questions to be posed now.

Dr Farren: To begin, I thank Mr Ford for his presentation. My question arises from something that will be a general issue throughout the day, which is how we structure questions on what the parties are presenting from here on in. My concern relates to what issues need to be addressed in order to pave the way for restoration.

Does Mr Ford distinguish between those issues that essentially relate to the problems that caused suspension in the first place and those issues, many of which he has mentioned, that arose in the course of the review of the operation of the Good Friday Agreement and on which it is desirable to make progress and indeed to reach agreement on them before restoration, but are not necessarily linked to restoration in itself, in the sense that they were not the problems that brought about suspension?

We need to address the essential issues. It may be desirable to address and resolve other issues, but they are not essential to restoration.

Mr Ford: I fundamentally take a different line from that which was in Dr Farren's line of questioning, because suspension in October 2002 was not the only problem; there were also problems for the workings of this Assembly. Countless other problems arose on the way. I do not believe that the people of Northern

Ireland would forgive us if we managed a quick fix that then fell apart again. As I remember, the election of a First Minister and Deputy First Minister in November 2001 was a fairly major crisis. It was resolved in four or five days but it was, nonetheless, a significant crisis, and it was only resolved by playing around with one aspect of the agreement which I have highlighted — the designation voting system. I again put on record my belief that the issue that caused a problem when implemented in good faith exactly as written in the agreement by all parties was the designation voting system.

10.30 am

If we do not deal with those issues, we run the risk of facing that crisis at some point. We cannot afford to not deal with all the outstanding issues, considering how long the Assembly has been suspended. I also think that it is not strictly correct to refer to the review of the agreement that was held, because, as far as I am concerned, that review consisted of one round-table meeting in the Long Gallery in early 2004, and we have not actually completed it. The review is essential to getting this Assembly and Executive functioning.

Dr Farren: Are you going to allow one party to continue for a few minutes? It would be helpful if you did that so that I do not lose my train of thought.

The Chairman (Mr Molloy): Yes.

Dr Farren: If you reflect on the question that I asked, I did not specify what might be regarded as the essential issue or issues that contributed to suspension. We need to focus on what is essential to restoration — without which restoration will not happen. Otherwise, we will become involved in a huge agenda of work across a wide spectrum of issues. Many of the other issues were being dealt with in the review and, while there might only have been one round-table meeting, there were lots of engagements with the Ministers. On several occasions, I met Paul Murphy and Ministers from the South to discuss matters to do with North/South relations and the North/South Ministerial Council, and so on.

Some of those issues are crucial, but we need to structure our business and avoid getting into a whole range of issues by focusing on the essential issues as opposed to the rest, however desirable and necessary it would be to resolve them in the long or the shorter term. If we can resolve many of them in the shorter term, so much the better.

I am also concerned, and you may care to comment, at the reference in your opening remarks to the Alliance Party's contribution, which I acknowledge, to the negotiations leading to the Good Friday Agreement. At a later point, with a rather loose phrase, you referred to the "agreement mark I", which implies, or may imply — I invite you to clarify — whether we

are in an agreement mark II, in the sense of fundamentally moving away in some, or many, key respects from the agreement signed in April 1998.

Mr Ford: Regarding the first point as to what is essential and important at this stage, without going through my entire presentation, we regard nearly everything that I outlined as essential. They are key things that have either gone wrong in the past or have the potential to go wrong in the future. I made the point that we cannot have a simple quick fix that deals with one or two problems associated with getting the two current largest parties into Government; we must ensure that we do not run into the problems of the past.

I also remain to be convinced, based on past experience. Where problems have been highlighted and treated as important but not essential, they frequently never get addressed. That is why I am concerned with ensuring that some of the issues that we have highlighted as problems in the past are addressed.

On my use of the phraseology of the "agreement mark I", I am certainly not here to negotiate a new agreement, but I am here on the basis that the agreement specifies that there is to be a full review of its operation. There has not been a review conference convened by the two Governments with all Assembly parties invited in any meaningful sense, and I have highlighted where the workings of the agreement have gone wrong and what needs to be addressed.

As far as I am concerned, the agreement mark II, which I hope to see, is an agreement within the context of the agreement as was signed — or not signed, as the case may be — in April 1998, but that acknowledges and deals with existing problems. If my terminology of mark I and mark II was unfortunate in that respect, it was intended to emphasise that we wish to make the improvements to the agreement that we believe are essential for it to provide stable and durable Government for the people of Northern Ireland.

Dr Farren: I have one more question. I accept and acknowledge your point that the review was incomplete. Can I therefore accept from what you say that the proposals within the so-called comprehensive agreement of December 2004 are not necessarily proposals with respect to the operation of the institutions that your party accepts, or may not fully accept?

Mr Ford: At the last meeting I had with the Government Minister, David Hanson mentioned the so-called comprehensive agreement. In the opinion of the Alliance Party, it was neither comprehensive as regards those involved in the discussions nor comprehensive as regards the issues covered, nor did it reach agreement even amongst those who were involved.

Dr Farren: I take it that we can come back to that later.

The Chairman (Mr Molloy): Yes. Do members of the Committee have any other questions?

Mr Murphy: Seán Farren mentioned many of the real issues that David Ford highlighted in relation to the operation of the institutions. David said that there had been one round-table meeting in the Long Gallery, but, as I recall, Des Browne and Tom Kitt chaired quite a few meetings in Stormont House at which the Alliance Party raised many of those issues. Although there was some discussion, the Alliance Party could not pursue all the issues successfully. It may regard the present meetings as an opportunity to revisit some of those issues.

I do not deny that issues around the working of the agreement are important and that we should get them right; however, I do not necessarily consider them to be vital to the restoration of the institutions. They can be worked on through various procedures committees and by examining areas such as the ministerial code.

David took issue with some of the models that are being floated in relation to the transfer of policing powers, but, unless I missed it, I did not hear the Alliance Party advocate a model of its own choice. David outlined his party's support for the transfer of powers, but has his party a model or idea of what level of powers should be transferred and how they should be operated?

Mr Ford: Conor Murphy may recall many meetings during 2004: that is an indication of the party that he comes from. Some of the rest of us do not recall quite so many meetings with the two Governments. That is why I do not consider that we can remit some of these issues to a procedures committee — they are too important to be appropriately dealt with merely by a committee in the Assembly.

I trust that the record will show what I said about the transfer of policing powers. I disagreed with all four models that the Government put forward, and I outlined our view that justice and policing powers can be properly devolved only to a Department of Justice in an Executive that operates with collective responsibility. Collectivity is the only way that all parties in an Executive could have a meaningful say in the operation of a Department of Justice. I thought that I had highlighted some of the difficulties as well.

Mr Murphy: There were discussions between the Government and ourselves in 2004. However, I was referring to the round-table meetings that were chaired in Stormont House, at which, as I recall, all parties were present. At those meetings some of the issues that David Ford highlighted here were pursued to some degree, but they did not receive widespread support. Perhaps this is an opportunity for David to revisit them.

I understand the type of Executive to which the Alliance Party wants policing and justice powers to be transferred, but I am still not clear on what model it wants. Obviously, the party has a view on collective responsibility and enhanced accountability in an Executive, but what specific type of department of policing and justice does the party envisage in an Executive?

Mr Ford: I did not catch the last bit of the question.

Mr Murphy: You said that you disagree with the four models, but, as far as I can see, your point was in relation to how the Executive would operate its collective responsibility and accountability. I understand the points about the Executive, but I am not sure which model of justice department the party wants. Would it consider the same model as all the other Departments but simply with improved workings in the Executive, or a different model for policing and justice?

Mr Ford: Our point was that there should be a single Department of Justice operating on the basis of collective responsibility within the Executive and thereby enabling all Executive parties to take a collective view, which would be implemented by the Department. Given the history of the way in which individual Departments have operated up to now, we do not believe that they have been very successful in many areas. Dealing with justice matters is difficult, so it is essential that there be full collectivity as is the case with any other Government within these islands. We simply cannot operate unless that collectivity exists, but that would be on the basis of a single Department covering the full range of powers to be devolved — justice and policing both under a single Minister within the collective Executive.

Mr M McGuinness: Just to set the record straight, the reason there was such difficulty in getting an inclusive process of discussions through the course of 2004 was the very publicly stated opinion of the Democratic Unionist Party that it was going to negotiate with the British Government. At every stage of whatever meeting Sinn Féin was involved in during the course of that year with both the Irish and the British Governments, we made it clear that all of the parties should be involved. That was made very difficult by the stance adopted by the Democratic Unionist Party. It strikes me that it is one of the difficulties that we are facing at this Committee.

Again, at the outset of this Committee, it has been very clearly stated by the DUP that any negotiations that will take place will take place between themselves and the British Government, and that does present problems for ourselves, the Ulster Unionists, the Alliance Party and the SDLP. It is certainly not how Sinn Féin sees this process of dialogue continuing in a way that will be, hopefully, effective.

I want to ask one question: does the Alliance Party accept that the Executive and the North/South Ministerial Council should be established on or before 24 November this year?

10.45 am

Mr Ford: I think, Chairman, that the record will show that I stated that specifically at the beginning of my presentation.

Mr M McGuinness: OK. Thank you.

The Chairman (Mr Molloy): Are there any other questions?

Mr Kennedy: Mr Ford, thank you for your presentation. I have one quick question on the issue of Executive formation and the reference to a voluntary coalition. While it might seem attractive, in practical terms are you confident that such an approach could work and would you give us a little more detail on it? How do you see it being achieved?

Mr Ford: I think you have to look back at the record of a mandatory coalition, and how we saw it operating over three years, to examine why we believe it is essential to move in the direction of a voluntary coalition. There were all kinds of problems with how the Executive operated. I highlighted some of them: the lack of any collective understanding from Ministers and their parties on policy matters; the lack of any, apparent to me, meaningful work on the Programme for Government; and, indeed, the record showed that a large part of the Programme for Government failed to be implemented.

All those issues showed that putting parties into Government purely on the basis of electoral strength and a mathematical formula, without any shared understanding around policy issues, was not a good way to run a Government.

I would contrast the achievements of our colleagues in Scotland and Wales, particularly when you take account of the fact that Wales has far fewer powers than we did, with the rather limited achievements here — such as the volume of legislation passed, for example — as an indication of the problems that arose within that Executive. That is partly why it is essential that we move towards a voluntary coalition. After both elections, the coalitions in Edinburgh speedily negotiated Programmes for Government and implemented them effectively. Indeed, recent Governments in the Oireachtas have been formed, following Dáil general elections, through inter-party negotiations that led to agreed programmes that were then carried out. These are much better examples of how to run a Government than the practice of giving people power on the basis of mathematics and no agreement.

When you look at the record of debates that occurred in the Assembly, it would be hard to deny that

there were many problems that I could highlight, but I shall not — probably relating to each party — of contradictions that occurred between roles in the Executive and attitudes taken by Back-Bench Members. Fundamentally, it was not a good system of government and it did not serve the people of Northern Ireland well. It was good that people were seen to be engaging at some level, but many of the decisions taken were not particularly good. As someone who, with the support of Members of other Government parties, had the pleasure on one occasion of inflicting a significant defeat on a Government Bill, I will admit that it was great fun, but it was not good government.

Mr Kennedy: One problem that I identify with that is that any Executive would presumably have to be formed on the will of the people. That is, the parties that received the most votes and gained the most seats would get the most places. Is that fair enough logic, or are you suggesting a voluntary coalition of those who are more civilised, perhaps, and who will be in agreement with one another, rather than those who are actually more popular with the people?

Mr Ford: I highlighted earlier our belief that you could not form a voluntary coalition on the basis of 50% plus one being an adequate majority, and that we needed to be looking to something in the region of two-thirds, or thereabouts, support, which would in effect be cross-community without being rigidly defined in terms of “sticking-MLAs-into-pigeon-holes” cross-community. At this Committee, I certainly do not think that it is appropriate to use the term “more civilised” about any one party than any other party. I am not sure whether the Member was wishing to regard his own party as falling within that category.

Mr Kennedy: I will make no comment on that.

Mr Ford: As far as I am concerned, we are all here with, I accept, different electoral mandates, but the issue is what coalition can be put together by those who can agree policies, regardless of whether they can agree that they like each other. I am not sure that there are always perfect examples of Governments. Dublin is an example: people do not necessarily have to like each other; they must simply be prepared to work together and implement policies. That seems to me to be the test of a Government.

The blunt reality is that if we implemented something like a voluntary coalition, either in 1998 or now, any three of the four largest parties would, between them, be capable of commanding a majority in the House at an appropriate weighted majority level. It would be up to the parties to see what they were prepared to negotiate to implement a programme.

Mr Kennedy: Thank you.

The Chairman (Mr Molloy): Are there any other questions or comments?

Dr Farren: Yes; just one final question from me. Do I take it from what David has been saying that a resolution to a lot of the issues related to the operation of the institutions — whether it be the manner in which the Executive is formed, or whatever — is now a precondition for restoration as far as the Alliance Party is concerned and that, without a resolution to those before 24 November, the Alliance Party would not see restoration as possible?

Mr Ford: Alliance is possibly not in the position to set preconditions on the way others, including the two Governments, will behave. We are trying to put honestly and straightforwardly on the record that which we believe is necessary in order to provide a stable, durable and lasting Government for the people of Northern Ireland.

Others may believe that that can be done with less — if that is the right term — than we are proposing needs to be done at this stage. That may or may not mean that the Governments may proceed to implement somewhat less than what we believe is necessary and appropriate, but it does not mean that we believe it any the less. We may be in a minority of seven, if you take two Governments and five parties, but we have our view as to how we have seen things operate.

Obviously, we have a slightly different take from those whose parties — in some cases, around this table — contain individuals who were members of the previous Executive and will, therefore, view things, to some extent, from a different perspective than ours. Representing a party with a unique identity, external to the Executive, we see a number of problems that arose, which we are seeking to address.

Mr Murphy: The Alliance's comparison to the situation in Scotland, in the South or in Wales does not recognise the historical experiences here, where people's experience of how democracy operated is very different from that in Scotland, Wales or, indeed, in the South.

Does Alliance not recognise that, if the agreement did not contain the provisions that formed the mandatory coalition Government here, the achievement of full support for the agreement, or a majority support — 69% or 70%, whatever it got here; 84% across the island — would probably not have been possible and, therefore, we would not have had a Good Friday Agreement?

The Alliance's aspirations for people coming together on the basis of common policies and finding common ground to form a Government may well be something that we should be aiming for in years to come, but a recognition of the realities in which we currently operate mean that if we had not secured the ability to buy in by every section here, a voluntary

coalition Government would not have been formed in the aftermath of 1998.

Despite all the difficulties that we had with the Government that was formed, and the stop-start nature of that, there certainly would not have been the buy-in across both sections of the community here that there was in support of the agreement without those provisions. The intentions that Alliance outlines may be things that we can aspire to down the road at some stage, but that does not currently reflect the reality of where we are in the Six Counties.

Mr Ford: In the way that we have outlined our proposals for a weighted majority, we have clearly recognised the distinctions between Scotland, Wales, the Republic and ourselves.

I will say it again if necessary: in a society such as this one, 50% plus one is an inadequate majority on which to take decisions. However, the issue that I am being asked to address is whether, because we have particular problems, we set up rigid institutions and talk about dealing with our problems at some indeterminate stage in the future; or whether we seek, as the Alliance Party suggests we should, to overcome divisions now.

We might or might not have had agreement for the mandatory coalition as it operated; however, on the basis of our experience, the mandatory coalition did not provide particularly good government. Given that we are in review — and that is probably review with a lower case “r”, since Governments seem unable to accept that it is an upper case “R” Review — we have an opportunity to set out our vision and proposals and our desire to go forward as a single community, rather than merely balance the interests of two sections of the community. That, as far as the Alliance Party is concerned, is how things were, but we wish to put our aspirations to change this society on the table now, rather than wait for some indeterminate stage in the future when it may be acceptable for others to move.

Mrs D Dodds: Mr Deputy Speaker, the Belfast Agreement, by its own definition, indicated that there must be support from each community for it. Does the Alliance Party accept that the vast and overwhelming bulk of the unionist community no longer supports or consents to the Belfast Agreement? A renegotiation of the agreement — and legislation to make a new agreement — will therefore be essential before progress can be made.

Mr Ford: First, it is fundamentally clear that the Alliance Party does not accept the concept that we are two communities: we are a single community with multiple divisions, not all of which coincide. We are becoming an increasingly diverse community; and we are becoming a community in which those from perceived backgrounds no longer conform to the

stereotypes that apply to their section of the community.

That said, I do not accept that the vast majority of unionists oppose the agreement. It is clear, from elections in which people vote under a preferential, and therefore a proportional, system as opposed to casting votes in an “x” vote system, that a modest majority of unionists supports the DUP and can therefore be presumed to be against the agreement. The fact that members of the DUP are sitting in this room discussing those matters with the rest of us is an indication that, pragmatically, they are here, as the rest of us are, negotiating reforms to the agreement — not a new agreement.

The Chairman (Mr Molloy): We move to the DUP presentation.

Dr McCrea: Mr Deputy Speaker, I want to preface my remarks by stating that I found the charges that Martin McGuinness made against me deeply offensive, hurtful and distressing. They were totally untrue. I am here today because my party has requested that I continue to present the DUP case at the Committee.

In order for devolution, under the terms that the Government have set out, to be restored to Northern Ireland, a significant number of issues must be addressed. It is important that the Assembly not only identifies but debates those issues and that the Government take the necessary action.

11.00 am

Our submission is somewhat detailed, and therefore the DUP’s mind on many of the major issues is before the Committee. The purpose of this Committee, we are told, is to prepare for government, to scope the issues and to identify the obstacles that stand in the way of the restoration of devolved government. The Democratic Unionist Party clearly indicated that there can be no return to all-party Executive devolution in circumstances in which one party — namely, Sinn Féin/IRA — is not committed to exclusively peaceful and democratic means. Others do not like the fact that we are not prepared to take the IRA at face value and accept whatever is on offer. We will not simply accept and implement others’ agenda. We have to deliver our agenda, which is our manifesto that we put before the public. Regardless of the reaction, we will continue to work for our constituents to deliver our manifesto promises and principles.

In order for devolution to be restored, a significant number of issues must be addressed. It has already been suggested in Committee that those are dead issues. As far as the unionist community is concerned, although some may try to kill them, the issues are very much alive. They are significant issues that must be tackled. As the largest political party in Northern Ireland and the largest unionist party, we are mandated to ensure that only those who are committed to

exclusively peaceful and democratic means will sit in the Government of Northern Ireland.

Our manifesto indicated that no one — no one — who is associated with paramilitarism or criminality will sit in any Executive in Northern Ireland. Sinn Féin is attempting to distract attention away from its own inadequacies and from its failure to measure up to the standards that are required to participate in government. Sinn Féin must face up to the difficult questions on criminality, decommissioning, disbandment and policing. We heard yesterday that the Exchequer is being denied £240 million through criminality alone. What could that £240 million do for the people of Northern Ireland? Today’s newspapers tell us that the laundering of cigarettes, fuel, and all the rest of it, is a £600 million industry. The republican community and leadership have always been good at blaming everyone else for every problem that comes along, but it is now obvious that the Provisionals are, as they did previously, trying to perpetrate an acceptable level of criminality and paramilitarism, while at the same time being admitted to government.

There can be no tolerance of criminality and paramilitarism as far as participation in government is concerned. Recent IMC reports, and other reports, indicated that progress is being made. Those reports also indicated, however, that considerable work remains to be done. There appears to be little evidence that the Provos are moving to dismantle their vast empire of illegally gained assets, which they have accumulated through bank robberies and other nefarious activities over the years. There is still no sign of the proceeds from the Northern Bank robbery, never mind an acknowledgement of IRA involvement. There is no progress on the McCartney murder — from the very beginning there has been a republican cover-up, lies and deception.

There is still no acceptance by republicans of the need to fully and unequivocally support the forces of law and order in Northern Ireland. The demand for immediate entry into Government by a republican movement that still maintains its private army and is still actively engaged in criminality, spying and retention of arms is shared by very few. At the same time, there is widespread consensus for the DUP’s view that any party aspiring to Government must support the police and fully consent to positive co-operation in the implementation of law and order, as well as in the campaign to defeat terrorism from wherever it emanates.

There is a great challenge to those who were inextricably linked to terrorism in the past: they must completely renounce violence. For them, the path of terror must be consigned to the history books. There must be recognition of the primacy and authority of the security forces. They must support the efforts of the

police to uphold law and order and ensure the safety of everyone in the community — everyone equal under the law, and equally subject to the law.

Her Majesty's security forces must, and will, be supported in exercising their legitimate authority to move against and defeat terrorism, from whatever source it comes. People who want us to believe that they have moved away from their terrorist path must support the security forces, the police and the army in their efforts to defeat and bring to book those who are still active in terrorism.

On policing and justice, the DUP is very clear: there is no way that any sensible or reasonable person from either community in Northern Ireland believes that the involvement of an organisation such as Sinn Féin in the administration of policing or justice would be anything other than deeply damaging, divisive and detrimental. There is no evidence whatsoever that Southern political parties have changed their minds that Sinn Féin is unacceptable for Government in Dublin. All those factors point to work that needs to be carried out by republicans. Now is the time for delivery, not for fudge.

The Prime Minister indicated some time ago that there was nothing left to negotiate. The simple question is whether people are committed to exclusively peaceful and democratic means, with all that that entails and implies. That is where the focus needs to be, and that is what the DUP is focused on. The attempts by pro-agreement parties to resurrect the failed structures of the past and to fudge once again the crucial issues that bedevil the IRA and Sinn Féin, will not work.

It is a prerequisite that the Belfast Agreement needs to be changed. That must be done through primary legislation. The Democratic Unionist Party received an overwhelming mandate on the basis of change to the Belfast Agreement and an absolute commitment to exclusively peaceful and democratic means by any party wishing to be in Government.

Republicans must also demonstrate that they are committed to sharing space with their unionist neighbours. The unionist culture should not be a second-class culture in Northern Ireland. While the media and others promote Gaelic sports and the Irish language, it is hugely detrimental at the same time to have the cultural aspects of unionism denigrated and denied the opportunity to flourish.

The parades issue is of crucial importance to unionism and is deeply rooted in our history. The repression of the parades culture, which has been driven by republican elements, must cease. There is no prospect of unionists sitting in Government with those who are actively pursuing an agenda to destroy their culture.

The track of insisting that all parties must be committed to exclusively peaceful and democratic means before being considered eligible for Government is the right one. It is the one that will ultimately produce the stability that is required for effective devolution to be durable and credible.

There are many other issues in this paper— and we have already outlined them — that are of vital importance in progressing effective devolution for Northern Ireland. One issue is accountability of the institutions. We believe that the Belfast Agreement did not provide sufficient accountability for decision-making within Northern Ireland.

Another issue is the stability of the institutions. With four suspensions in three years and no devolution since October 2002, it is clear that the arrangements created under the Belfast Agreement did not provide for stable government.

The efficiency of the institutions is also an issue. The institutions in the past were overtly bureaucratic and costly, and we believe in efficiency in any institution that is brought forth in Northern Ireland.

Another issue is the effectiveness of institutions. We found that, while it was true that many of the decisions taken by direct rule Ministers were totally unpopular and did not recognise the needs of Northern Ireland, many of the decisions taken by the Ministers of the Assembly — on the closure of hospitals, on the change of our education system and on other issues — were also unpopular and extremely bureaucratic. We believe that there is a great need to have effectiveness of institutions and also accountability, where Ministers cannot act as little gods but are answerable to the people through the Assembly and are subject to the scrutiny and the changes that are necessary, which are coming from the community through the Assembly.

We mentioned east-west relationships, and we believe, because of the primacy of relationships between Northern Ireland and the rest of the United Kingdom, that it is important that we strengthen and maximise the advantages of those relationships.

We also mentioned North/South relationships. We want to live as good neighbours with our Southern neighbours. We want, indeed, to prosper, and we want to ensure that we work together on those things that are essential for the prosperity of people, whether they be in Northern Ireland or in the Irish Republic. But, certainly, we do not want the interference of the Irish Republic's Government in the internal affairs of Northern Ireland. We also want those relationships to be subject to the authority of the Northern Ireland Assembly.

There are many issues that I have tried to include, but there is one final thing that I would like to say. I did not mention the issue of decommissioning, but it is the

intransigence of Sinn Féin that blocked the unionist community from having confidence in the decommissioning process. I believe that significant PIRA decommissioning did occur. However, I still believe, as the Independent Monitoring Commission (IMC) report says, that there are significant amounts out there that have not been decommissioned. The structures of terror need to be dismantled. There is no need for any so-called army to be sitting in the wings — “We haven’t gone away, you know” — to threaten the existence of a democratic Government in Northern Ireland.

My colleagues and I are not here to negotiate those issues or to bargain with others over them. Our duty is to identify those issues that we perceive to be the obstacles in the way, which need to be removed before we can establish a democratic Government and have restored institutions. Having identified those issues, this Committee should report them to the House.

They should be openly debated in the Assembly. We need transparency and openness; therefore let us not run away from these key issues because they will not go away. They must be dealt with if we are going to engender confidence in the community and bring about a truly democratic devolved Government.

Mr M McGuinness: Obviously I am very much in favour of parties bringing to this body all the issues that concern them. Sinn Féin is more than willing, in the course of its deliberations at this body, to try and reach a far greater understanding between all the parties. There have been considerable difficulties between the Democratic Unionist Party and ourselves for some time. We are here with the sole purpose of trying to establish whether or not the DUP is prepared to recognise the importance — as stated by the two Governments — of restoring both the power-sharing and all-Ireland institutions on, or before, 24 November. I would like to seek an answer to that.

I asked a similar question of the Alliance Party and it was clear in its response. It would be helpful to this Committee if we were agreed that we are working to the effective deadline of 24 November this year.

I also noted with interest William McCrea’s remarks about previous comments that he said I made, and how hurt he was by them. I ask him to cast his mind back a couple of months to his contribution in another arena, the British House of Commons, when he made remarks which I considered to be very, very dangerous indeed. They were also ridiculous and totally and absolutely without any foundation whatsoever.

11.15 am

I also take grave exception to him addressing the Sinn Féin delegation in this room as Sinn Féin/IRA. He is effectively accusing the Sinn Féin delegation of being members of the IRA. None of the three of us is, and we take grave exception to his comments.

The issue of paramilitarism has been raised. I seek the DUP’s view of the recent statement by the leader of the Ulster Unionist Party, Reg Empey, that for over two decades unionist politicians were up to their necks with loyalist paramilitaries, and had for over two decades used loyalist paramilitaries for their own ends. I believe that he was not just speaking about his own party and himself, but also speaking about the DUP.

When we use the term “loyalist paramilitaries” we are not just talking about people who are members of an illegal organisation; we are talking about people who were involved in the murder of Catholics all over the North of Ireland. Essentially, we are talking about unionist death squads. I regarded that statement by Reg Empey as a huge statement with enormous implications for both unionist parties — the Ulster Unionist Party and the DUP — as we face the task of trying to get a Government restored. I would like to hear the DUP response to that, as it is directly related to whether or not the DUP is fit to be in Government, never mind the DUP’s view of Sinn Féin.

Another issue is William McCrea’s relationship with Billy Wright. Billy Wright was well known at that time — when Willie McCrea went to speak on his behalf at a meeting in Portadown — to be the probable leader of the LVF. How does that all fit in with the attempt to portray the DUP as paragons of democracy?

William McCrea said that he believed that significant IRA decommissioning did occur. How does he know that? I would appreciate an answer to that.

The Sinn Féin leadership’s position on, and opposition to, the Northern Bank and the Robert McCartney situations are well documented on the public record as a result of countless interviews done by Gerry Adams and myself at the time of the two incidents, and I think that we gave very clear leadership.

I have got one more question on parades. I believe that there is a mighty responsibility on all of us to give proper leadership in the time ahead. Given the events of last year and previous years, we are facing a difficult summer, and it is incumbent upon all of us to do everything in our power to ensure that this is a peaceful summer. Does the DUP recognise and accept that dialogue between those who wish to parade and those whose areas they wish to parade through is an important aspect of trying to reach a resolution to what is now only a small number of difficult parading situations?

Dr McCrea: First, may I say that Billy Wright was threatened to get out of the country or be put to death because of his political belief. He was threatened by the UVF, not for any action he had taken or any crime that he had committed. I am happy for the public record of the speech that I made on that occasion to be

examined; I did not condone any act that Billy Wright or any other had taken. Furthermore, I made it abundantly clear that anyone who had information on any criminal actions for which Billy Wright was liable and on which he could be charged should give it to the police and the case brought before the court. That was what was said on that occasion. I did not condone any act of Billy Wright or anyone else, but he was condemned to death because he opposed the Belfast Agreement.

I oppose the Belfast Agreement. Does that mean that, in this society, I should be condemned to death for my political belief? In a democracy, the answer is no. However, others wanted to pick out what they wanted to pick out and forget everything that was stated. I condemn any illegal or criminal action carried out by Billy Wright. In no part of my speech did I condone any of his actions.

Some people talk about “Protestant” paramilitaries but talk about the IRA without mentioning a religious group alongside it — as heard in remarks made a few moments ago. Let me tell you: if there are “Protestant” paramilitaries, then there is the “Roman Catholic” IRA. They are not Protestant paramilitaries because they do not espouse my belief of the Protestant principles — civil and religious liberty for all.

Mr M McGuinness: May I make a point of order?

The Chairman (Mr Molloy): We will come back to you.

Dr McCrea: I am responding to — *[Interruption.]*

Mr M McGuinness: I just want to make it clear that the term “Protestant” was not used by me.

Dr McCrea: The DUP does not believe that we can close our eyes to the fact that there is no unionist majority in support of the Belfast Agreement. The Belfast Agreement has been rejected by the unionist community and relevant and significant changes must be made to it.

Also, do we want devolution? The DUP was a devolutionist party when others had long abandoned devolution. Devolution must be democratic and must work in the interests of unionists as well as nationalists. However, the Belfast Agreement is skewed in one direction, and the DUP does not believe that it can be operated. The Belfast Agreement needs significant changes. We have made that abundantly clear. Therefore, we are not trying to resurrect the Belfast Agreement. We will endeavour to get the changes that are necessary, and it will require primary legislation in the House of Commons if there is to be a movement in that direction.

We want devolved government, but we will not have devolved government that is corrupted by paramilitary or criminal activity or by those organisations who are — in the Government’s words

— “inextricably linked”. I know that a lot of personal remarks have been made to me. I did not come to the Committee to make personal remarks, unlike others in their vendettas against me. My remarks have been about organisations and political parties. The Irish and British Governments believe that Sinn Féin has been inextricably linked to the IRA. Therefore, if there is any argument with the information that was given to me, maybe Sinn Féin’s friends in those Governments, and in the United States Government, should be reprimanded for what they believe and have propagated.

Mr M McGuinness: A number of questions that I asked were not answered.

The Chairman (Mr Molloy): There was the point of order that you wanted to make.

Mr M McGuinness: The point of order was that at no stage during the course of my comments did I mention the term “Protestant paramilitaries”. I would not insult the Protestant religion by attributing that label to a unionist death squad.

With reference to William McCrea’s response, I had asked a number of questions. One was whether he accepted that it would be helpful to the other parties at the Committee if we knew that we were working to the timescale of 24 November.

Another question was in relation to the comments made by Reg Empey, which I regarded as having huge significance for the Ulster Unionist Party and for the DUP.

Also, in relation to William McCrea’s comment that he believes that significant IRA decommissioning occurred, I asked him how he knew that that had happened.

Finally, I asked him whether he agreed that encouraging those who wish to parade and those whose areas are to be paraded through to engage in dialogue would be a useful contribution to all of us working together to ensure that we have the peaceful summer that people deserve?

Dr McCrea: I stated that as far as the Democratic Unionist Party is concerned, we want devolution.

However, do I believe that by 24 November those who have the responsibility of coming up to the mark of democracy will do so? Do I believe that criminality will be dealt with? Do I believe that verifiable decommissioning is going to be granted? Do I believe that Sinn Féin is going to support the police in their fight against terrorism and instruct its people to work with the PSNI and to give them the information that is necessary to stop the hoods and the thuggery that is going on?

My answer is that there is nothing out there that would encourage me to believe that. Nothing that I see

encourages me to believe that, in fact, the republican movement is up to it. Neither does anything that has happened in this Committee. We could not even get a debate this week in the Assembly on those cardinal issues. When I raised the issues of policing, paramilitarism, criminality and decommissioning, I was told that they were dead issues. That was the response when we debated here last week whether we could have a debate in the Chamber on those issues. The very party that blocked that is the party now trying to pretend that it is interested in those issues. They do not want to debate.

As far as I am concerned, this Committee's purpose is to scope the issues. We are to identify the issues. Debate needs to be taken on in the open, in the House. The Assembly is the supreme debating chamber. The issues need to be tackled head on in the Assembly because they are not going to go away.

As far as Reg Empey is concerned, I am not answering for him. Reg Empey can open his soul and he knows his own heart, his past, and all the rest. It is up to him to make whatever comment he wants for himself, his colleagues and those whom he has been associated with.

As regards arms, we stated from the very beginning that when it came to that issue, we would take into account what the IMC said. We also said that we would take into account other sources that are available to us. The Policing Board would give us information on what is happening on the ground, and there is also what we know from our own communities. We said that we would take all of those in and, in the final analysis, we would make our own judgement.

I have made the judgement of the Democratic Unionist Party. Our judgement is that significant arms were decommissioned, but certainly not verifiably and certainly not in accordance with what we had said about it having to be transparent. That was because of the objections of others, yet there was no problem to have verifiability when they were taking down the towers at Newry and along the border; they had to be taken down in the full view of cameras to try to appease and give confidence within the nationalist or republican community. We are saying that these issues will not be bluffed. They will not be fudged, as far as we are concerned, and they will not go away.

As far as parades are concerned, let me make this clear: I believe that this should be a free country. There should be freedom for people to walk on the Queen's highway. The idea that you have to ask a few persons, well, I will give an example. We had a parade after the deliberate agitation from outside Bellaghy, and then the burning of the bread van in Maghera, just a couple of years ago, when we were supposed to have peace. Who was standing in the front line of the objectors and

protestors? Leading Sinn Féin persons. Who was behind them? People whom they bussed in to be offended in Maghera.

What we have had is a situation that has been engineered deliberately. So what happened? We had a parade through Magherafelt. After having agitated in Maghera, having agitated in Bellaghy, they then came to us and said that there was a nationalist estate in Magherafelt where the parade goes past every four or five years up to our own church. What did the nationalist/republican community do? They came to the town to agitate on how they could get a committee set up to object. What did the people say? The people said: "Willie McCrea. Whenever we are in need, he is the person we go to. Get back to Bellaghy, get back to Maghera; you are not starting the agitation here." The only ones who stopped them were the local community.

11.30 am

This is not a parades issue, where people really come to be offended. Desertmartin is practically a totally unionist town. There is a parade by the Hibernians every year. Because of the agitation in Bellaghy, I was asked should we stop the parade in Desertmartin. I said no. They have been walking there for years, for generations. It is their culture. Why stop it? And we could have stopped it, because it is a completely unionist community. But we did not. We did not fall into the trap that was set for us.

There are those who know fine well. They made a speech saying that they had got it in Pomeroy, they had got it in Bellaghy and they were identifying other particular places where they would start the agitation. It was not that the ordinary people were objecting to those parades —and this applies also to many of the ordinary people on the Garvaghy Road. I know from my contacts with local elected representatives and others there that the local people were threatened to make them come out and object. In fact, some even received a bullet through their letterbox because they were not compliant.

So let no one come here with a pious idea about parades somehow being an issue between the two communities. The tragedy is that a paramilitary grouping is sitting as a leech on its community, seeking to destroy that community, and therefore seeking to destroy the relationships between both unionist and nationalist and Protestant and Roman Catholic communities. If it had been left to the ordinary people in those towns, there would have been no need for all those commissions and all that dialogue, because there were good relationships on the ground until the agitation took place.

Mr M McGuinness: In relation to the first question that I asked about whether the DUP believes that there

will be an Executive and a North/South Ministerial Council up and running by 24 November 2006, his answer was quite open. It gives me some encouragement that if the DUP recognised that important work could be done between us here as political parties on the Preparation for Government Committee, we could address many of the concerns that have been raised.

The difficulty is that the demand to debate all of those issues in the Assembly worries Sinn Féin. And it should worry all the other parties, because it clearly gives the impression that the DUP's only interest is to justify itself to its public by giving the impression that it is involved in important work in the Assembly.

The big question is where all of those debates go. How does an Assembly debate on the issue of arms resolve that issue when many people believe that it has been resolved anyway? On the issue of criminality and policing, for example, if the DUP were able to be sensible about how we resolve all the concerns around those issues, it should take seriously our thoughts that we form a subcommittee of this Committee to deal with the issue of policing.

We are on public record stating how we intend to take this process forward, and there is already considerable common ground between all major parties vis-à-vis the acceptance that powers should be transferred from London to a locally elected Administration. I believe — and I am open to correction — that the DUP has been on public record for a number of years stating that it is also in favour of that. Therefore, it strikes me that a considerable amount of work could be done if we formed a subcommittee.

Would the DUP be willing to engage in that? Failure to engage in such a subcommittee and to consistently persist in demanding debates in what is just a waffling shop downstairs, with direct rule Ministers continually taking all the big decisions that affect our lives, has no credibility whatsoever among the public. People are anxious about whether the institutions will be restored by 24 November. I am saying all that to be helpful.

There is a great deal of tension and difficulty between the DUP and Sinn Féin, but I am trying to tease out whether it is "game on" for dealing with those issues sensibly or whether we will be in a grandstanding session downstairs. We will oppose that tooth and nail because we do not believe that it will get us anywhere. In fact, it would set us back for some time and lend nothing whatsoever to giving people hope and confidence that the parties are, at long last, seriously engaging with one another in a real way to deal with those difficult issues.

The Chairman (Mr Molloy): Mr McCrea, do you wish to respond? A number of other Members also wish to speak, but we will work around that.

Dr McCrea: I have said in the past that this Committee has a limited remit. We do not believe that should be extended; the rest of the business should be done in, and through, the Assembly. We voted for the motion to establish an economic working group, which is of primary importance, but that has not got off the ground because others tried to remove it from the place it was supposed to be. It was up to the Business Committee to get it off the ground.

The general public want to see that we are genuinely moving forward and that the impediments to restoring democratic institutions are removed. With the greatest respect, I cannot say whether the deadline of 24 November will be met. However, it is abundantly clear that there are parties that are inextricably linked to organisations that are engaged in money laundering, fuel laundering, extortion, tax evasion, smuggling and criminal activity. The most recent IMC report states that there are indications that some senior members of PIRA, as distinct from the organisation itself, are involved in criminality, but that is a cop-out.

When that organisation murders someone, the cop-out is that it was not officially sanctioned. That was the cop-out line when they failed to murder me and my family. I was to be the final act the night before they were to draw the curtains and stop all the shootings. That was to be the last big hoo-ha.

But when they failed to do it, what was their line? That it was not officially sanctioned. That is the line that they take, but it does not bluff anybody; it certainly does not bluff the DUP.

This is what it says:

"there are indications that some members, including some senior ones... are still involved in crime, including offences such as fuel laundering, money laundering, extortion, tax evasion, smuggling."

That is what the last IMC report states; I am simply repeating it.

Recent reports from the Gardaí made it abundantly clear that 10,000 ammunition rounds that it discovered were PIRA rounds and were in no way linked to what are called dissident republicans. The Gardaí said that any link with dissident republicans had been ruled out and that there was a considerable amount of other stuff out there.

Let us not have this pious way of engagement. As far as this Committee is concerned, we are here to scope and identify the issues, which is certainly what we are doing. I hope that other parties will also identify the issues that have been outlined in the papers that we received.

We are speaking about those issues today, but they will not go away. No matter what other impediments there are to a functioning Executive and Assembly, I

have mentioned the major issues that must be tackled. The Belfast Agreement is certainly not acceptable and must be dealt with; we must tackle the structures, the efficiency and effectiveness of Government. Those are all major issues that must be dealt with, but there are also other overlying issues.

Dr Farren asked a question of Mr Ford to see whether there was a line between the two and, to be honest, there are overarching issues — on policing, arms and other matters that I have constantly mentioned since I joined this Committee. Unless those issues are dealt with, they will not go away, no matter how they are tried to be bluffed around.

As Mr Blair said, there is really nothing more to negotiate and now is the time to deliver. We are asking those who are involved in criminal activities to deliver. Will they do it by 24 November to the satisfaction of the unionist community?

As far as policing and justice are concerned, let us make no mistake. Policing and justice will only be a reality, and even then only through legislation, when there is confidence in the community that it is appropriate that they are devolved. There is certainly not that confidence within the community at this time.

The Chairman (Mr Molloy): Naomi Long?

Mr M McGuinness: I am not finished yet.

I suggested that we use this Committee as a vehicle to deal with many of the issues raised between us, as opposed to the DUP approach of taking them to the Floor of the Assembly. I just do not understand where that approach takes us. If you consider the issues of paramilitarism, decommissioning, criminality and the plethora of other issues that have been raised on the Floor of the Assembly, how does doing that resolve those issues, given the DUP's stated position that they will negotiate and take this situation forward only with the British Government? That means that it is a worthless exercise for the Ulster Unionists, the Alliance Party, the SDLP or Sinn Féin to engage in any debate in the Assembly on those particular issues.

It is a source of great concern to me that we are faced with a situation where, in all probability, the Committee on the Preparation for Government is effectively going nowhere, because the DUP see it as a vehicle to get debates in the Assembly, without offering any indication whatsoever as to how we remedy the issues.

I also want to say that I categorically reject many of the allegations that were made by William McCrea, through which he, by innuendo, tried to implicate Sinn Féin.

We need an answer to that question — not just in terms of Sinn Féin, but all the other parties are entitled to get the circle squared around the DUP assertion that

the only negotiations that they are going to conduct are between themselves and the British Government. It begs the question of where all the other parties fit in. It raises the issue that all the contributions that have been made thus far by the DUP appear to be designed only to get debates in the Assembly, without giving us any explanation whatever about where the results of those debates will go.

I am sure that not every party around this table is going to end up agreeing with whatever stance is adopted by the DUP in relation to quite a number of issues. Therefore, somebody on the DUP side needs to explain to us how we get remedies to these problems. I am suggesting a way of dealing with the issue, and that is by a real engagement between all the parties here around the issues, and by setting up a subcommittee to deal with the issue of policing, for example, because that will impact on the issue of criminality. We in Sinn Féin are prepared to play our part in all of that. From the outset we have made it clear that our position is that we want to see powers transferred from London to here. That enables Sinn Féin to go to a special conference of our party members from all over the island to deal with the issue of policing in a very comprehensive way, and in a way which I think will find much agreement from many of the parties around the table — unless, of course, the DUP does not want us to go forward to a special conference to deal with that issue.

We could end up spending an awful lot of time here folks on whether we are going to get debates in the Assembly and no time at all on setting about the real work of truly preparing to put the Government into position.

11.45 am

Dr McCrea: I have stated this over and over again, but I will repeat it, Deputy Speaker; it is clear that Sinn Féin members want to bypass the Assembly at all costs. They do not want to debate. That is not their usual forte and their best ground is not in the debating chamber. They expose their total inadequacies — and yet they were elected to debate in the Chamber. That is how they got here. Therefore they want to bypass it, and that is why at all costs they want things to be brought here. They want this Committee to be the place where we do it, rather than have the other Members actively engaged in the issues.

Let me make it clear that we will talk. The Democratic Unionist Party will talk and will negotiate with all totally democratic parties and the parties that we perceive are democratic parties. However, we are not here in the Committee to negotiate, because negotiation is outside the remit of this Committee. I notice that Mr Ford said that he was not here to

renegotiate or to negotiate a new agreement. With the greatest respect to him —

Mr Ford: Will you take a point of information on that?

Dr McCrea: Yes.

Mr Ford: Chair, I think that I am being quoted slightly out of context. I said that in the context of my support for the principles of the agreement and my desire to reform the existing agreement, not with regard to the question of whether this Committee was in negotiating mode, which is what Dr McCrea is addressing at the moment.

Dr McCrea: Yes, but irrespective of that, you were making a statement that you were not here to negotiate a new agreement.

We are not here to negotiate, we are here to scope the issues. That was the remit of this Committee — that is what the Secretary of the State told us the remit of this Committee was. Therefore, the negotiations will be done by the leader of my party and with the Democratic Unionist party in a way that they believe is appropriate and proper. They will do it with the Government, and they will carry on negotiations with those parties that they believe are democratic. That is what has happened in the past.

We want debates in the Assembly, and we want transparency, openness and the engagement of Members. We want to see how that Assembly can carry forth many of the issues, because, remember, it is the Assembly and not this Committee that was elected to deal with the issues that the Government is forcing on them at the moment. This Committee was never elected for that purpose; it was chosen for a specific task. All 108 Members were elected to do the business of dealing with the bread-and-butter issues that affect daily life.

Mr M McGuinness: I am conscious that I am in danger of dominating the question time on the DUP submission, and I respect that other parties have questions to ask, so I will stop after this question. I may return to other questions later.

Out of respect for all the parties around this table, the DUP needs to explain how a negotiation between the Rev Ian Paisley and the British Prime Minister Tony Blair will resolve all those problems. Given that Tony Blair has publicly stated that he is well and truly satisfied on the issue of arms, how does a negotiation between Ian Paisley and the British Prime Minister sort that one out?

In terms of paramilitarism, Tony Blair has also stated in the joint statement with the Taoiseach Bertie Ahern that he wants to see the institutions up by 24 November. Clearly, the institutions that he is speaking about are a power-sharing government in the North

that consists of the DUP, Sinn Féin, the SDLP and the Ulster Unionist Party. He appears satisfied on that issue.

I think the parties here are entitled to an explanation as to how this negotiation between Ian Paisley and Tony Blair will resolve all our problems, and we also need to know whether there are any problems that we can sort out among ourselves. That is why I am offering, in the course of this Committee, an opportunity for us to deal with these issues face to face and in a real way to try to get a remedy for the difficulties that appear to exist.

Dr McCrea: The Blair principles are those things that he scored on the board at the time of the Belfast Agreement, and certainly they were principles that we believed were very sensible. The promise that he made to the people was that there was to be no fudging those issues. All the paramilitary and criminality issues were to be dealt with, and dealt with to the satisfaction of the community.

I make it abundantly clear: there is no satisfaction within the unionist community that these things have been dealt with. If Mr Blair has to face up to realities as regard the issues, that is something that he will have to deal with. I make it abundantly clear that our party had been very clear and open with the Government. These issues must be dealt with to the satisfaction of our community. This is not a Committee for negotiations; this is a Committee with a remit to scope the issues. That is what we are doing at this present moment.

I can assure you that I am not here to negotiate, and I have no authority to negotiate. Neither do I see it as my place to negotiate because negotiations are to be done by the party through those members who are delegated so to do.

If I were delegated to do it at that time, that would be the appropriate place and the appropriate time, but this Committee has been delegated with the responsibility by the Government to scope the issues, and that is what I intend to stick to, and we are not moving; as far as this Committee is concerned, we are not lengthening its remit.

Mrs Long: First of all may I thank you for your presentation, Mr McCrea, in terms of the paper and your presentation of it. There are four issues that I would like to raise with you initially some of which just require clarification and some of which require a fuller response.

When you addressed issues to do with paramilitarism, criminality and decommissioning you made a specific reference to one party, namely Sinn Féin, and said that it had issues with this. It is quite clear from recent decisions that have been taken by other groups within the Assembly that that is not a fair assessment in that other parties also have links to paramilitary organisations through association with

elected representatives who have associations with those groups.

It is not, therefore, at this stage inconceivable that you could have a member of another party grouping as part of the ministerial team who would also have direct links to paramilitary organisations. Given that that is the case, are there any comments that you would want to make in relation specifically to paramilitarism in the more general sense as opposed to focusing simply on the activities of one organisation? What about the wider effects of paramilitarism on the future of the Assembly and also in terms of democracy and the principles of democracy which should apply to all ministerial post holders and indeed all elected representatives?

The second issue is one from your paper and concerns equality and human rights. I think it is on page 3, and you make reference to the unionist community there. The Alliance Party view is clear that the emphasis on rights should be on the protection of the rights of individuals rather than just on collective or group rights. Group rights and collective rights have often characterised some of the least equal societies in the world as opposed to the most equal, and what I want to know is if that reference is simply a concern that individuals in those communities may have suffered from discrimination and that what you are looking for, I suppose, is fair and equitable treatment for all individuals regardless of their background. I am always slightly wary of any reference to rights for particular groups.

The third issue that I want to raise is one in relation to accountability, something that we raised in our original submission. I noted on page 4 of your submission that you had raised it. You have also raised it today, and it seems to be key in terms not just of how government operates but also in terms of the lack of trust that exists, and that without accountability is a recipe for disaster.

In terms of your reference first of all to the Prime Minister's comments about there being nothing more to negotiate and also your reference on page 4 to the Government's comprehensive agreement so-called, are you indicating that you feel that issues around accountability and indeed the other issues which you have raised in your paper have been addressed in that agreement or are there additional issues which you feel were not fully addressed in that agreement? I should like to be clear on that.

The fourth question is in the context of the discussion that we have had so far.

Notwithstanding your express view that the issues that are outstanding are, to some degree, out of your hands and beyond your control, do you believe that it is possible that your party could be in a position where

it is sufficiently confident that those issues have been adequately addressed by the 24 November deadline?

Dr McCrea: I will call on Diane to deal with the equality issue, which is the second issue. I will deal with the first of the four issues. As you know, our Government, the Republic's Government and the American Government have determined that one party is inextricably linked to a terrorist organisation, and that party is Sinn Féin. That is why unionists believe that that issue must be dealt with. However, my leader said that the position that the Ulster Unionists have forced upon us has thrown everything into the melting pot, because all parties that have links to terrorist organisations must be treated the same.

I do not know Mr Ervine's position in respect to the Ulster Unionist Party. I am told, on the one hand, by Madam Speaker that there is no Ulster Unionist Party here: there is the Ulster Unionist Assembly Group. Members of the Ulster Unionist Party then said that they are a party in the Assembly. I honestly do not know the answer; it is out of my hands. Are the Ulster Unionists linked to the PUP or is it just an exercise, as the Ulster Unionists say, to deny Sinn Féin a seat in the Executive? It would be interesting to hear from the Ulster Unionists. However, if those two parties are now the one party and are therefore "inextricably linked", then that does lead to the same position. My leader made that clear in the Great Hall.

On accountability, the DUP believes that the primacy of the Assembly must be maintained. Mr Ford told us that, in the past, he could have moved a motion that commanded a majority in the House, but a Minister could defy the House if he wanted because he was totally independent. If my memory serves me right, we got agreement on that, and there was a backdown. The Executive told Mr Foster that there was an issue on which they would not back him if he pushed it, because there was a rebellion in the ranks of all the parties. Therefore Mr Foster had to back down on one issue. Irrespective of who the Minister is, there must be accountability to the Assembly. The DUP also said that the North/South bodies must be accountable to the Assembly as well. The Assembly is paramount.

That is not unusual. At Westminster, a number of parties have defeated a Government with a majority of 66 on some major pieces of legislation. That is not unhealthy — on the contrary, it is a healthy exercise. It proves that a Government, irrespective of who they may be, cannot walk over the Assembly.

12.00 noon

Government Ministers were not elected as Government Ministers; they were elected as Assembly Members. Therefore primacy and authority should rest with the Assembly; it should at least be able to hold the Executive to a vote as a check. The Assembly voting

against what a Minister is doing should mean something. The DUP believes in the real accountability of Ministers.

The comprehensive agreement — which, we are told, is not a comprehensive agreement as no one agreed to it — did address some of those issues and faced them down.

I am not saying that those matters were all concluded to our satisfaction, but it did seek and endeavour to acknowledge that there were major problems, such as those of accountability, which had to be faced.

As for the 24 November deadline, we as a party must be convinced that the obstacles to devolution are addressed. Remember that we promised that to our community. We also promised that we would go back to our community, consult widely and seek to bring that constituency with us. We are not doing something behind their backs.

Many of the issues are not within our control, but they are certainly within our judgement. We have the right on the behalf of our people to make that judgement because, remember, in the final analysis, the people will make their judgement when everyone faces them at the polls.

Mrs D Dodds: Mrs Long made a point in her question about whether we believe that equality issues are particular to individuals or to groups within society. I think that they are both of those things. The section that we have included on equality issues is quite small, but I and a number of other people have been working on equality issues for quite some time and, at a future date, we will be happy to scope those issues with the Committee, if it so desires, because they are very important.

We believe in an equal society and that everyone should have a share in our society and in its future. That is vital for progression within this community.

I shall not go into all the details, but I will provide an example of where inequality has been almost institutionalised within some aspects of government in Northern Ireland. Let us look at the issue of festival funding in Northern Ireland and take the example of Belfast. Over the last 10 or 15 years a very lively, well-defined and progressive festival movement has grown within Belfast, but mostly within the nationalist community.

Very little of that festival funding has gone to the unionist community. That may have been because of problems of capacity within the community or all sorts of other issues. However, instead of seeking to address the imbalance and the inequality in funding, the Government Department responsible simply put a moratorium on any future applications. Therefore, until very recently, in the last number of months, there was

a situation in which the only festivals that were funded in Belfast were from the nationalist community, such as the West Belfast Festival, the Ardoyne Fleadh, and the Newlodge Festival. Now, we have a situation where everybody and every community can apply for festival funding equally.

That is the inequality; those are the issues that we need to start looking at and addressing so that we have the opportunity for everybody to make those applications on an equal basis.

That is what we mean by equality issues. We want to see more and more of those equality issues addressed. I have a huge equality issue with Belfast Education and Library Board (BELB) where, in terms of Youth Service funding within the Oldpark electoral area of Belfast, BELB spends £264,000 a year within the nationalist community. It spends nothing within the unionist community. Those are hard issues, but they have to be faced and addressed. We need to apply ourselves to addressing those matters because they take us on to perceptions of inequality and tensions throughout the community. So — sorry if this is a bit longwinded — it is actually a combination of both, and those are a couple of examples.

Mrs Long: There are conflicting views on this. Clearly, there is an issue about equality of treatment and that all people are treated equally, and there is an issue about seeking equality of outcome, and that is where you were referring to situations where there is insufficient capacity for people to achieve the same outcomes and, therefore, some investment needs to be made to give people a fair chance.

Those are two slightly separate issues, and they need to be addressed. In terms of referring to group rights — and this is my main concern — human rights is about defending the right of the individual to fair treatment and to be treated equally both under the law and as a full member of society. Therefore to define people simply as members of groups may benefit those individuals but may also discriminate against others who will be less equal if their group is less powerful.

That is the issue that I am trying to raise. I would like to see equality issues and issues about fairness and human rights dealt with on the basis of the rights of the individual as opposed to those of groups. That is not to the disadvantage of any community; in fact, it is to the advantage of all. The point that I am trying to explore is the definition of whether rights are attributed to particular groups because of their association or to the individuals within those groups because of their individual human rights. There is a distinction between the two. Experience shows that, in the least equal societies in the world, the focus has been on rights attributed because of membership of groups, as opposed to individual rights given to individual

members of society based on their individual human rights.

I feel that when we are talking about human rights and equality issues, it is important to look at the rights attributed to individuals rather than focusing on group rights and that, where there are inequalities, they are resolved through that mechanism.

In relation to the question about whether or not the DUP believes it possible that it could be sufficiently confident, I phrased the question notwithstanding the DUP's view that many of those issues are out of its hands, because that was made clear in the presentation. I was not asking whether that would be resolved, because at this stage there is no yes or no answer to that.

I am simply trying to explore whether the DUP thinks that is possible, given the time frame that we are operating in. It is important that we know whether the DUP believes it is possible within the period leading up to 24 November that it could be sufficiently satisfied, that it could have consulted with its party membership, and indeed with the community that it represents. So I am not asking for the DUP to say that it is satisfied now or that it will be satisfied on 24 November, but simply whether it believes that it is an attainable goal.

Dr McCrea: My honest opinion is that nothing I have heard from the republican community has given me any confidence whatsoever that those who have got to meet the waterline of democracy are willing to do so. Therefore I honestly have very grave doubts that that can be a reality.

Mr McFarland: I thank William for his submission. I am struck that there is much common ground between our take on the matter and that of the DUP.

I have three questions, which I will deal with individually. They are on different topics, and I do not wish to get them mixed up. All the parties around the table have stated that they want to see devolution. Devolution will come only if there is agreement between the two traditions. The DUP currently represents the unionist tradition. It has the largest vote and is in the driving seat when it comes to whether there is to be a deal. Sinn Féin is in the driving seat in representing broad nationalism, not just republicanism. If we are to achieve any accommodation and get devolution up and running, there will have to be a deal at some stage between the Democratic Unionist Party and Sinn Féin. Do William and the DUP accept those statements as a political reality, whatever the timescale may be, and that, in the end, that will have to be the way in which devolution works?

Dr McCrea: In order for devolution to be restored on the terms that the Government have set out — at present, that is to restore the Executive — significant issues must be dealt with. However, in the House of

Commons, the Secretary of State said that restoration was not the only path. He was perhaps challenging certain Members of the House from the nationalist community to take another route — that of voluntary coalition.

Therefore if a party is not willing to deal with the issues that are the impediments to devolution on the terms that the Government have set out, and we cannot move forward, we should form a voluntary coalition. In many ways, I resent the Government's terms, because what they, and the Irish Republic's Government, are saying to us is: "Unless you accept into your Government those whom we wouldn't accept, and are not willing to accept, because we do not believe that they come up to the mark of democracy, you can have no Government."

No other society would accept that. It is totally unreasonable for the Governments to say that a minority of people, who represent less than 20% of the population, could hold back devolution if 80% of the population were willing to form a voluntary coalition Government. Why should 80% of the population not form a Government? If we are supposed to have moved into a new era in which that 20% has turned its back on violence, and in which there are no guns and nothing to threaten devolved government, why would we not move forward? Who would threaten it, other than those who would say: "We will take another path if we can't be in government"?

The truth is that democracy alone has to be the basis of government. With the greatest respect to Alan McFarland, polluting democracy does not provide a foundation for progress or stability. We stated clearly in our presentation that accountability is one matter as regards the institutions, but their stability is another matter. I shall pose a question: there have been four suspensions in three years. What brought the institutions down? Each occasion involved paramilitary activity and the exposure of such deeds.

12.15 pm

Say, for example, that we had a devolved Government, and it was found that, in the background, there was a store of IRA arms that that organisation used to train and carry on its activity. What would that do to our institutions and to democracy? People tell me all the time what our people want. Those whom the Democratic Unionist Party represents are fed up with Governments repeatedly rising and falling because of terrorist activity and criminality. They say that they do not want democracy to be polluted; they want to move forward on the grounds of democratic principles alone.

My party leader has said that we should have those grounds and that they should be totally democratic with complete allegiance to democracy and to the authority of the security forces in taking on those who

threaten them. It is not enough to say, “We will not have the PIRA being active, but we will close our eyes to the Real IRA or the Continuity IRA”. Did we not see on this morning’s news that the bringing in of a group of weapons, which was a serious threat to the stability of Northern Ireland, was foiled? What others have not been foiled? There is a constant threat.

Is everyone saying clearly to the Democratic Unionist Party that if we had a Government and the Real IRA threatened its stability, every party in that Government would support the PSNI and the Army in taking on the Real IRA and the Continuity IRA and defeating them? Unless they do, they are not wedded totally to democracy.

We state clearly that parties cannot have it both ways. There must be stable institutions, and there are other ways forward if this one does not succeed. However, it will not succeed unless it comes up to the democratic test.

The Chairman (Mr Molloy): Alan, I will draw your attention to the fact that we must adjourn at 12.30 pm and we have one or two other questions.

Mr McFarland: The background philosophy is interesting and very important to the way forward. William is saying that if the IMC can show beyond reasonable doubt, while making the unionist community confident, that the republican movement, the military wing of Sinn Féin as was — or as is — has gone away and that criminality is down, and if it were believed that Sinn Féin were a democratic party, at that stage, whatever the time frame, the Democratic Unionist Party would go into government with it.

I think that is what they have said before in public, and I am taking it that —

Dr McCrea: May I just correct that. I read this out the other day. Our manifesto says:

“no-one who is associated with paramilitarism or criminality will be in any Executive”.

It goes on:

“Sinn Féin could then only be considered for entry to an Executive after

- Complete visible, verifiable decommissioning.”

— That is an issue that still has to be dealt with —

“- A total end to all paramilitary and criminal activity.

- The community is convinced the IRA has been stood down.”

We cannot have an army sitting in the wings that continues to threaten us. If there were a real renunciation of violence, if there were a real renunciation of terrorism and the path of terrorism and if that were totally wedded to, what would anyone want with such an organisation? I speak right across the community

now. There is no way in a democracy that you can have paramilitary groupings, irrespective of whether they come from the unionist community or the nationalist/republican community, sitting in the wings to threaten any democratic institution. The source of that is our November 2005 manifesto.

Mr McFarland: I want to tease out the voluntary coalition idea. It is quite interesting and one that we have looked at in the past. What I understood William to say was that since they do not accept at the moment that Sinn Féin is a bona fide democratic party, they would happily now go into government with the SDLP and ourselves and that that would be acceptable, despite the fact that Sinn Féin represents the majority of nationalism. I wonder if at a philosophical level he accepts that if, for example, the Ulster Unionist Party believed an IMC report that Sinn Féin was now a democratic party and the DUP did not believe it, that it would be OK for Sinn Féin and the SDLP and the Ulster Unionists to go into government when the DUP did not want to go into government. If it is OK, one could argue, to exclude the majority of nationalism, it should equally be OK, providing the circumstances felt right to the parties, to exclude the majority of unionism. I think in the past they have said on record that they do not believe it is right that they, as the majority of unionism, should be excluded. I am just trying to explore what the ground rules might be with different combinations of parties going into government with different levels of confidence.

Dr McCrea: In direct answer to that, I must say that the Ulster Unionist Party knows that we have difficulties now, and I pointed that out in answer to Naomi’s question. The Ulster Unionists, I believe, have got themselves onto a hook, and unless they get off it, it is going to make it very difficult. If they are linking themselves to a terrorist organisation through bringing in to its membership the leader of the political party that is the front for a terrorist organisation, that makes a voluntary coalition even more difficult. Again, that is not something of our making. We certainly desire an inclusive Executive but on completely democratic lines. We cannot have a Government that is tinged with either one organisation or with the other organisation threatening from the wings to destabilise the community or to bring that Government down. There is only one legitimate authority as regards the rule of law, and that is the police, aided by the Army.

We cannot have any private army sitting in the wings to pollute that. Therefore there is a difficulty. For a voluntary coalition to happen there is now a challenge to the Ulster Unionist Party to remove itself from the unhealthy relationship with a parliamentary organisation that it has through its recent decision. Now that is a decision which we cannot make, but it is one that that party must take.

Mr McFarland: Chairman, my question was that if, for example, we dissolved the UUPAG we might be, in the DUP's eyes, acceptable partners for Government.

Would it be acceptable for the Democratic Unionist Party, the Ulster Unionist Party and the SDLP to form a voluntary coalition and go into government, if we get to the stage in September where an IMC report says that the Sinn Féin leadership is dedicated to democratic politics, criminality is dropped to a level that the police can deal with, and it has somehow demonstrated that decommissioning had been complete or whatever?

Would the Democratic Unionist Party accept as a matter of principle at that stage that — although it might not be able to accept Sinn Féin in government — if Sinn Féin, the SDLP and the Ulster Unionist Party recreated the first Assembly on a voluntary coalition that three parties can go ahead without the major party in unionism? The suggestion is that the other parties go ahead without the lead party in nationalism. Is that a philosophically acceptable thing to do?

Dr McCrea: I suggest that that would certainly not lend itself to stability and I will give you the reason. Surely the Ulster Unionist Party has learned the lesson that it cannot just simply take the word of Sinn Féin/IRA? The UUP was nearly decimated because it jumped and said: "Now jump." Even to make that suggestion shows that there is no learning from the lessons of what has happened at the ballot box and over the last number of months, and I suggest that that would be a very good idea to test with the electorate.

I assure the Ulster Unionist Party that if it felt that it was in difficulties now, it would be in greater difficulties if it propounded that it would remove a democratic party to go into bed with those who have been inextricably linked — the UUP agreed with Sinn Féin's bona fides before. How many times do you have to get fingers burnt before you say: "Listen, I have my fingers in the fire here, I had better take them out."

To suggest that it would be right to throw out a democratic party — and concerning voluntary coalition I did notice that it was suggested here that it would be the SDLP, the Ulster Unionists and ourselves. We did not say that. There is no reason why the coalition would not be wider than that, which certainly would include the Alliance Party as well.

Mr McFarland: Chairman, I was just exploring the philosophy. I have a few more questions that I would like to ask but I see that time has beaten us.

The Chairman (Mr Molloy): Can we hold all the questions to — *[Interruption.]*

Mr M McGuinness: Chairman, I do not have a question, but I again take grave exception to the use of

the term "Sinn Féin/IRA" in relation to the Sinn Féin delegation.

Mr McFarland: Chairman, can I just confirm that I can lead off after lunch?

The Chairman (Mr Molloy): Yes. 2.00 pm.

The Committee was suspended at 12.27 pm.

On resuming —

2.02 pm

The Chairman (Mr Molloy): We now have a quorum. I have also received some apologies and changes.

Mr Murphy: John O'Dowd is here in place of Michelle Gildernew.

Ms Ritchie: I am here in place of Mark Durkan.

Mr Ford: Apologies from Naomi Long who hopes to join us later, and I hope that Kieran McCarthy will also be here before she arrives.

Mr McFarland: Chairman, I gave you my changes. Unfortunately the other two are not able to be here.

Dr McCrea: I hope that Maurice Morrow and Diane Dodds will join us shortly.

The Chairman (Mr Molloy): We finished before lunch with Alan and questions, so we will resume.

Mr McFarland: We were having a philosophical discussion before lunch, but I want to get some answers from William on more practical issues.

My next question concerns the status of the comprehensive agreement because we have heard in the media and indeed around the table here that — from what I understand as the SDLP's position, from what Martin McGuinness said yesterday and certainly from what we ourselves agree — we are not tied to the comprehensive agreement. There are bits of it that we fundamentally disagree with, particularly if we, or the SDLP, do not support the Ministers, we get removed from ministerial office leaving Sinn Féin and the DUP in Government together. So some of it is not completely satisfactory.

What is the status of the comprehensive agreement? We have heard in the media from members of the DUP that it is non-negotiable and that it is their part of the deal with the Government. Given that the other parties round the table — and Alliance, I am sure — are not comfortable with it, does the DUP see it being driven through with the Government? Does the DUP consider it as being solid and agreed already given that other parties have not bought into it?

Dr McCrea: We did not waste our time in the talks. They were intensive and extensive, and we certainly did not waste our time going into the talks to discover that we might as well not have been there. We do not intend to go back a base. I do not know what base they want us to go back to, but one thing is sure — we are not going back to the base of the Belfast Agreement.

Significant changes must be made, and while the comprehensive agreement does not address all the changes that we were looking for, we believe that the changes made have brought practical measures that

will assist in stability and accountability. As far as the DUP is concerned, those issues that we have agreed with the Government are resolved, and we do not feel that there is any necessity to return to them.

Mr McFarland: So as far as the DUP is concerned, the changes are inviolate; they have been agreed by them and the Government even though none of the other parties have agreed them. Is that correct?

Dr McCrea: It depends on the position that one holds on these issues. We were told by the Government that others agreed with them. I do not know if that was window dressing by the Government, but those others are perhaps now trying to back off from what was in the comprehensive agreement. We do not intend to back down from what we agreed with the Government; likewise, we do not intend to back down from our principles. Whatever we intended, we agreed and we held to our principles.

One must remember that the Government will have to give the green light before the institutions can be restored. We believe that these are issues that must be addressed. If the Government want to move away from the comprehensive agreement, one must ask where they stand on that. Did they mislead us and other parties into believing that a comprehensive agreement was in place? Not only the Government but, I am led to believe, the Dublin Government and the American Government — thus showing it had international acceptance — had a clear understanding that it would provide a way forward to progress devolution. We would expect the Government to maintain that position.

Mr McFarland: Chairman, I will round this off.

Dr McCrea: Remember, this is an area that we are negotiating with the Government. We said that this is not the place to talk about such matters; we will discuss them with the Government. We will talk frankly to the Government about any issue they wish to raise with us again.

Mr McFarland: The part under the First Minister and Deputy First Minister section, for example, that the SDLP and the Ulster Unionists would be excluded from Government — is that still inviolate in here or do you see matters like that being re-examined? Are you having other negotiations with the Government, which we are not seeing and which are not in the comprehensive agreement?

Dr McCrea: We are in constant contact with the Government, and that is correct, as we are the largest party in Northern Ireland and certainly have a point to put forward. It is up to other parties how the Government deal with them and talk to them. I am not dictating to the Government how they deal with anybody. However, we are constantly meeting the Government and believe that the agreements that we reached with the Government before the

comprehensive agreement are something that they will stand by. When does an agreement not become agreement? The Government must say where they stand on it.

Mr McFarland: I asked that question because — and this goes back to my earlier point — ultimately, if there has to be agreement between the lead voices of unionism and nationalism, it takes two or more to have an agreement. It is difficult to agree with oneself; I am just pointing out that there is an issue there.

My next question, on criminality, is slightly philosophical. I am trying to tease this out, but there is continuing difficulty with criminality — the IMC reports have set that out. An Organised Crime Task Force report published yesterday states that there has been a decrease in the level of criminality from the previous IMC report. Another IMC report on normalisation is due at the end of August, which will give a threat assessment that will presumably cover matters such as criminality. The next IMC report in October, which may be brought forward to September — will set out the position at that stage.

There is mafia-organised crime in America; and a relatively high level of organised crime is now endemic in society in eastern Europe, Russia, Europe and Great Britain. That is why the organised crime task force was set up and why a new FBI organisation is being set up to deal with serious organised crime — a sort of Serious Organised Crime Agency (SOCA) for the whole of the United Kingdom. It is recognised that there is an ambient level of organised crime throughout society. By how much would organised crime have to be lowered before it was acceptable to the DUP? Organised crime will never be eradicated, as it is endemic in all parts of society across the United Kingdom. What level would criminality have to reach before it became something that the police have to deal with rather than politicians?

Dr McCrea: There is a difference between organised crime and organised crime that is carried out by those who are connected to political groupings. They are totally different. The Government said that Sinn Féin and the IRA are two sides of the same coin — “inextricably linked” were their actual words. That is unacceptable in a democracy. Things will not change overnight, for criminality is endemic in certain parts of the republican movement and has been in their psyche for many years. They feel that it is good to rob the Government, to launder money, to take from society, not to pay taxes, and to take £245 million and not pay taxes on it to the Exchequer.

Paragraph 3.20 of the most recent IMC report states:

“PIRA continues to raise funds and we also believe that it looks to the long term exploitation of the proceeds of earlier crimes, for example, through the

purchase of property or legitimate businesses. Some senior members are involved in money laundering and other crime. Money has become a key strategic asset. There has been some restructuring in the finance department, possibly in reflection of the changing circumstances. PIRA also seems to be using experts and specialists able to assist in the management of illegal assets.”

We cannot close our eyes to what would not be accepted in America or in any other society. The most recent IMC report cannot give a clean bill of health to the IRA because the truth is that its criminality runs deep. The IMC talks about what it knows to go on on the surface. This is a quote from the most recent IMC report:

“There are indications that some members, including some senior ones ... are still involved in crime, including offences such as fuel laundering, money laundering, extortion, tax evasion and smuggling ... We have no reason to amend our earlier view that money is a strategic asset and that the organisation will look to the long-term exploitation of discreetly laundered assets which were previously gained illegally.”

It cannot be suggested that that will change in a short time — the report states that criminality is actually done strategically. The members of the commission believe that the PIRA has been using experts and specialists to manage its illegal assets.

We must be satisfied that criminality is over. Those who are in Government cannot be associated in any shape or form with those — from whatever part of the community — who are living off criminal assets. For example, the £20 million from the Northern Bank robbery has never been found, and yet it was said that that money was supposed to be the Provos’ pension fund.

2.15 pm

A pension fund should not be based on criminality and £20 million bank robberies. There must be transparency and the DUP has to be convinced of that, as we cannot allow ourselves to move away from what the community thinks. The community must be convinced that criminality has been dealt with and is over for good. Paramilitarism and the total decommissioning of terrorist weapons must be concluded, because we cannot have a two-way process or ride both horses.

Mr McFarland: Chairman, can I ask William how he sees the issue of loyalist decommissioning being resolved? He has said that it must be resolved.

Dr McCrea: Decommissioning must be resolved in the same way as decommissioning from any grouping is resolved. We have not been uneven-handed as regards our demand for decommissioning. There is a famous quote that “murder is murder is murder” — it

does not matter whether it is one side or the other. There is no place in civilised society and in a democratic society, which is the basis of a civilised society, for paramilitary groupings to threaten the stability of the state. Decommissioning must be dealt with effectively, and the community must be assured that it has been dealt with. Across Northern Ireland there are people who purport to belong to paramilitary groupings, and they live off the grief of others and act as dictators in estates throughout the community. That must be tackled and brought to a final conclusion.

Mr McNarry: William, if all other issues were resolved except loyalist decommissioning, would that keep you out of Government?

Dr McCrea: We made it abundantly clear in my statement. The DUP manifesto states that no one who is associated with paramilitarism or criminality will be in any Executive in Northern Ireland. There are groupings that are not totally democratic parties, and they will not be in Government. That is a challenge for those who are linked with those paramilitary groupings. Our manifesto is clear that no one who is associated with paramilitarism or criminality will be in any Executive. There is no equivocation there, and in a democratic society the community can equate with and applaud that.

Mr McNarry: I understand that, and there is no equivocation. However, the point that I am trying to grapple with is whether, if loyalists failed to decommission, that would prevent you from entering into government.

Dr McCrea: I said earlier, and Mr McNarry was not here, that tragically the line has been blurred. In many ways Sinn Féin has been allowed off the hook on this issue, because when the Ulster Unionists linked up with the PUP, which is the political face of the UVF, they completely blurred the clear lines that had been there for many years.

As far as the DUP is concerned, until now the Ulster Unionists did not have that link, so their participation in an Executive would not blur that line whatsoever. That, therefore, would not stop the establishment of an Executive if every other grouping were based on democratic lines alone. If all parties had renounced violence; supported the police; ensured that decommissioning had taken place; ensured a stable society that builds on the foundation of democracy alone; we could certainly move forward.

There is ground to move forward and to give us a stable Assembly. Then, no matter what forces come against us, we must, as a body, say that irrespective of whichever paramilitary group threatens, whether from one side of the community or the other, the security forces have the backing of that Executive to defeat terrorism. There can be no equivocation on that. They

must back the security forces in ensuring that terrorism, from whatever source, is defeated. Because if we do not have that and people start saying, "Ah, well now I know those boys", and the line that they are former associates or friends and they know their families comes into it, quite honestly democracy is being polluted.

Mr McNarry: If you would indulge me, Chairman, may I go back to the issue of criminality and stretch it widely? What would Dr McCrea's take be if vigilantes spontaneously organised, or were organised by a political grouping, as in the past, and were doing so to combat everyday crime that affects us and to protect the vulnerable and the elderly? Given that there is a genesis and a history of this, it is important that we have an assessment regarding vigilantes and the action that they may enter into now.

Dr McCrea: First, that is a hypothetical situation, and I do not honestly believe that that is the remit of this Committee in scoping the issues. We cannot set up little groupings that take over different communities. That is a very dangerous road to go down. There is one police force, one group of law and order in this country, and that is the PSNI in the Province.

One cannot start allocating responsibility for the maintenance of law and order to any other grouping, however well meaning it may be when it starts. Unfortunately, in the past there were those who came in and turned sour what was then said to be reasonable and rational and was intended to be about looking after the local community, and they took over communities. We should not abdicate the authority from the one legitimate authority — the police force and the security forces in Northern Ireland — to maintain proper law and order and deal with crime. That is where we should leave the responsibility.

Mr Morrow: Mr Deputy Speaker, we need a ruling because we are going to run into trouble here, with Members coming in not having heard previous discussion and having no knowledge of it. Some of the questions that I have been asked have been asked and answered before. Unless a Member is fully up to date, I am doubtful that he should be allowed to cross-question and cross-examine. We are going to have a whole rehash of this with different people coming in and out at different intervals.

The Chairman (Mr Molloy): It is limited and the additions are along the lines of creating a discussion more than anything.

Mr McFarland: Chairman, that would be a fair enough comment if in fact the entire delegation had changed, but I have just asked Mr McNarry to ask those questions. I could ask them if Mr Morrow wants, but we do not want to get silly about this.

Mr Morrow: I think that Mr McFarland should ask the questions. He has a better understanding of what has been said.

The Chairman (Mr Molloy): We are probably moving into a new situation now. Patsy McGlone is on next.

Mr McGlone: I have heard and listened to the concerns of the DUP. William McCrea said that, subject to matters around security and criminality being addressed, there is ground to move forward to a stable Assembly. I would like a wee bit more clarity on that insofar as he will be aware that there is a perception out there that the DUP is not interested in moving to agreement. In terms of either allaying or addressing that perception, may I ask William, in the interests of wider public confidence in the political process, to clarify: does the DUP object to an inclusive power-sharing Executive?

Dr McCrea: At the beginning and at the end of my statement I made it clear that the Democratic Unionist Party was a devolutionist party before some other parties sitting around this table. We have always been a devolutionist party, while others abandoned devolution, therefore we do believe that that is important.

However, I must say that it must be a pure democracy and not one that is definitely, clearly, openly polluted for everyone to see; polluted by paramilitary activity, by criminality and by failure to accept the forces of law and order in the defeat of crime. Therefore we are up for devolution. But make no mistake about it: we are not up for devolution at any price. Devolution at a price that destroys democracy is not for the people of Northern Ireland, and we shall certainly not be giving credence to it.

Mr McGlone: I hear exactly what you are saying William. So, subject to those issues being allayed or addressed, the answer is that you do not have any objections to it.

Dr McCrea: We have no objection to devolution.

Mr McGlone: Who specifically?

Dr McCrea: I am not going to pretend that I like the devolution that is being proposed by the Government. That would be a foolish statement, because I genuinely believe that no one would believe me if I did say that. I am certainly not here to try to pretend anything, give some false impression or put on some false face. What you see is what you get when I am making my submission or trying to address the issues that have been addressed to me.

Whilst it is not the devolution that I like, because I certainly believe that it is an unacceptable position to be told that there will be no Executive unless it has all the Members sitting round, with Sinn Féin in it. I do

not believe that any other party in the United Kingdom, and it is certainly not the case in the South, would accept it. They have had their problems in the past as well, and they are still telling us that they would not have Sinn Féin in government. They are still telling us that to this day, not only the opposition parties but the Prime Minister of the Irish Republic, who tells us what we have to do to get devolution here.

But, as far as we are concerned, we believe that we can have a devolved government, and we are up for a devolved government that is based solidly and solely upon democratic principles, and that no party and no one who is associated with paramilitarism or criminality will be in an Executive in Northern Ireland. That is our bottom line.

Mr Murphy: That neatly brings us on to my question that teases out a little bit about the position of the UUP Assembly Group (UUPAG), which is the title that they have adopted for themselves.

William McCrea said and repeated very firmly that no one who is associated with any of these issues and does not satisfy the DUP would be in government. I just wonder does the DUP make a distinction between for instance David Ervine being in government and another member of the UUP being in government. I asked this question the other day: is there a distinction in the DUP's view between any individual member of the UUPAG being in government or does that apply only to some individual member whom the DUP considers to have such linkages?

William focused very much on ministerial accountability in his presentation, and he referred to Ministers in the previous Executive acting as little gods. Does he agree now that ministerial accountability or collective responsibility in the Executive would mean that no Minister could refuse to attend the Executive and that no Minister could refuse to represent the Executive on other institutions that are appropriate to their remit? The sort of behaviour that happened in the past would not be acceptable in the future.

2.30 pm

Dr McCrea: There is a basic necessity, and that is that the unionist community has no confidence in the Belfast Agreement. That is fact, not fiction. That issue has to be resolved. There has to be a resolution of the matter so that an agreement and the way in which we are governed not only benefits the nationalist community but the unionist community too.

At the end of my presentation I stated that devolution must be democratic and that it must work in the interests of unionists as well as nationalists. As far as the previous Executive was concerned, they did not have the backing of the majority of unionism — neither did the Belfast Agreement have the backing of

the unionist community. As time has passed it has been totally divorced from the Belfast Agreement and therefore those changes are needed.

As far as accountability is concerned, the major fundamental issue is this: there has to be a mechanism by which Ministers are accountable, in the final analysis, to the Assembly. In Westminster, Ministers are accountable to Parliament, and Ministers recently found that to their cost whenever they refused to accept that accountability. In fact, many of them lost office because they tried to push through unacceptable positions and policies that made their position untenable. There has to be accountability for everyone, and if we were in government our Ministers would have to be accountable like every other Minister. We have never run away from accountability because we believe that it is an essential ingredient of moving forward. Therefore I have no problem whatever in making that clear.

I am making no further comment other than to say that our manifesto states:

“that no-one who is associated with paramilitarism or criminality will be in any Executive in Northern Ireland”.

That is the position of the DUP, and it is on that basis that I have been elected, and I am giving you clear understanding of that.

Mr Murphy: Now that we have the benefit of Hansard we can note that that is about the third time that that question has been fudged by the DUP in relation to the specifics — whether this applies specifically to David Ervine or to the UUPAG group as a whole.

I wish to pick up on the comments that Diane Dodds made on equality. I am interested in her and the DUP's criteria for the allocation of funding on an equitable basis. She referred to festival funding in Belfast. In the overall public spend it is but a drop in the ocean; nonetheless, it is important to those communities to which it is given. She appeared to advocate that rather than be allocated on the basis of objective need, such funding should be allocated on the basis that if a nationalist area gets a certain amount of funding, then a unionist area should get an equal amount.

How does she see that that would follow through in relation to Government procurement and Invest Northern Ireland — when the big money is being spent, not just the thousands of pounds that are allocated to festival funding? For instance, if it spends £2 million in attracting businesses to East Belfast, should it spend £2 million attracting businesses to West Tyrone or to Newry and Armagh? Is the basis for equitable distribution of public funds that what goes to the unionist communities must also go to the nationalist communities, or vice versa? Is that the basis

on which the DUP argues for equality or is it on the basis of objective need? It would be helpful to have that clarified.

William McCrea remarked this morning that there was no confidence within unionism in how decommissioning was handled in relation to how the IRA dealt with its weapons. Does he feel that the way in which the Loyalist Volunteer Force (LVF) dealt with its weaponry in the full glare of the media gave any confidence to the nationalist community? Does he suspect that that is the case?

To correct him: he claimed that it was insisted that demilitarisation be given the full glare of media coverage. Sinn Féin did not insist that the TV cameras accompanied the dismantlement of any army watchtowers. That was something that the British Government felt was beneficial to themselves. Perhaps he can make some helpful suggestion on this, but removing a 50-ft tall structure that is the size of a small village from a mountain top without somebody noticing is a very difficult proposition indeed. It certainly was not Sinn Féin's request that such actions be captured on camera.

I would like to know whether he feels that the LVF's very public method of dealing with its weapons gave any degree of confidence to the nationalist community or, indeed, to the unionist community.

Dr McCrea: First, I totally deny that there has been any fudge. In fact, I am delighted that there is a proper record, which will give a clear understanding of what we said, not what some with seemingly selective hearing are willing to believe that we said. The record will stand in its own right.

Secondly, as regards decommissioning, the truth of the matter is this: it is a fact — whether people want to accept it or not — that there is no confidence whatever in the manner in which decommissioning took place. In fact, we had different reports from different persons. Some suggested that all weapons were gone; others suggested that it was dated weapons; and others did not want to say — they wanted to take what they did or did not see to their grave.

As far as the community is concerned, it must be satisfied. There has to be verifiable decommissioning.

Therefore as regards the LVF, as far as the loyalist community is concerned, once you divide the weapons up and cut them into pieces, it certainly would be hard to put Humpty Dumpty together again. However, I am not suggesting that that way gives confidence to all the unionist community. The point that I will make is that the LVF will not be in government — that is one thing for sure — and it certainly will not be in any Executive.

There are those who, over the years — it is not something that has happened just recently — have had a history of association with, and who are inextricably

linked to, terrorist groupings. Certainly there has to be confidence within the unionist community that decommissioning has been carried out in a verifiable way. I am sure that it is clearly known where these weapons are, and so there can still be visible and verifiable decommissioning. We do not even know how the weapons were decommissioned or how many of them were. In fact, I am told that had we known how few weapons were decommissioned the first time, it would have been a common joke within society. Even on this occasion, we are told by some of the witnesses that none of the up-to-date weapons were decommissioned. So there has to be confidence.

As regards equality, we believe that there must be confidence within the community. The community has identified what it believes to be issues. There is total inequality, and that has even been acknowledged by Europe, and it is now trying to get within the unionist communities to address that. When Europe accepts it, no one should close his eyes to the reality of funding here, not only with European funds, but with other funds as well. Those issues have to be seriously addressed.

Mrs D Dodds: I just want to make a quick addition to that. I quoted the example of the Belfast Festival fund because it is a very good example of inequality being institutionalised by Government. Prior to the embargo, a number of festival groups had applied for funding. As it happened, on that occasion all the groups were from nationalist communities in Belfast. What the Government did, by imposing a moratorium on the festival spend and on any other groups applying, was to actually institutionalise the inequality. They embedded the inequality further.

What I am saying is that equality is for everyone. Just because you do not like someone does not mean that they do not have the right to have equality and be treated in an equitable manner within our society. It is for everyone. That is the point that I was making. What had happened on that occasion was that the Government Department in question had actually managed to institutionalise the inequality by saying that the groups that had applied would continue to be funded and that nobody else need apply while we discussed and debated a new festival policy among ourselves. That that took us two or three years to do was neither here nor there.

Now we have more openness and transparency and anyone can apply. Whatever way it is handed out, it is handed out. I do not even have the figures on that with me today.

Mr Murphy: Just to finish with a couple of observations. First, in relation to clarifying the issue, William still has not clarified whether, if everything else in relation to Sinn Féin and everyone else was

satisfied in the morning and the UUPAG as currently constituted was ready to go into government, that would be acceptable to the DUP as a group, or if its sole objection in relation to that would be David Ervine. He has not clarified that.

Also, can I make the point that when he talks about the verification of the destruction of arms, Ulster Resistance weapons are still out there somewhere. I am not sure where they are, and I am not sure whether people that William knows are sure where they are. That is an issue that has yet to be dealt with.

Finally, I thank Diane for her answer but it was me, Conor Murphy of Sinn Féin, who asked the question. She chose to give her answer to the SDLP group, and I am sure that it has an interest in it, but it would be helpful if we could have a bit of respect for each other and address each other when we ask questions.

Dr Farren: I hope it is not too soon to say that while I am pleased to hear what I am hearing — and I am not in agreement with everything that I hear — at least we are moving into some kind of more open engagement that is helping to clarify in some respects.

My main question is essentially the same one with which I began this morning's questioning of the Alliance Party. If we are to make progress, we need to distinguish between those issues that are essential to restoration and other issues which, however desirable it might be to arrive at a resolution of whatever the problems are, are not essential. Obviously if we could identify, clarify and resolve everything before 24 November that would be great, but it seems to me that our agenda could be such that the burden would be too heavy for us in whatever format we agree they should be addressed in order to reach that resolution.

I seek some clarification because I find, throughout the document that the DUP has submitted, the phrase "must be resolved" or "needs to be addressed prior to restoration to devolution" — that second one is in relation to a number of issues under the heading of policing and criminal justice. It begins with, for example, the "discriminatory fifty-fifty recruitment policy", and the paragraph finishes by saying that "these issues need to be addressed prior to the restoration of devolution". Is the DUP saying that that is an essential issue to be addressed?

On the parades issue: "it is vital that this issue is addressed now before devolution is restored." On the question of equality and human rights, I am interested in the kind of points that have been made. There is not such a strong demand made, but the DUP says that "it is critical that these issues be addressed as a matter of urgency to allow the necessary political progress to be made", which could be interpreted as meaning they have to be resolved before restoration.

2.45 pm

With respect to the reference under “accountability of institutions to the comprehensive agreement”, it seems to me that the DUP has fully accepted what the comprehensive agreement contains. Certainly, we have very strong reservations, to the point where we reject the comprehensive agreement.

While there were discussions, as I said this morning, between the parties on the review matters — which to some extent you might say are addressed within the comprehensive agreement — in the final analysis, in the final run up to the comprehensive agreement, parties were excluded. These matters deal with the manner in which we should relate to each other within the new institutions, yet the DUP seems to be saying that any resolution to the problems of how we relate within the institutions should only be addressed in negotiation with the British Government.

The British Government are not going to be present in the Executive. The British Government are not going to be present in the North/South Ministerial Council. They may be present in the east-west institution but the other institutions require some engagement with us, and I am certainly not going to abdicate to the British Government, or indeed to the Irish Government, matters that are essentially to do with the relationships between the parties around this table.

So, I need to get some clarification — and I think, out of this initial round of discussions and engagement on the papers we have presented, we all do — and some sense of the essential issues to be addressed; how we are going to address them; and the issues on which we might make some progress, even to the point of resolution, but which are not absolutely essential in order to enable restoration to take place on 24 November. That is a question that I will come back to in all of the discussions here until we get some kind of way forward. It is only by answering that key question that we can really move in some meaningful way to involve the Assembly.

Although the DUP says that matters have to be resolved on the Floor of the Assembly, at the moment all that we could get would be some indication as to what Members of the Assembly think the priorities are for this Committee, and while that might be helpful, it would almost bring us back to the point where we are at the moment. We would need to sift through what the Assembly might say in such a debate and sort out the essentials from the non-essentials — and by non-essentials I do not mean issues that do not require to be addressed.

I beg your pardon for that lengthy question, but my question is about the essentials and non-essentials.

Dr McCrea: Well, I have said from the word go that my colleagues and I see that this Committee is not for

negotiations. We are here to scope the issues. When I asked what the word “scope” meant, an NIO dictionary expert said that it meant “identify the issues”.

There is a danger in having a twin-track approach. It is dangerous to say that if all this was resolved then everything could possibly fall into line, because there are issues in all of these things that are cardinal and important and have got to be resolved.

There are major issues concerning stability, such as the undermining of it by terrorist activity and criminality and all the rest of it. On the other hand, there is instability by not having a system of government that will not be stable in its own right. Therefore, I do not think that the twin track approach will necessarily resolve the situation.

There are issues that only those parties that are associated with terrorist organisations can resolve. They must come up to the democratic mark. That is a fact. And, although Seán rightly says that parties felt that they were left out of substantive negotiations on a comprehensive agreement; that was not by our request.

To the best of my knowledge, at no time have we ever refused to talk to the SDLP and put views on what was going on. We have not taken that stance, because we accept its democratic bona fides and credentials. Therefore there was no desire that the SDLP or any other party that we believed was simply and directly a democratic party should have been left out of that loop. I was at Leeds Castle, and to the best of my knowledge, my colleague, as Chair of the party, and I, as Vice-Chair, did not know of that being done.

How the Government deal with parties is a different thing. For example, the Ulster Unionist paper that was put in front of us really said that it does not have to deal with these issues; there was no need for them. You cannot have it both ways. Let me read exactly what it says.

Dr Farren: Can I make an intervention? I hope the “you” did not refer to the SDLP.

Dr McCrea: No, it referred to the Ulster Unionists. They stated:

“There is a political reality that all of us would do well to bear in mind. With the threat of repartition from the RPA, the potential destruction of our education system, extra taxation . . . This can only happen if there is a deal between Unionism and Nationalism.”

They go on:

“The DUP now represent the majority in unionism and, whether they like it or not, the majority of nationalism is represented by Sinn Féin. Thus, the deal needs to be done between the DUP and Sinn Féin . . . It would be useful for other parties if the DUP and Sinn Féin could identify their terms for a deal.”

So, that says that we step out of the game here, but you cannot – there are parties objecting because they were left out of the comprehensive agreement; on the other hand they say they should be out of it.

I know that that is not the SDLP position. All I say is that that was the position of some of the other parties.

We certainly did not leave any of those parties out with regard to the comprehensive agreement, and we did not believe that they should be left out. In my opinion, the Ulster Unionists, the SDLP, the Alliance Party, were essential ingredients in what should have been a comprehensive agreement.

However, as regards devolution and dealing with issues, we deal on negotiations with our Government. That happens to be the British Government, and they can tell us here what to do or what not to do. Therefore, if they are so much in control, we should be the people to deal with. They are the people we want to negotiate with.

And while there are those parties that have a clear record of being inextricably linked to a terrorist organisation we do not accept their democratic credentials. We have said that ad nauseam. This is not something new, said by me or by some folk representing the DUP. Right from the top of our party, our leadership has said that over and over again, and I am not in a position in this Committee – neither do I request it – to negotiate.

Dr Farren: That response still leaves the key question to which I am trying to get an answer, unanswered. I cannot see us making headway if we have to address everything with the same level of urgency. In a sense what is being suggested by the DUP is that equality issues – and they are important – are as important as the many other issues with regard to policing, to assurances and with respect to ending paramilitarism and criminality, and so on. We have to face up to this question in some form or other.

I totally reject the suggestion that we should be excluded or that we ever attempted to exclude ourselves. We certainly did not, and we made our representations very clear in the strongest possible way that I can recollect us ever doing, before the two Prime Ministers at Leeds Castle, about the manner in which discussions and negotiations were being conducted. I find it disappointing that the DUP still prefers to engage in a direct channel with the British Government. The British Government have a role to play, but they, as I said previously, will not be part of the Executive or part of the North/South Ministerial Council. It is the parties round here that will constitute those institutions and that have to be dealt with. Until we have some resolution to the central question, I do not see us

making an awful lot more progress, interesting and useful as the exchanges we are engaging in here are.

I have one or two specific questions. One relates to the whole question of partnership within Government. Just as the DUP makes the case that confidence has to be built within the unionist community as to the democratic credentials, as it puts it, of parties that would be part of any Executive, so too is there an obligation on the DUP to build confidence within the nationalist community that it would operate within the spirit of partnership. When I look around for examples, and I do not have to look very far, given the constituency that I represent, of how DUP representatives conduct themselves with respect to relationships with the nationalist community, both in district councils and, indeed, with the wider nationalist community, when it comes to matters related to the issue that Diane raised – the allocation of grants to various organisations located within the nationalist community – I do not find always a great deal of reassurance on this particular issue. While it has not been referred to specifically in the DUP's submission, I just ask if the DUP accepts that there is an obligation with respect to confidence building in this regard as far as the nationalist community is concerned.

Dr McCrea: First of all, I did not want to give the impression when I used the illustration of the Ulster Unionists that I equated that with the stance that the SDLP took during the Leeds Castle party talks. If I gave the impression that you personally absented yourselves or agreed to not being part of those intensive negotiations and the comprehensive agreement, I certainly did not want to do so.

The clarification that Mr Farren has already given is on the record, and I concur with that. They did not absent themselves or request to be absented from the detailed discussions.

However, all I did was point out that there were others who say today that they should have been part of it yet take a completely different stance in these papers. I also said that, to the best of my memory, we sought several meetings with the SDLP during the Leeds Castle talks and we found them helpful. That does not mean that we always agreed, but at least we accepted that we trust each other's credentials as regards informing each other of where we were coming from.

With regard to partnership in Government, Seán Farren mentioned the vexed situation in district councils. It would be best for the SDLP and everybody else if they sometimes stayed away from that issue. I shall give you a bit of history. In 1973, I went into local government, so I am in my thirty-fourth year there. Since 1981 the DUP has been the leading unionist party in Magherafelt District Council. For

most of that time, the SDLP was the leading nationalist party. From 1981 to 2002 — 21 years — the DUP was denied chairmanship of that council. For most of that time, we were also denied the vice-chairmanship of the council. Yet, we were the leading unionist party, with at least double the votes of the next biggest unionist party. I was the subject of that discrimination for all those years, so it would not necessarily be the best thing to throw what is happening in North Antrim in my face.

At the same time, there was not a great history of DUP chairmanship or vice-chairmanship in Down District Council. It would be interesting to know when over the past 20 years DUP members became chairman or vice-chairman in that council.

3.00 pm

Therefore one should not start to throw these things around as regards those who are genuine in partnership. We had another example of it last night in Magherafelt's annual meeting, which was supposed to be conducted under d'Hondt. Sinn Féin took the position of chairman. As last year, the vice-chairmanship was to be for the DUP because it was the leading unionist party. However, what did we find? Sinn Féin instead made a call upon an Ulster Unionist — I am led to believe made a visit and a contact certainly — offering a particular Ulster Unionist the seat. Sinn Féin also clearly stated that if that Ulster Unionist did not take the seat, the SDLP would get it and that no unionist would be either chairman or vice-chairman.

It is amazing how underbelly dealings and the truth come out. The truth is that Sinn Féin proposed the Ulster Unionist for the chairmanship, he turned it down, and the SDLP took the seat. The SDLP said that it was sad that the positions were not cross community. My response was that if it was so sad about that, all it had to do was refuse the position and the seat would have automatically come to us. However, he did not refuse it.

Therefore when it comes to lectures about all of this, let us have none to those who have suffered discrimination in local government for over 20 years. I am probably the longest-serving district councillor around this table today, so I know for how long that discrimination has gone on. If we are talking about real partnership, it is important that other parties that try to undermine and pick out certain areas know that their cupboard is clean before they start pointing the finger about partnership in Government.

Dr Farren: I suppose I should have warned myself about making the point, because the last thing that I wanted to invite was a rehearsal of all the wrongs that have been enacted on whatever side in our district councils. All I was doing was saying that on both

sides, we need reassurances — that was the main point, and it was for the future.

It is so easy, of course, to jump immediately and point to the mote in the other person's eye. I take credit on the SDLP's behalf for promoting the whole concept and practice of partnership — maybe not always with the best results, but nonetheless it was characteristic of our attempts to work local government in a new spirit.

However, I have not heard the reassurances that I sought. Perhaps the DUP would reflect on that and take on board the need to provide those. I cannot speak for anybody else, but if we are to re-create our institutions, they have to be characterised by a working relationship that reflects a concept of partnership in a positive rather than an acrimonious sense.

There are one or two other points that I would like to make. The first is on what was said about our contacts with the DUP. I do recall being at one of the late-night meetings at Leeds Castle, where we presented a lengthy series of recommendations to the DUP in respect of matters under the review of the operation of the Good Friday Agreement. To the best of my knowledge the DUP has not yet come back to us on those submissions, and I would be anxious to hear about that. Maybe because it endorsed the comprehensive agreement it does not want to come back to us on those issues, but we certainly do not accept the comprehensive agreement as an appropriate working document here.

I have another question, related to the confidence that the DUP says the Unionist community needs with respect to paramilitarism and all of that. Who, in the view of the DUP, are the arbiters in terms of providing that confidence, at least in a factual sense, to the Unionist community? Is the DUP going to second-guess what is reported by such bodies as the Independent Monitoring Commission, or indeed, the decommissioning body? Those agencies were set up under Government authority with the brief to carry out various tasks in respect of decommissioning and the ending of paramilitarism and criminality. Yet the progress that is made is at best grudgingly acknowledged and is never enough. My question is a simple one — when is enough enough, and who are to be the arbiters of enough?

Over the next few months we are going to be faced with a number of reports from the IMC in particular. Are these not going to be enough? If it is clear from what they report that certain facts exist on the ground, then that will be there for all to see. However, I am very concerned at the response that the DUP has almost programmed itself into making towards these reports — that enough is never enough.

Dr McCrea: As regards the councils, we are looking to the future. In actual fact, the Magherafelt situation was last night, and that was as close to the

future as you could possibly get — that was done at 6.30 pm.

I am not going back into history. I am certainly not going back to some of the previous situations, but I would ask the Member to please take heart and remember that the unionist people did put our friend in Larne in as mayor. Do take heart from some of the positive movements forward and also in Belfast. Larne is a situation where there is a large unionist population, so, as I said in the Business Committee when there were parties talking about frustrations, we are coming with a positive attitude — we are positive about what we are doing — though that may not be looked upon as positive by others. We know exactly what we are doing, and we know exactly where we are going, so we are positive. That may be looked upon as negative by nationalism.

Dr Farren: I would certainly regard Larne as a positive move.

Dr McCrea: It was a positive move.

Mr Morrow: Castlereagh.

Dr McCrea: Castlereagh as well. Let us therefore please bring this positivity into this whole situation rather than try to take away from it. You may actually be trying to bite the very hand that is trying to feed you. We are trying to work together, but we get no thanks for it. It is just thrown back in our faces. In actual fact the words I am going to use are: when is enough enough? That is what you said a moment ago: “When is enough enough?” It seems to me that there is no satisfying your needs or sometimes your greeds. It works both ways, you know. I was posed the question: “When is enough enough?” We have asked the question about policing: when is enough enough? It was not enough to have fifty-fifty with regard to policing: there had to be discrimination against the unionist community.

When is enough enough? This hand always seems to be out; it is a one-way process. Well, the unionist community has seen one thing after another being handed away by the demands of, especially, violent republicanism, and we are fed up with it. In actual fact the unionist community is saying: “Enough is enough. We are not willing to accept the eroding away of every aspect of our Britishness and democratic rights in this society.” I am glad you asked: “When is enough enough?” I will just ask you the same.

With regard to who: in the final analysis it is the people, the general public, who will decide. We were threatened so many times by: “Let us have an election, and we will see that the DUP does not have the support of the people.” We are happy to test it at any time with the people. I do believe that the general public will be the arbiters, and we will be asking our community, the unionist community, just exactly whether they are

satisfied. We will take account of the statements of the police. It is important to hear what the police have got to say. It is important to hear what the Army has to say and the security forces and services. It is important to hear what the IMC has got to say.

Concerning the decommissioning body, if ever there was an expensive exercise, it certainly was that. It is costing millions of pounds. On one of the occasions it was very clear that Gen de Chastelain was totally embarrassed by what he was asked to do — to come out and try to tell us that we had real, genuine decommissioning when in actual fact he was totally embarrassed and so were the Government at the end of the day. After the recent round of it, we found out that there was not one barrack-buster in any of the decommissioning, yet that was certainly one tool of terrorism that they had, not only to murder people within the barracks but also to destroy and demolish the security bases. We found out that not one — not one — was actually in this. So we do need to get an inventory, and we do need to hear exactly what is happening. In the final analysis, we believe that our voters, as well as others, will decide the issue.

The Chairman (Mr Molloy): Margaret Ritchie is next. Perhaps we could begin to wind up because we have spent two hours on the DUP submission, and we need to move on to the next one.

Ms Ritchie: I wish to provide clarification, first of all, on Mr McCrea’s comments about Down District Council, of which I have been a member for 21 years. I must say that, since 1973, the SDLP has pioneered and participated in a power-sharing arrangement between the two main traditions.

Cognisant of and recognising the fact that minority parties were not represented on the statutory committees, we ensured, on an incremental basis, that power sharing was built in from the mid-80s onwards. The DUP has benefited from that. In fact, the SDLP ensured that the DUP and Sinn Féin obtained positions on the statutory committees, and I know that my colleagues and I ensured that.

A very telling comment is that your colleague, who chairs this Committee on occasions, acknowledged the power-sharing arrangements that were pioneered by the SDLP in Down, and he also acknowledged our generosity. I, as a member of Down District Council, would like to put that on the record because this issue is raised on various occasions by the DUP in another House.

3.15 pm

As late as last year, during the chairmanship of my colleague in Down, we also ensured that the DUP obtained recognition in that it was given responsibility in attending functions and, in fact, represented the chair of the council in London at several meetings to

do with Trafalgar. To record the words of the Member's colleague in Down, we made his day by letting him go.

Mr Morrow: Was that Mr Wells?

Ms Ritchie: Mr Wells was the one who acknowledged that we were generous in Down towards the DUP, and he acknowledged that publicly in the council chamber. That was also acknowledged by the UUP on many occasions. I would like to put that issue to bed.

The Chairman (Mr Molloy): Could we move away from local government?

Mr Morrow: Mr Deputy Speaker, could I just ask one question on that? I know that Margaret gave me the date, but I have missed it. Could she give me the date when the DUP was in the chair in Down?

Ms Ritchie: The DUP has not been in the chair, but it will be in the chair. I have to explain this, Mr Deputy Speaker. We extended full d'Hondt last year, and the DUP group leader in Down attended the leaders' meeting, which was convened by the clerk of the council, and the DUP members agreed that they would get the vice-chair, according to the proportionality arrangements under d'Hondt, in the final year of this current mandate.

Mr Morrow: There was no opportunity during the past 30 years to do it; I accept that.

Ms Ritchie: I am not saying that. I am saying that you got your proportionality according to membership, which varied from two to three over the last 34 years, out of a council of 23. I think that we have been fair and generous when I compare that to arrangements in other areas, whilst acknowledging that there has been movement this year to my colleagues in other councils.

I shall move on to North/South relations. I note that the DUP has said in its paper:

"For unionists to give such support, it is necessary to ensure that such relations are based on what is in the practical interests of the people of Northern Ireland."

I am mindful of what the deputy leader of the DUP stated to the Small Firms Association in 2004 — that he could see areas where North/South co-operation could make sense. I am also mindful of what the Member of Parliament for Lagan Valley said on Radio Ulster some months ago about the benefits and the great construction work that was done on the Belfast-Dublin corridor, and the great expedition of that work, and the economic benefits that it would bring to the North of Ireland.

Could I ask the DUP whether it could specify and name the areas where North/South co-operation could make sense, and whether it would be willing to sign up

to those and, I suppose, in the final analysis, to the North/South Ministerial Council?

Dr McCrea: I will not go down the road of the position of south Down. To the best of my knowledge, however, neither the chairman nor the vice-chairman — and I have been in politics for 34 years — of Down District Council has come from the DUP. That is a matter for scrutiny. All the protestations are a wee bit — *[Interruption.]*

We are looking forward to progress in that field in several councils. Let us move in that direction.

As for the North/South bodies, I wholeheartedly concur with my deputy leader that there are areas in which it would make sense to have co-operation — that is what neighbours do. However, I will not accept interference in the internal affairs of Northern Ireland; that is what neighbours do not do. In the past, there has been interference in the internal affairs of Northern Ireland. It is a wee bit of a cheek for a foreign Prime Minister to tell us what Government we can or cannot have in our own country — this is a part of the United Kingdom.

There are areas for co-operation; that is what North/South bodies are for, but those bodies must be answerable. As we have stated in our paper, for relations to be effective, accountable and to prosper, it is necessary that they receive support across the community. There is discrimination against the unionist population in the make-up of the North/South bodies, and there is discrimination in the religious makeup of the North/South bodies. North/South co-operation must be on a solid basis: there must be no discrimination and the traffic must not be all one-way. I believe in co-operation. It makes sense, for example, to have co-operation in agriculture, transport and electricity, and co-operation on those matters has been going on for years.

The North/South bodies should not exist to threaten somebody's identity; they should exist for the furtherance of good government for the people of Northern Ireland and of the Irish Republic. That is what good neighbourliness is all about. Make no mistake about it, however: I will sign up to nothing until we see what the package is. There are major parts of the package to which we could not agree. We will not sign up to the extension of North/South bodies to take over Executive roles or to interfere in the internal affairs of Northern Ireland.

Mrs D Dodds: I agree with the point that William McCrea made about respecting the position of Northern Ireland and accepting that the majority of people here have clearly stated that Northern Ireland is British and that they want to retain that identity.

For quite some time, I have been chasing bits and pieces of information from Tourism Ireland. It is a very

mystic body — perhaps that is because it is a Celtic creation — to grapple and to come to terms with. Recently, I managed to get a hold of a videotape of the ‘Narnia’ advertisement that was played in cinemas throughout America and the rest of the world. Not once in the advertisement — and I saw the film ‘The Chronicles of Narnia’ with my daughter in London — were the words “Northern Ireland” said.

That is what I mean about accepting the reality of identity and the fact that we need to accept and respect that and move on. Tourism Ireland states that its remit is to promote the island of Ireland; therefore, there were pictures of east Belfast — “somewhere in the island of Ireland”, to quote from the video; the picture of the Giant’s Causeway was “somewhere in the island of Ireland”. North/South bodies must get back to the fact that this is Northern Ireland, and they must respect that identity. Tourism Ireland is one such body; although the body has the expertise to do the promotional and marketing work, it must also respect the identity of the country and the people who live here. That is just one example of where North/South bodies need to be pulled back.

May I give you another example? No right exists to see the minutes of the meetings of the North/South bodies. Anybody can see minutes of meetings under the Freedom of Information Act 2002; they are published quite openly on the Internet. When I asked why these bodies did not publish minutes of their meetings, it was confirmed to me that no right exists. We need to reach a position where there is not only a respect for identity but transparency about what happens in North/South bodies. Ultimately, those bodies, and the Ministers who attend their meetings, must be accountable to the Assembly.

Ms Ritchie: At a recent conference on an all-Ireland infrastructure matter in Dundalk that Mr Farren and I, among others, attended, many attendees from Northern Ireland — or the North of Ireland — represented unionist businesses. Those attendees quite clearly demonstrated not only to us but to the wider conference that immense benefits could be gained by wider North/South co-operation and by taking the North/South Ministerial Council out of care and maintenance. They were anxious to do that so that both Governments could pursue collaborative strategies for the economic, social and practical benefit of the people throughout the island. Will Mr McCrea give further specifics about co-operation in agriculture and transportation?

Dr McCrea: I can understand the difficulty that some people have with this issue. I can also understand why some of the North/South bodies have a difficulty. We know that some people and politicians in Northern Ireland have an awful fear of saying the word “Northern”. They just cannot say the word. It would

actually burn their tongues if they said “Northern Ireland”; it is the “North of Ireland”. They seem to not understand that this is a different identity: Northern Ireland is a part of the United Kingdom; it is the United Kingdom of Great Britain and Northern Ireland.

I respect the identity of the people of the Irish Republic. I respect their right to have their own Government and their way of life. I hold no ill will whatsoever towards those people, towards their Government or towards the policies that they wish to follow. However, I ask that that respect be reciprocated. I have said in the past, and I say it one more time, that I do not believe that good neighbours interfere in each other’s internal affairs. Good neighbours work for the benefit of each other; they do not try to overturn politically or to remove one neighbour from his territory to that person’s detriment.

As regards the businesses, it really is rather alarming, because I did not know that any of the businesses that went down to the Irish Republic did so as unionists or nationalists. I would have thought that businesses tried to keep out of that field and went down as business personnel to see how they might encourage further business, even if that meant encouraging business away from the Irish Republic and bringing the jobs to Northern Ireland. That is healthy good business life, but it is a strange idea that they should go down and be noted as unionist businesses. That is a new one for me.

3.30 pm

Dr Farren: There were several useful points made there with respect to the operation of North/South bodies. If what has been said is that we should have more transparency and more accountability, there is no difficulty as far as the SDLP is concerned in exploring how that might be achieved.

With respect to how we operated in the short period in which we were running the North/South bodies, all of the Ministers who attended meetings of those bodies came and gave a full report to the Assembly and were subject to questioning by Members of the Assembly. We can learn from the experience — good, bad or indifferent — with respect to improving the operation of those bodies and identifying where more co-operation might be achieved. Regarding operational matters, I do not see any significant difficulty in trying to address the concerns that have been raised about transparency, accountability, efficiency and so on.

Dr McCrea: So that there is no ambiguity in the situation, I am speaking about those bodies that are clearly working for the benefit of the people of Northern Ireland and the Irish Republic — not furthering a political agenda. We will not be part of anything that smacks of a political agenda to take away

Northern Ireland from its rightful position within the United Kingdom.

I did sit in the Assembly when the Ministers came back, and I remind you that we could not change one iota: not one dot; not one comma; not one stroke on the t of what the Minister had done could be changed. Why? Because they were unaccountable. Ministers, whoever they may be, should be going there for the benefit of Northern Ireland plc to ensure that Northern Ireland continues to prosper and live as a good neighbour with the Irish Republic. However, those who go with a political agenda must be brought to book and to account by the Assembly, and they must be answerable. This is an accountability issue.

The Chairman (Mr Molloy): Members, I am in your hands time-wise, but please keep your questions short.

Mr M McGuinness: First, I must agree with Séan Farren. He and I are probably the only people in this room who attended North/South Ministerial Council meetings, and those were undoubtedly to the benefit of people of the entire island. There could not have been more transparency in what we were trying to do. After each meeting we reported and allowed ourselves to be questioned by the Assembly, and in the debates and question-and-answer sessions that I was involved in, there was very little contention, even from the DUP, notwithstanding their overall position in terms of the institutions at that time.

One of the great sadnesses for me as Minister for Education was that we agreed to establish between North and South a centre of excellence for the education of children with autism at Middletown. That was well over four years ago, and the project still has not seen the light of day. The only people to suffer from that are children from our entire community, be they represented by the DUP, SDLP, UUP, Alliance or Sinn Féin. That was my interest as Minister: to provide within the resources available to us on the island the best possible education system. People sometimes flag up concerns that are not really substantial.

I would like to ask a couple of questions about the contribution made by the DUP. On a number of occasions William McCrea has talked about “pure democracy” and “the waterline of democracy”. There is a very clear message from the British Prime Minister and the Taoiseach that these institutions should be up this year. It is obvious that every other party — the Ulster Unionists, the Alliance Party, the SDLP and ourselves, other smaller parties in the Assembly, the two Governments, and indeed the White House — want to see these institutions up. It really comes down to whether the waterline of democracy is beyond the reach of Sinn Féin as far as the DUP is concerned. I would like an explanation of what the “waterline of

democracy” actually means — is that a different type of democracy from that being asked for by the Taoiseach, the British Prime Minister, the Ulster Unionist Party and the other parties here?

On a number of occasions William McCrea has said that the Unionist community has no confidence in the Belfast Agreement and that there have to be changes. I think it would do the Committee a service if he would tell us what those changes need to be. In his last contribution he talked about “major parts of this package” that would have to be changed. Given that we are in this fairly unusual situation where we have a Preparation for Government Committee but one of the parties on the Committee is saying that it is going to negotiate only with the British Government, it would be very useful from an information point of view if he would tell the rest of the Committee what these major changes are that the DUP is seeking.

I also want to put on the record something that I raised this morning that is pertinent to the DUP’s position on who is entitled to be in an Executive and who is not, vis-à-vis this whole issue of paramilitarism. Reg Empey made what I thought was a very courageous statement some weeks ago on the issue of unionist leaders using unionist paramilitaries — and we all know that we are not talking about the Girl Guides or the Brownies. I went on ‘Inside Politics’ after that and referred to what he had said, and I referred to it again this morning. Never on any occasion since Reg Empey said that has any member of the DUP, to my knowledge, contradicted him — and it might come after I say this, and in all probability will do, but I will still be interested to hear the DUP’s response. Not once has any member of the DUP who has done any interview contradicted Reg Empey. That raises very serious questions about the issue that Reg Empey courageously identified some weeks ago.

Essentially that is it. I would be very pleased if we could have an answer to those two questions.

Dr McCrea: I want to make a couple of comments. As regards the North/South bodies, we have made it abundantly clear that practical co-operation is of vital importance. What we certainly do question is the value of the overly bureaucratic bodies that are part of the North/South system that now stands. We do not support the bodies that were set up by the Belfast Agreement. We believe that if there were an Executive and a Government here, they should have the freedom to set up their own bodies if they so wished and believed it essential for the development of good neighbourly relationships between Northern Ireland and the Irish Republic.

There is no need whatsoever for a bureaucratic system to be set up. Quite often it wasted public finances that could have been spent on serious issues,

such as autism, that I personally take an interest in as well. I have a keen interest in that. If we had some of that wasted money, and if we had the £240 million that is not paid to the Exchequer because of the extortion rackets and criminality that are going on, that would certainly aid a number of those people who are suffering.

It ill becomes anybody to say that they have a passion for those things; if they had, they would also have a passion to stop the problems that hinder progress in this community.

Our document also points out that the primacy of relationships is between Northern Ireland and the rest of the United Kingdom. The east-west relationships have not been utilised to maximum advantage. There is great potential for developing those relationships, and I am delighted that Scotland desires to aid us in that respect. The National Assembly for Wales is also interested in how such relationships might be developed. It would be a natural home. England and the United Kingdom as a whole is a very large market with which we could work to develop relationships. That is vital.

I will not, as I said before, negotiate in this Committee. We will open negotiations with the Government, and other parties can do the same. As in the past, we have no desire to fail to bring other democratic parties on board and to negotiate with them. There is, however, a waterline for the vast majority of the unionist population as regards Sinn Féin. We have heard claims today about what the British Government and the Irish Government have said. Remember that when the British Government were asked whether they would have Sinn Féin in Government under the present terms, they did not bounce up and down to do it. The Irish Government were asked whether they would accept Sinn Féin as partners in Government. The answer was no. I asked the American Government whether they would bring in groups that were inextricably linked to terrorist organisations, and they said no. Of course, they also said that although they would not do it, they would make us do it. Democracy should not be soiled in that way. Therefore negotiations about the changes that we would make to the Belfast Agreement will not be conducted in this Committee — this is not a negotiating Committee.

I appreciate that Reg Empey may want, because of recent difficulties, to bare his soul. He may feel that he has something to confess. That is for him to decide. I am sure that when the Ulster Unionists present their paper, they will be asked that question. We need to find out, from his party's representatives on the Committee, what Reg Empey wants to say. I am not here to answer for Reg Empey; I may be answerable for many things, but another political party's presentation to this Committee is not one of them.

That is where we stand.

Mr M McGuinness: The DUP needs to understand that as the 24 November deadline approaches — and it will come very quickly — it will find itself increasingly at odds with both the British Prime Minister and the Taoiseach and probably with the full weight of international opinion, led by the White House, on the issue of going into Government. As a representative of a party directly affected by this — along with two parties here, apart from the DUP, that are entitled to positions in the Executive — I would like a straight answer to the question of whether the DUP envisages, in the course of the work that we are involved in, being in Government with Sinn Féin under any circumstances whatsoever.

Dr McCrea: We have heard the threats and so forth from the Governments and others, especially Sinn Féin, about 24 November. We have made it abundantly clear that we want devolved Government, but if those who have the power to remove the obstacles do not do so, we cannot and will not accept any blame for those who impede our path to progress.

For example, we want debates in the House to which we were elected. One party is unwilling to do that. We are willing to deal with issues such as water rates and the RPA and put those to the Government. That is all that we can do. Nevertheless, one party stands alone; it stood on its own last week when we tried to get an interim report at least discussed in the Assembly. That party ran away from that because it does not want to be tested by or exposed to public debate that would show that it is unwilling to face the real issues at the heart of the whole problem.

3.45 pm

For those who are there to face it, the truth is that 24 November will come and go. However, it is in the hands of those who can remove the impediments to do so. They can come up to the democratic mark — the waterline — and prove to the public that they have renounced the path of violence, turned their backs on paramilitaries and condemn their actions, and support the security forces in defeating anyone who threatens, whether they be the Real IRA, the Continuity IRA or some loyalist organisation. They will actively support the security forces in ensuring that any threat to the democracy and stability of Northern Ireland will be supported by the Executive and the Assembly. That is not in our hands; it is in the hands of others. Those who put the impediments there had better come up to the mark and remove them.

With regards being at odds with the Westminster Government, we do not want to be at odds with anyone. However, I remind members that there is one group with whom we will not be at odds and from whom we will not walk away: the people who elected

us. We believe that the ballot box has supremacy in Northern Ireland. We believe in the authority of that ballot box, and we keep faith with the people who elected us on the seven principles that we outlined in the past. We were the only party that came up front and put down the test and the line for ourselves. We were willing to do that and to stand over it.

It is not true that we walk away from others. Although others have been elected to the House of Commons and do not sit, I do attend, and I know of no party, including that of the Government, that believes that a stable Government is possible unless criminality, paramilitarism, decommissioning and such issues have been dealt with.

The Government may say different things to others, but I assure you that, even when some of the on-the-runs legislation was being debated in the House of Commons at the behest of Sinn Féin, the Secretary of State, who laid the Bill, did not have even two MPs to back him up. They all cleared like snow off a ditch. He had no backing whatever on the on-the-runs issue. There was a unity in the House. I was elected to the House in 1983, and I cannot remember such unity there. Every opposition party stood, man and woman, and were counted with many in the Government. On leaving the Lobbies, many in the Government apologised, because they had been Whipped into the voting lobbies to vote for their own legislation.

Let us be frank. We are not at odds with the thrust of democratic principles. We stand on the basic principles of democracy — the rock foundation of democracy — and I assure you that you will not sink if you stand on solid rock; you will sink only if you stand on sinking sand. Our principles are certainly not sinking sand.

Mr M McGuinness: Notwithstanding your total misrepresentation of the position of both the British Government and the Irish Government vis-à-vis Sinn Féin's suitability to be in government, is it fair to say that under certain conditions the DUP is prepared, and is willing, to go into Government with Sinn Féin?

Dr McCrea: We are making it clear —

Mr M McGuinness: Could we get a yes or no answer to that question?

Dr McCrea: With the greatest respect no one is going to tell me what to say. Who do they think they are that they are telling you what you are or are not going to say? I will be able to answer as far as we are concerned. No one who is associated with paramilitarism and criminality will be in any Executive in Northern Ireland. If it is that we are at odds with the Irish Government, could I find out on what date — because maybe I missed it — did Bertie Ahern decide to go into Government and believe that Sinn Féin was a willing partner for Government in the Irish Republic?

I have never heard that yet, but perhaps I missed either the press cutting or the public statement.

Mr M McGuinness: The Taoiseach has made it absolutely clear in the course of the past 12 months that the only reason that he would not go into Government with Sinn Féin is because he differs from Sinn Féin on the issue of Europe. That is another debate, but he told 'The Irish Times' that that is the reason that he would not go into Government with Sinn Féin.

This is important, William. It is important because as a political party representing the majority of nationalists and republicans in the North of Ireland it would be very helpful to us — and I presume it would be helpful to the other parties around the table — to know whether there are any circumstances under which the DUP is prepared to go into Government with Sinn Féin. Thus far, we have not received an answer to that question.

Dr McCrea: Our general election manifesto 2005 is clear:

"Sinn Féin could then only be considered for entry to an Executive after

- Complete visible, verifiable decommissioning.*
- A total end to all paramilitary and criminal activity.*
- The community is convinced the IRA has been stood down."*

Therefore, if it comes up to the mark of democracy — and we have stated what we mean by that—the Democratic Unionist Party has said that it will go into Government with democrats. However, there will have to be a clear end to association with paramilitarism and criminality; there will have to be complete, verifiable and visible decommissioning; and there will have to be a convincing of the unionist community that the IRA has been stood down; in other words, that no so-called army is threatening the stability of Northern Ireland. I have heard nothing from Sinn Féin since coming to this Committee that that is on its agenda or radar system at all — in actual fact I was told that those are dead issues.

Mr M McGuinness: The reality of the situation is that the DUP is going to find itself increasingly at odds with the full weight of public opinion within this process as we march towards the 24 November deadline.

From Sinn Féin's perspective, and, indeed, from those of the other parties, although I cannot speak for them, it would be hugely beneficial if we could find ourselves during the course of our deliberations in this Committee in a position where we were convinced that we are dealing with a party that is serious about joining

us in a power-sharing Executive at some stage later this year.

There is a very strong belief in the broad nationalist and republican community that the DUP is not interested in sharing power or taking its positions on the North/South Ministerial Council but is really interested only in frustrating the efforts of everyone else to see the institutions restored.

As Seán Farren mentioned earlier, at some stage in the process and in our deliberations, the DUP needs to convince the elected representatives of the SDLP and Sinn Féin that it is contemplating seriously the restoration of these institutions at some stage. I have been around for long enough to know that we will all have to undertake considerable work and that if people were working in good faith, we would have to be committed to being involved in all sorts of engagements over the summer to move forward the situation. I was surprised to learn today — and this is not a criticism of the SDLP; it is actually interesting — that the DUP and the SDLP held late-night meetings at Leeds Castle. Obviously, we were excluded from those meetings; we did not have the benefit of sitting down with the DUP leadership to discuss how we should take forward the situation.

I presume that all Committee members have given a commitment to continuing with this project over the coming period. If we are to spend our time in rooms such as this — and this has been a very long day — we would like to think that we would get a result at the end that will benefit all the people whom we represent. Therefore I hope that the DUP will consider it so that we can be in some way successful.

Something of a dilemma exists. It has been said in the past that if the IRA brought every single rifle, barrack-buster — as William McCrea calls them — and round of ammunition and placed them at Ian Paisley's feet at the door of Parliament Buildings, it would still not be enough. The danger with these contributions to the Committee is that people will go away thinking that that is precisely our position: republicans will never be allowed to reach the waterline of democracy as outlined by the DUP.

Dr Farren: Mr McGuinness made a point about the SDLP meeting the DUP at Leeds Castle. I totally reject any implied criticism of whom the SDLP meets; the SDLP meets whomsoever the SDLP decides to meet.

Mr M McGuinness: I made it clear that there was no criticism.

Dr Farren: You expressed surprise that we had met the DUP.

Mr M McGuinness: I expressed an interest; I did not express surprise, and I did not utter one word of criticism.

The Chairman (Mr Molloy): Please speak through the Chair.

Dr Farren: I think that we met all the parties that were present at Leeds Castle, and, as with any of those parties, the purpose of that meeting was to discuss our proposals on the review of the operation of the Good Friday Agreement. It was not the only time that we met the DUP; we met that party before and, indeed, since, but not very often. However, we will continue to engage with whomsoever we think will engage with us to any useful purpose that we think that such a meeting would serve.

The Chairman (Mr Molloy): Mr McCrea, do you want to respond?

Dr McCrea: There certainly seemed to be surprise at the fact that the DUP met the SDLP. The DUP met the SDLP at Leeds Castle and Stormont, and we constantly meet its Members at Westminster. I find nothing in that at all; that is certainly the process of normal democratic parties. There is nothing untoward in any of that that causes either surprise or the idea that the meeting should not have happened.

The DUP is willing to see Government formed and be a part of an Administration that is based on democratic principles alone. Every party must decide to come up to that mark and renounce the path of violence. We have made it abundantly clear that only those who use exclusively peaceful and democratic means can be a part of any Executive.

4.00 pm

That is no surprise whatsoever — we have said that both in Committee and outside. This Committee alone will not solve the situation, because the people who need to be dealt with are the boys outside this room. They must be stopped, and they must be brought to justice. We must see that criminality and paramilitary activity have stopped. Those who are involved in criminality and paramilitary activity must be stopped, and they must face justice. We could go round in circles many times, but that issue will not be resolved in Committee. With the greatest respect, we could debate the issue until we are blue in the face. However, having scoped the issues, we say that those who can deliver, because of their associations with paramilitary groups, have a responsibility to do so in order that the only politics in Northern Ireland are democratic ones.

I have been quite open, and I have spoken for long enough in this debate. No one could suggest that anyone shied away from any of the questions that were asked; however, I would like to hear some of the other submissions.

The Chairman (Mr Molloy): I want to allow Mr McFarland and Mr Ford to speak during the remaining hour.

Mr M McGuinness: My final question is on the Ulster Unionist Party's acceptance that it has a responsibility to do everything in its power to deliver loyalist paramilitaries. As a result of Reg Empey's work on that issue, the party has nailed its colours to the mast. I ask the DUP whether it, as the largest unionist party, also has a responsibility to assist in that work.

Dr McCrea: I am neither going to get involved nor will I answer any question about the Ulster Unionist Party. It has assumed a mantle and formed an association with the PUP, which acknowledges that it is still the public face of the UVF. I genuinely cannot understand how Mr Ervine can still say that he is not a member of the UUPAG but of the PUP, and that he is the leader of the PUP. To belong to two political parties at the same time may prove difficult for some people, but, of course, a person as capable as Mr Ervine must feel that he has no difficulty in wearing those different hats.

The DUP offers the people a democratic alternative to paramilitaries. We say the same about other paramilitaries as we say about the IRA — they must not only cease their activity but also get rid of their weapons. Their weapons must be verifiably decommissioned, and they must retain no paramilitary grouping that threatens the stability of any future Government.

Mr M McGuinness: My question was —

Dr McCrea: The Ulster Unionists will stand by what they have decided to do, but I will certainly not add —

Mr M McGuinness: Let us put the Ulster Unionists to one side. Does the leadership of the Democratic Unionist Party have a responsibility to engage with loyalist paramilitaries to bring about an end to their criminality, their weapons and their attacks on people?

Dr McCrea: As far as the DUP is concerned, we have not engaged with the IRA in order to bring about an end to its paramilitary activity. The onus is on those paramilitary groups, and on the Government, to ensure that paramilitaries do not continue to exist in Northern Ireland and that Northern Ireland is not a breeding ground for paramilitary activity in future. We will use our influence and whatever power we have to offer the parliamentary rather than the paramilitary alternative.

Mr McFarland: I am much encouraged by comments that William McCrea made earlier this afternoon, and, briefly, I want to tease something out. He said that the DUP is open for engagement with other democratic parties. We have been trying to engage with the DUP for some months, but this is our first engagement with the party since November 2004.

In the light of Dr Paisley's recent public statements — on several occasions, he has said that he will not negotiate with other parties; he will negotiate with Downing Street directly — do William McCrea's comments about the DUP's willingness to engage with other parties reflect its current position, or is Dr Paisley's position extant?

Dr McCrea: As regards engaging with other parties, we are negotiating with our Government. The main negotiations that we will have will be with the Government. Dr Paisley has made that abundantly clear. Certainly, as we have stated in the past and has been made clear by Dr Paisley, we will engage with other democratic parties and with those that are not linked to terrorist organisations.

As Mr McFarland will know, the recent decision taken by his party does not make that situation any easier. In fact, it has blurred the line and, in many ways, his party — certainly not mine — has let Sinn Féin off the hook as regards its dealings with the IRA. It is sad to say that the UUP's decision has blurred some of the clear distinctions that had been made in the past. My party is under the direction of its leadership, and whom it will or will not speak to has not been decided and will not be decided by me sitting at this table. My party leader will decide.

Mr Ford: I am sure that in this newly found spirit of sharing and partnership, which we have discovered, at least, at local council level this afternoon, William McCrea would wish to take the opportunity to praise the role of the Alliance Party in those power-sharing arrangements, notably in Larne, Belfast — I have to say that while Naomi is sitting beside me — and Castlereagh. I add my congratulations to William McCrea's colleagues on having discovered the virtues of power sharing in Newtownabbey and trust that he will persuade his colleagues in Antrim of the same.

On a more substantive point, William McCrea referred to "parties" in the plural as having complained of being excluded from the negotiations in 2004 and, therefore, not wishing to take on any key roles at this stage. He quoted from the Ulster Unionist paper. He acknowledged to Seán Farren that he did not mean the SDLP. I trust that he will acknowledge formally that that is not the Alliance Party's position. In fact, he should acknowledge that "parties" should have been in the singular.

I want to check the DUP's position — I do not want to go on to the agenda item; I want to get the DUP's assessment — on a working party on the economic challenges. William McCrea and his colleagues feel that we are not yet at the point where there is a realistic role for his party to sit down with the other four parties, the Northern Ireland Business Alliance, trades unions and the other social partners to examine the

challenges ahead in the preparation for devolution. This is part of the question of how far the DUP is prepared to engage —

The Chairman (Mr Molloy): We will come to that subject.

Dr McCrea: I acknowledge that, in a number of councils, we have endeavoured to work with the other parties. We trust that we will be able to continue to work with the other parties to ensure that we have stable administrations in local government. We have never run away from the challenges that that brings to us. However, we take each situation as it comes. I am delighted that in my constituency of South Antrim, the councils in Newtownabbey and Antrim are seeing certain steps in that direction.

Mr Ford: Just half of your constituency.

Dr McCrea: It is a large part of the constituency, believe it or not, because both those areas are mainly in South Antrim. However, we will leave that to the side.

We are coming to the issue of economic challenges. Today, we found out in a letter from the Secretary of State that he acknowledges that the proper and appropriate place for a decision to be made on the working group on the economy is the Business Committee. Any views expressed by this Committee must go back to the Business Committee. The Secretary of State wrote:

“I would intend to do so immediately and to invite the Business Committee to determine membership and arrangements for chairing the Committee”.

Therefore, it is a matter for the Business Committee, which is why I do not think it needs to be discussed by this Committee.

In actual fact, we wanted this Committee to move the working group on the economy forward through the Business Committee before now. The working group should be up and running by now. The agreement on its creation was sent from the Assembly on 15 May 2006.

Mr Ford: I just wanted to establish the DUP’s view on co-operation, and that was an example. I appreciate what has been said.

The Chairman (Mr Molloy): Unless there is urgent business to be discussed, do members want to take a comfort break for five minutes?

Mr Morrow: Perhaps 10 or 15 minutes?

The Chairman (Mr Molloy): If we are quick about it.

Mr McFarland: We should establish how colleagues envisage the day closing. For example, what is our anticipated finish time? Are we meeting

tomorrow morning? If tomorrow runs like today, will we meet on Thursday?

The Chairman (Mr Molloy): I suggest that we do not hear the Sinn Féin submission during this session. There are two items of business from Madam Speaker and the Clerk. I suggest that we deal with them after the break and then decide on the arrangements for tomorrow.

The Committee was suspended at 4.10 pm.

On resuming —

4.25 pm

The Chairman (Mr Molloy): First, I propose to deal with the letter from the Speaker in relation to the working group. Everyone has a copy of in front of them.

Mr McFarland: Mr Chairman, could you remind us of the subject?

The Chairman (Mr Molloy): It is the letter from the Speaker in relation to the working group on the economy.

Dr McCrea: Mr Deputy Speaker, this matter came from the Assembly and went to the Business Committee. For some reason it has slipped out of the Business Committee's business and into the Preparation for Government Committee's business.

The letter from the Secretary of State to Mrs Bell clearly indicates that this matter is the business of the Business Committee, which is to determine membership and arrangements for chairing that Committee. I believe that that is the appropriate place for it to be, and that the Business Committee should take it forward. We certainly do not believe that that should be under the authority of a subcommittee of the Preparation for Government Committee.

Mr Murphy: In discussions on this matter, a view was represented in the Business Committee — given that members were presenting issues that they thought were of importance — that this issue would need to be worked on as part of preparation for Government at this Committee. This matter may well fall into that category because, in nearly all of the parties' presentations on paper, practically all of the parties identified economic regeneration, a peace dividend, a financial package — whatever way you wish to describe it. Certainly, work in relation to economic matters and some financial arrangements to underpin the restoration of devolution were identified as a key item that parties see in relation to restoration of Government.

The Secretary of State's letter to Eileen Bell suggests that it would be helpful to have a view from this Committee on whether the working group should be set up as a separate group or as a subcommittee of the Preparation for Government Committee. If there is a preference for a separate Committee, obviously communicated from us to the Business Committee, then the Secretary of State would ask the Business Committee to make those arrangements.

This issue has been identified by all of the parties — the Alliance certainly referred to it in its verbal presentation, if it was not in its written presentation, and the DUP has identified it as an issue which is one that they presented to this Committee as an issue of

preparation for Government. Therefore, I suggest that it would be illogical for a separate Committee that contained people who were party spokespersons or party experts on this issue to go off and do separate work without any reference to a matter that has been flagged up by all of the parties to this Committee.

Therefore, the most logical course would be that we nominate Members either from this Committee, or from our parties who deal with these issues, and have a Committee or a subcommittee report back to this Committee. I do not think that that would necessarily take a very long time. They could report back to this Committee with recommendations or views and make a report to us that we could consider. It may well then be the case, as was the normal practice with other Committees when the Assembly was functioning, that such a report goes to the Assembly for its views.

That would be the most logical course because we have all identified this matter as an area of work and interest for us. To ask the Business Committee to set up a completely separate Committee, with no reference to us, to deal with that would not make very much sense.

4.30 pm

Dr McCrea: This working group proposal emanates from a debate. *[Interruption.]* This emanates from the Assembly, which proposed that a working group be set up. It would therefore be totally wrong to take that group away from the Assembly, as participants from the various parties would be on it. The working group is not in the remit of this Committee: we are to scope the issues that are preventing Government. That is sufficient for us; there is no reason why the economic working group could not go forward under the authority of the Business Committee, as it would sit very comfortably there.

I have said from the word go that the remit of this Committee is quite sufficient, and I do not believe that it should be extended. The DUP believes that the working group should be in the hands of the Business Committee.

Mr McFarland: Mr Chairman, we are getting rather good at this. My sense is that we will not get consensus on the Committee, given that one of the parties we have heard from thinks that the working group should come from here, while the other thinks that it should be in the hands of the Business Committee. Rather than go all around the Wrekin and have another hour of generous debate, I suggest that the Chairman finds out whether we are likely to get consensus. If not, we have other business that we might reasonably proceed with.

Dr Farren: Like Alan, I sense a stand-off coming over me, although I hope that that will not transpire. Since the proposal for the Committee came from a debate in the Assembly, and since most of the parties

in the Committee have referred in their submissions to the need for a programme of economic regeneration, why can we not marry both the suggested ways for taking this forward? In other words, parties could ensure that there is an overlapping membership of at least one between this Committee and a working group that the Business Committee would appoint as a result of the Assembly resolution. There could be liaison between the two, as we are all working to the same end, I trust, on this issue, if on no other. Surely, it is not beyond our wit to find a way of evading a standoff and of taking the issue forward.

Mr Ford: Before we broke, I asked the DUP about its willingness to engage with the other parties and with other bodies — business, trades unions, and the social partners, in a wider process. If the Business Committee recommended such a process, it would be inappropriate for it to be a subcommittee of this Committee, as this Committee has been established for a very specific purpose. The Assembly resolution calls on the economic working group to make recommendations to a restored Executive, which seems to be beyond the remit of this Committee.

I am not sure whether it was deliberate, but I noticed that the last sentence of the Speaker's letter asks whoever it was addressed to to seek the views of this Committee. It seems that we will soon have at least five views on this issue. Perhaps all that we can do is report those views. There is considerable merit in what Seán Farren said about seeking a degree of overlap in the membership so that people are informed about what is going on. However, that is different from being constituted as a subcommittee.

The Chairman (Mr Molloy): Do we have proposals?

Dr McCrea: It is up to the party leaders to propose members of their parties for a committee. Such decisions are not in our gift; neither should we take that authority upon ourselves.

We have responsibility for those issues, and I propose that the Business Committee should take them forward. The Business Committee does not have a very hefty programme of business. If someone were to have attended this afternoon's meeting of the Business Committee, they would have found that members were looking for some encouragement and would be willing to take on some challenges. Some Committee members acknowledged that they were frustrated that there was no business. This is an issue that they could get their teeth into.

Mr McFarland: I wonder whether there is some scope for accommodation. Suppose, for example, the Committee were to agree with Sinn Féin that we set up a subcommittee to examine economics; Sinn Féin could have a bit of a win there. I wonder whether Sinn

Féin would agree that the other parties that wish to conduct a debate on the Review of Public Administration (RPA) on the Floor of the House would be able to do that. Everybody gets something that they want. In return for a subcommittee examining economics, the DUP and the other parties get a debate on the RPA, which we are all desperate to have before the summer recess so that those issues can be aired.

Mr Murphy: There is nothing to stop the other parties from making proposals to debate the RPA on the Floor of the House. The other parties made proposals for debates to which Sinn Féin objected, but those debates were, nonetheless, agreed to by the Secretary of State. It is not in our gift whether the RPA is debated; it is in the gift of the Secretary of State.

Mr McFarland: My understanding is that the Secretary of State is stating that motions for debate in the House must come from this Committee; he is not seeking motions for debate from the Business Committee. That is a problem because there are no debates. In return for setting up a subcommittee, this Committee would agree, with Sinn Féin's consent, to conduct a debate on the RPA in the House. The Secretary of State will go for that. If the proposal comes from this Committee, it will be latched on to in about 30 seconds. Everybody would get something out of that deal, and it would take us forward in a positive way.

Mr M McGuinness: Other members of the Committee should reflect on Conor Murphy's proposal. Sinn Féin clearly states that it believes that this work is related to preparation for Government. If such a committee were formed, I envisage that it would take it a very short time — not months, not weeks, only a few days — to produce a report that could be brought back to this Committee. Members of this Committee could then recommend that the results of their work be put forward to the Business Committee, with our support that there be a debate in the House on what is clearly an issue for preparation for Government.

We are dealing with the difficulties that Alan McFarland has highlighted. The DUP obviously has a difficulty; it is mad to have all sorts of debates in the House. People have to appreciate that we have a difficulty insofar as, from the beginning, we have outlined that our presence here relates to preparation for Government, and to do that by the earliest possible date this side of 24 November.

I would like to hear from the DUP whether it can facilitate us and we, in turn, facilitate the DUP.

The Chairman (Mr Molloy): Will the Business Committee put together the structure of this committee?

Mr Murphy: Only if there was a proposition for a separate committee.

The Chairman (Mr Molloy): In relation to a subcommittee, is that not the proposal?

Mr Murphy: Peter Hain's letter states:

"If the preference is for a separate committee".

The Chairman (Mr Molloy): There are different propositions floating around.

Mr M McGuinness: I am hoping that we can find common ground with the DUP.

Dr McCrea: I have made a proposal that I believe is in accordance with the wishes of the Assembly. I agree with most of Mr Ford's remarks that the Business Committee would be natural place for it to be. I think that the Business Committee should take forward this issue. I am really surprised to hear that this could all be done in a few days.

What kind of report are we going to have? Will there be no proper scrutiny of all of the issues to ensure that we have something sufficiently competent to take forward? I honestly think that this is not a matter of days. There are many issues, and it is important that they are taken forward.

We will not have agreement on all of the issues across all of the parties, but we must ensure that there is assistance for the business community — a matter that was debated in the Assembly. This matter comes directly from the Assembly, but others have hijacked it in order to try to form a subcommittee of this Committee.

In my opinion, the Secretary of State for Northern Ireland, by sleight of hand, tried to exercise his power by not referring this matter. Once again, that was done to placate a particular party. It was not done for the betterment of the business community, or of industry, or to have a proper economic debate. That was because one party declared that it would not agree to a debate, or to go through the Business Committee. That party would not give credence to the fact that the Assembly brought forward something solid, wanted to progress it and wanted to get the issue dealt with. My proposal still stands.

Dr Farren: This morning, I attended a meeting of the Northern Ireland Business Alliance. David Ford was in attendance, as were representatives of the other parties. It is obvious that the business community and others in the wider network of social partners are anxious to contribute to and support an initiative along the lines that are being proposed.

This work will not be completed in a very short time. A certain amount of consideration by and engagement with social partners is needed in order to create a credible set of proposals. However, I do not think that the kind of stand-off that is emerging will be greeted with any welcome whatsoever among the

people that the parties met this morning or, indeed, among the wider social partnership, if they find that we cannot agree on how to put together a committee.

Earlier, I said that, out of what has been submitted, nearly all of the parties have been explicit in respect of discussion on the establishment of a committee to deal with economic development. That suggests that we need to find a mechanism to take that matter forward. Surely that must mean some form of committee or subcommittee.

Given that there was a debate in the Assembly that recommended the establishment of a committee, and we have work relating to that, it should not be beyond our wit to find a way to marry the two proposals so that we can get down to business. Grandstanding on prior positions will not have any credibility within the community, which wants to see us addressing all of the issues that relate to economic development.

Mr McNarry: I was quite surprised to sit here this afternoon and be treated to a good discussion, which pleased me. I am now not pleased because, on a pedantic issue, with respect, it starts to go off the rails. That is, perhaps, the course of things.

In the early days, captains of industry came to the Senate, and to the best of my recollection all parties were represented to hear what the captains of industry had to say. They had a good message that was followed up.

4.45 pm

We are talking about the differences between us. It seems to me — and it is difficult for me not to relay this to the people outside — that some people want to diminish the Assembly. Not only that, but they want to diminish the Business Committee, which has been legitimately set up. Last night, I had a conversation with a Ms Jackson from Peter Hain's office who tried to explain to me why we cannot have a debate on education. At the time I did not know that I was coming here today. She proceeded to tell me that deciding topics for debate used to be a matter for the Business Committee, but that that had been superseded by this Committee. However, she could not tell me which Committee would make the decision. We are at risk of getting bogged down with Committees and subcommittees when the objective should be to get across a viewpoint and, where possible, a consensus that represents this Assembly.

My colleague Alan McFarland made a proposal that would involve the Review of Public Administration. I do not know about Sinn Féin — because RPA is a live issue with it — but there is a general consensus with all the other parties that a debate on it would be useful. I sat for a number of hours listening to everybody in the belief that I was taking part in an enabling process. However, I now find that there is still a desire to try to

stifle development and that there are those who do not want to enable. I am now discovering that some people want to take charge and that there is — as has been shown by colleagues elected to this House — a plethora of motions that people would like to debate. However, they are being obstructed. There is no clarity.

Judging by this letter, the Secretary of State is all over the place. He is the guy who insulted me — and it is up to other members to decide whether they were insulted — by saying that I was not earning my pay. However, when there are opportunities for me to earn my pay, he prevents them. I find it difficult to get my head round that. I would like to see unanimity among the parties to establish the authority of our membership and what we want for this Assembly, rather than have it dictated by the Secretary of State only for him to weasel out of it.

Forgive me for not knowing from where the request came that subjects for debate should be decided by this Committee. However, if that is what the Secretary of State wants, then he makes the Business Committee redundant. If he does that, the Assembly is left to those who grace this room, because there is no other place to grace; there is no other place to go. Quite frankly, I will not take too kindly to any Member who would take that away from me. We could reach a consensus on the basis that at the first available opportunity this Assembly — whether it is called the Hain Assembly or given any other name — could choose to give decision-making to the Business Committee. That Business Committee is now being prevented from carrying out its duties, and that frustration is flowing on to the Members.

In all reasonableness, this Committee should not seek to have placed upon it any responsibility for the business that the Secretary of State wants to place on it. That should go back to him if Members cannot agree. The Business Committee was designated to take care of that matter, and it should be left to do that. It is an erroneous responsibility for this Committee to take on. How on earth, in two or three days, would one pay tribute to the businessmen who asked us to consider matters that would help the economy of Northern Ireland? If we could do that, we would be multimillionaires.

Mr McGlone: With regard to item 3 on the agenda, which concerns the working group on economic challenges facing Northern Ireland, the pedantics of what we get up to and how we deal with that is of little concern to the people whom I know from the business community. Their concern is that we just do it. Either we do it here this afternoon or we do not, and we go out that door and explain to people why we did not, or, more positively, why we did. That is why I am here — to work the positives and to work the mandate that I

have been given, because I am held accountable in my community to ensure that progress is being made in the best interests of that community. It will be some reflection on us all if we leave here today without even agreeing on how we set up a working group on the economy.

Mr Ford: Seán Farren referred to the meeting with the Northern Ireland Business Alliance that we attended this morning, along with representatives from the other three parties. At that meeting, it was clear that there was a willingness on the part of the Business Alliance to engage with the five parties in whatever direct way seemed appropriate. There was more than a willingness; there was a keenness to get involved in assisting the Preparation for Government Committee. There was a recognition that we would also need to involve other social partners alongside the business community, and there was a recognition that it would take some time to do that job well.

Patsy McGlone made the point that the precise structures are irrelevant. The important thing is that MLAs are engaged in making preparations with those who have a stake in the economy. If we cannot agree on how that is done in this Committee, surely we can at least agree that it should be done. If that is the lowest common denominator of a consensus decision, can we at least agree this afternoon that it should be done, and that we pass that view to the Speaker?

Dr McCrea: I have listened and I agree with Mr McNarry's remarks. In many ways, the Secretary of State, by sleight of hand, has undermined the authority of the Business Committee, and that is a tragedy. It is also a travesty of the proper process of this institution, and he is doing it to placate one grouping.

There is no lack of willingness from the Democratic Unionist Party to engage in such an exercise with all the parties. The Business Committee ought to take it forward, but I am led to believe that Standing Orders were not in place in time to allow that to happen. If the present Standing Orders were in place, the matter would have automatically gone through the Business Committee. Therefore, as this proposal came from the Assembly, it ought to go through the Business Committee. Sinn Féin's position is that the matter ought to go through this Committee, although it was never referred by the Assembly to this Committee, but was taken out of context by the Secretary of State for his own reasons. However, to be helpful, it states on the first paragraph of the second page of the Secretary of State's letter to Eileen Bell:

"If the preference is for a separate committee to be set up by way of direction from me, I would intend to do so immediately".

I invite the Business Committee to determine membership, but not take it forward as the Business

Committee or, if it is the mind of this meeting, to ask the Secretary of State to separately set up a committee to take the issue forward and, therefore, each party could send Members to that.

If that is a helpful way forward, I am certainly saying that the DUP would be willing to accept it. It is not what we wanted, but if that is what assists in ensuring that it is not through the Business Committee of the Assembly but directly under the direction of the Secretary of State, there is no reason why a separate committee under his direction could not be set up to which each party could send representatives. If that gets over the hiatus in the whole thing and is helpful, I am willing to assist in that way.

Mr M McGuinness: If that issue is not dealt with by this Committee, somebody needs to explain to me who will deal with all the other issues, such as policing, etc, etc. This is the Preparation for Government Committee. All parties have brought forward papers on a wide range of issues that they want to see addressed. It appears to me that the only sensible way to proceed is through this Committee.

With respect to David McNarry, I do not think that standing in the Assembly and having a waffling session around RPA or anything else is earning his money. The purpose of the Assembly was to govern, to produce an Executive, to legislate and to bring about change to people's lives through the different ministerial portfolios that all parties entitled to be in Government would have.

The DUP strategy has been clear for some considerable time. The DUP wanted a shadow Assembly, and it wanted that to last for two years. That is not acceptable to Sinn Féin. Whether it is acceptable to the Ulster Unionists, the SDLP or the Alliance Party is a matter for all of them. It is not acceptable to us. We are not going to play the DUP game, because that is what debates in the Assembly are all about. They are not about seriously preparing for Government.

We have been here almost every day, and I accept that Mr McNarry has only just come into the Committee today, but it has been a fairly horrendous experience being in this room and trying to ascertain whether the DUP will take the opportunity through the existence of this Committee to begin a real engagement with Sinn Féin. Thus far we have not seen any of that. I do not give up. I hope that over the course of the coming period that better sense will prevail and that the DUP will recognise that there is a job of work to be done.

Sinn Féin is not going to play the DUP game and will not be bullied by the DUP into setting up a talking shop downstairs that has no credibility whatsoever with the electorate who sent Mr McNarry, or indeed me, here. The electorate knows that at the end of all

those discussions, the people taking the decisions come from somewhere else. They do not come from within this Building.

Mr McNarry: Chairman, if I may just respond. I am not terribly interested in any games. As regards my electorate and its judgement on earning my money, I never made such statements. The Secretary of State has rammed it down my throat, and I take offence at that.

I am sitting here and listening to Mr McGuinness, and I am not impressed. Fair enough.

Mr M McGuinness: Will Mr McNarry take a point about the impression that he gives?

Mr McNarry: I am not —

Mr M McGuinness: The impression that he gives is of standing down there and engaging in a debate, sending a message to the public that he is earning his money.

The Chairman (Mr Molloy): One at a time.

Mr McNarry: I am not impressed, Chairman, with what I have heard as the reasoning. I accept it nevertheless, but I am not impressed. But for Sinn Féin to join with the Secretary of State in expanding the veto as to what I can and cannot do does not really augur well for the outcome that I would genuinely like from this Committee.

5.00 pm

For Sinn Féin to compare the intricacies and the involvement of what it needs to declare on policing — because I do not know its policy on that — as opposed to what it needs to declare on economics, its policies on which I have a certain knowledge, are two entirely different things.

I would like to hear both of those espoused in the Assembly under any circumstances. However, for the purpose of what we are discussing, all I can say is that the issue of economics has a very wide audience. That audience will be aware, as Patsy McGlone said, that this Committee may have stumbled on it, and the reason for it stumbling does not augur well for it being able to get over the hurdles of other equally significant major issues.

I hear what Martin says. I am not impressed by it. It is the same sound bite that I hear any time he does not want to do what he does not want to do. In terms of concessions or giving anything, it is the same stuff. He does not give anything. The worst aspect of that is that he is not even prepared to consider another person's point of view. That is all I that I have asked him to do.

Mr M McGuinness: I have suggested what I think is a sensible way to proceed. It is obviously not going to find favour with the DUP. If it did then it would all be a matter of form, everybody else would fall into line

— we know that. Maybe I am wrong, but I think that is what would happen.

The DUP needs to reflect on whether or not in the course of our deliberations at this Committee we are, at some stage, going to make some connection with one another, recognise each other's difficulties and come to some agreement vis-à-vis how we move forward.

I am saying very clearly that I believe that the work of preparing for Government should reside with this Committee. There is a whole plethora of issues that must be dealt with. They have been identified by all of the parties. I do not agree with all of them, but we have a duty and responsibility to discuss them.

We have to find a way to take this work forward. It appears that many people place a huge value on going to the Assembly Chamber and having a debate. Obviously the reason for that is to show that this place is working and that people are earning their money and effecting change. The reality is that they are not effecting any change whatsoever, because British direct rule Ministers will still take the decisions whatever happens and whatever the content of those debates.

Debates do not bring us any quicker to the restoration of these institutions. In fact, one can make the argument that to fall into that trap is to prolong the agony. Clearly a situation will arise whereby the DUP, if it gets its debates in the Assembly, will say: "Well, everything is hunky dory, let us continue on until November of next year." Sinn Féin will not continue on until November of next year. If other parties want to do that, that is a matter for them — well, they obviously will not be able to do so until November of next year, but until May of next year. That is not a game that we can play. We have come to this Building to set about the serious work of preparing for Government.

We have all been around long enough to know that if there is no connection made between the DUP and Sinn Féin in terms of taking this work forward, Members can go down and debate in the Assembly from now to kingdom come, but they will not have the institutions restored. That is the reality that we are dealing with.

Since we came in here I have, on a number of occasions, made proposals and suggestions that I hoped would find favour with the DUP, which would allow me to go back to Sinn Féin and say: "Well, I think that something important is happening here and that, because of the deadline and everything else, the DUP is recognising the need to engage in the real work of putting the institutions back and that we are involved in the serious work of preparing for Government." However, even as we sit here today —

and Mr McNarry has only just come here this afternoon — we have not had any sense whatsoever that we are even on that road.

To expect Sinn Féin to play that game — because as far as we are concerned, it is a game orchestrated by the DUP — is to do a great disservice to the work of trying to implement the institutions of the Good Friday Agreement.

Mr McFarland: It is after 5.00 pm, and we have had a long day, but I think it has been a good day. It is probably one of the most encouraging days, in spite of things, that we have had in the Assembly with all the parties here.

The DUP has taken a bit of stick over the past few days about intransigence, and now we are just having a bit of intransigence from Sinn Féin. I made a proposal earlier to try and find a way through, which I now withdraw.

There is a reality, which is that the Northern Ireland Assembly, the Hain Assembly, or whatever you want to call it, had a debate. That debate came, as colleagues have said, on the back of a long discussion with business leaders, meetings in the Senate Chamber, etc, and all sorts of tick-tacking outside over a period of months about the importance of the economy and the rates issue etc.

We had a debate — and I know that Sinn Féin did not take part, but everyone else did — and the collective voice from the majority of people in the Assembly was that we get on with creating some sort of committee to look at this in detail with the business community. That was the will of the majority of people. I know that Sinn Féin do not necessarily want to do that — and I cannot understand why, because businessmen who associate with Sinn Féin will be equally as disturbed about this as everyone else.

If we cannot agree on this, which we clearly cannot, then it needs to be referred back. Let us do that now and let the Secretary of State get on with producing whatever needs to be produced.

The Chairman (Mr Molloy): We will have three more DUP speakers; Maurice Morrow will be first.

Mr Morrow: Mr Deputy Speaker, when William McCrea was putting forward the DUP paper he was cross-examined — and indeed some of us would say that he was interrogated — by everybody around this table. That is fair game and we have no problem with that.

Martin McGuinness looked across this table and said, "We don't know whether we are dealing with people who are genuine or not." Well, perhaps he does not know.

William McCrea has put forward a proposal with which he is not entirely comfortable. However, he did it to move the whole thing forward. Martin McGuinness stamped on it. I suspect that if anyone else had proposed it he may have just tramped on it but not stamped on it. The message that Martin McGuinness is giving us here today is, “You will do it our way or no way; we will make absolutely certain of that. We will not give a millimetre; we will not budge one inch; we have nothing to give and we are giving nothing. We will bring this house crashing down around you if you do not do it our way.”

Mr McGuinness may have come from an organisation that was quite prolific in that respect. Let me say this to him. He can tramp and stamp all he wants and he can be as intransigent, belligerent and dictatorial as he wishes, but I want to say to him in all sincerity that he is going to find that the difference between these negotiations and last time is that the Unionists this time are different. Why are they different? They are different because they have lived through the past four or five years and have seen a process that has been just one way — not most of the time, but all of the time. It was a process in which what Sinn Féin asked for, it got, and if it did not get it it said it would bring the process down.

He may threaten that here today — and I suspect that that is his threat. The message I get quite clearly from him is that it is going to be his way or no way. If that is his attitude then he can be assured that it has been it has been well noted.

Mr Deputy Speaker, I find myself generally in agreement with David McNarry. The losers today will be the business community and the people out there who need us. We are being castigated for not doing the job for which we are paid. No matter what differences I have with anybody sitting round this table — and I have many differences with them and they have many differences with me — I believe that most MLAs take their work quite seriously at constituency level, and they do a fair job. However, I suspect that there are people out there who think that we are a bunch of malingerers and dodgers who are on the gravy train. The Secretary of State and Sinn Féin are going to make absolutely certain that no opportunity is given to local politicians to try to prove to the outside world that we are up for it and that we want to be seen to be doing — and not only seen to be doing, but actually doing — the job that we have been elected to do.

The Chairman (Mr Molloy): We have a proposal. This is a winding-up situation, and we need to move fairly quickly.

Mr M McGuinness: I urge Maurice not to misrepresent my position. He should also resist the temptation to speak for me because what he has just

said is a total and absolute misrepresentation of where I am coming from. I am trying to find common ground with the DUP vis-à-vis how we take this situation forward. I do not think the DUP is up for it. However, because I say that, do not try to portray me as someone who thinks that it is my way or no way. I have suggested ways and compromises since I came into this room on the first day, and I have done that to ascertain whether we are dealing with a DUP that, at some stage, will engage with us, and work sincerely and genuinely in preparing for Government.

Maurice can put on whatever sort of sweet talk he wants for the sake of Hansard, giving the impression that the DUP is open and listening to ideas and suggestions, but the bottom line is that I do not think that the DUP is up for it. I want them to prove me wrong, but I have not heard anything since I came into this room that would indicate that they are even thinking about doing the business with the rest of us. If we were to reach a point where we were getting some sort of a signal from any one of the three DUP Members that there was a possibility of the business being done, then we would be in a completely different ball game, but do not be under any illusions about where we three are coming from. We do not believe that the DUP is up for it, and we are not going to play the DUP game.

At some stage, everybody in this room will have to make an assessment as to whether this is going anywhere. I have talked to people who are connected to some of the parties represented in this room and they have told me not to worry about what is happening now, as it does not get serious until September, October and November. I wonder if some people are living on a different planet from the one that I inhabit. As far as I am concerned, it is serious when supporters of all the political parties think that their politicians are a crowd of tubes who could not get their act together in a million years. I deeply resent that and would be surprised if there were not many MLAs in all of the parties who also deeply resent that. At some stage there will have to be a connection between the DUP and Sinn Féin. Thus far we are not getting it. Do not interpret William's proposal as sending a signal to Sinn Féin, because that is not the way I see it. The DUP will have to send a stronger signal.

Mrs Long: I do not want to lengthen this discussion, but it is not the Alliance Party's position or its role, nor I suspect that of the Ulster Unionists or the SDLP, to fall into line with any party around the table. We have made our positions clear on how we think this should be taken forward, and if we are going to move this forward that needs to be respected by all the other parties at the table. There was no intent on our part to suggest that we would simply have fallen into line had the DUP not taken a contrary position to the one that

Sinn Féin put forward, and I do not think that that is particularly helpful.

5.15 pm

We are now into the realms of debating the merits of whether we should have debates in the Assembly Chamber, which is not actually what we have been asked to do. We have been asked to give our views on whether we should set up an economic working group. I accept that it was introduced into the discussion in a genuine attempt to resolve the impasse that existed, but we need to focus on setting up an economic working group.

If we cannot agree this afternoon, would it not simply be sufficient that, as David Ford suggested earlier, we record our willingness to set up a working group, and refer that view to the Business Committee? There is no dissent on the view that the work needs to be done or that the group needs to be set up. If that is the lowest common denominator that we can reach, can we not simply refer that opinion, whether to the Secretary of State or to the Business Committee, so that that can actually happen?

The danger is that we walk away again, after days of time-wasting over who would chair meetings, not having been able to deal with the issue. Members of the business community will take a close look at that because they expect the people round this table to be serious about dealing with the issues that they have raised. We ought to try to find a way in which we can at least, on the minimum amount of agreement, move this issue forward as far as we can.

Dr McCrea: I have been trying to address the issues before the Committee. Naturally, the matter should have gone to the Business Committee and should never have arrived here. However, it is here, and having stated that, I cannot understand how it is linked to the debates in the Chamber, because that is not what is being asked.

It has been suggested — it is not my preferred option — but the Secretary of State said:

“If the preference is for a separate committee to be set up by way of a direction from me”

He is not suggesting a debate in the Chamber, rather a committee set up by the Secretary of State to deal with the issue, and to deal with the business personnel.

I will not take any lectures about how the Executive fell. Our party did not bring the Executive down. That was the fault of those who, on the one hand, said that they were riding a democratic horse but, on the other hand, were riding a completely anti-democratic horse. Therefore, we will take no lectures about that.

We are trying to find a way forward. I sat through four hours of what Maurice Morrow said could be

called interrogation. Our delegation put itself forward for that, but at the end of it, what were we told? At the end of both the Alliance and DUP presentations, Martin McGuinness said:

“It was a very horrendous experience to be in this room.”

Mr M McGuinness: With respect, I was talking about my experience from the first meeting until now. I was not talking about —

Dr McCrea: The record will clearly state —

Mr M McGuinness: Well, I will correct the record now.

Dr McCrea: Martin McGuinness said that:

“It was a very horrendous experience to be in this room.”

That is insulting. Nevertheless, I am quite used to insults from that direction.

Mr M McGuinness: Well, it is another misrepresentation of what have I said.

The Chairman (Mr Molloy): Can we move to a conclusion?

Dr McCrea: There are people here who are losing the plot and losing the head.

I intended my proposal to be helpful. We should refer the matter back to the Secretary of State so that he can set up the Committee and allow the issues to be trawled. There is serious business, and I do not believe that it would be a few days work.

The Chairman (Mr Molloy): We have two proposals at the moment. William McCrea proposes to ask the Secretary of State, by direction, to set up the working group on the economy and to invite the Business Committee to determine the membership and arrangements for chairing the Committee. Do we have consensus on that one? No, I see that we do not.

The second proposal from Naomi Long is that the Committee records its willingness that a working group be set up. Do we have consensus on that?

Mr Morrow: Could we have clarification, please?

Dr McCrea: Is that not the same as what has been —

Mrs D Dodds: How does that take us forward?

Mrs Long: Perhaps on this occasion clarification is not helpful.

Mr Morrow: Let us live with ambiguity.

The Chairman (Mr Molloy): Do we have consensus on that?

Mrs D Dodds: That is what we did with the Belfast Agreement.

Mr Murphy: This is not just simply about an issue to do with the business community — important as that may be. This issue goes to the heart of this Preparation for Government Committee and how it is going to do its work.

If the first issue we meet that needs further work done is farmed off — or we do not farm it off, we disregard it, and it goes off somewhere else — then the next issue we meet and the next and the next, indeed all of the issues we have listed, will all go elsewhere, and that goes to the very heart. This is not simply an issue for the business community and the relationship and the issues that confront them. This is an issue of how this Preparation for Government Committee will work not only now, but in the future.

The Chairman (Mr Molloy): Do we have consensus? Is that right?

Mr M McGuinness: Could I ask the DUP a question? Is the DUP —

Dr McCrea: I have answered enough questions today. I am not starting to go round that.

Mr M McGuinness: Is the DUP totally and absolutely opposed to the establishment of any subcommittees whatsoever under the auspices of this Committee?

Dr McCrea: We are not dealing with that issue. We are dealing with a specific issue that is before us, and we have made our position absolutely clear.

Mr M McGuinness: I think that is a fair question.

Mrs Long: The Sinn Féin objection to this as stated by Conor Murphy is that if we agree that we do not deal with this as a subcommittee of this Committee, then we will subsequently come to other issues. This was not raised formally as an issue at this Committee. That is not where this direction and this letter originated. It was raised on the Floor of the Assembly, debated there and agreed through the Business Alliance when it came to discuss it with us.

Mr M McGuinness: Yes, but this Committee did not exist then.

Mrs Long: We have had our view sought only on a proposal that has already been discussed elsewhere. I do not believe it sets a precedent for how we discuss other issues that will be raised in this Committee to simply assent to the fact that that working group should now be set up. That is just to clarify my position.

The Chairman (Mr Molloy): Your proposal is for the Economic Working Group to be set up?

Mrs Long: That is correct.

Mr Murphy: There is no proposal as to how it is.

The Chairman (Mr Molloy): I beg your pardon?

Mr Murphy: There is no proposal as to how it is set up — set up by whom or where? Everybody agrees that work to address the economic package for here —

Mr Ford: I am sorry, Chairman, Conor says that everybody is agreed, but we have not actually agreed.

Mrs Long: We have not actually agreed, and what I would like to do is to establish formally that we are agreed.

The Chairman (Mr Molloy): One at a time.

Mr Murphy: In my own representation I made it clear that it was in everybody's agenda. Now it was not — when this proposal was first discussed in the Assembly there was no Preparation for Government Committee. That is clearly an issue which cuts across the work that every party here has identified as an issue for Preparation for Government. There was no Preparation for Government Committee when it was set up, and that is the logical reason for referring it here because it is quite clearly identified as an issue which is of importance to here.

Mr McFarland: Chairman, I spoke about five minutes in, but my sense is that we are not going to get consensus on this issue. It is nearly half past five, everybody has had a long and, in my view, good day. We are all tired, and if we are not going to get consensus, you should establish that consensus is not available, and we can all go.

The Chairman (Mr Molloy): Are we agreed that consensus is not available at this stage?

Members indicated assent.

The Chairman (Mr Molloy): The next issue is the response from the Clerk. If you want we can deal with it tonight or note it tonight and deal with it tomorrow.

Members indicated assent.

The Chairman (Mr Molloy): The other issue is the time of meeting tomorrow.

Mr McFarland: Chairman, I think we suggested last Friday that we would meet on Monday, Tuesday, Wednesday from 10.00 am to 5.30pm. Providing everyone is happy, we should do the same as we did today. It was quite a useful day, and we have got three more parties to come.

There is an issue in terms of having a take at some stage tomorrow given that we had two parties today and we have three more to go. So, logically, if we are doing two parties a day, we will not get through everyone tomorrow. It would be useful, as early as the Committee can tomorrow, to identify if we are going to have to shuffle up on Thursday because there are diary issues to be had here. We could push forward tomorrow to try to get all three parties through in good time for 5.30pm.

The Chairman (Mr Molloy): Are Members OK for a 10.00 am start tomorrow?

Members indicated assent.

The Chairman (Mr Molloy): We will try and get through as much as possible. Thank you very much.

Adjourned at 5.24 pm

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Wednesday 21 June 2006

Members in attendance for all or part of proceedings:

The Chairmen, Mr Francie Molloy and Mr Jim Wells

Mr John Dallat

Dr SeánFarren

Mr David Ford

Mr Danny Kennedy

Mrs Naomi Long

Dr William McCrea

Mr Alan McFarland

Mr Nelson McCausland

Mr David McNarry

Mr Alban Maginness

Mr Alex Maskey

Mr Maurice Morrow

Mr Conor Murphy

Mr Seamus Neeson

Mr John O'Dowd

Mr Ian Paisley Jnr

Ms Margaret Ritchie

The Committee met at 10.06 am.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): All parties are represented, so we can start with the preliminaries.

First, this is not a new meeting. This is a resumption of yesterday's meeting. We will continue the questioning today.

Some members may not be aware that there is a Business Committee meeting at 12.00 noon. I understand that at least half of this Committee are involved in that in one way or another, so we will adjourn at 12.00 noon for that meeting, which will be in the usual room. I propose that we resume when the Business Committee has finished or at 1.30 pm, whichever is later.

Mr Murphy: I understand from the Business Committee yesterday, and you can correct me if I am wrong, that there was provision made for a 12.30 pm meeting if it was deemed necessary and that we would be informed during the day whether that was required. It is not exactly clear whether there will be a Business Committee meeting.

The Chairman (Mr Wells): I understand that there will definitely be a meeting at noon. That has come directly from the Speaker's Office. I became aware of that only 10 minutes ago. Unless you hear otherwise,

take it that we will have to adjourn, as so many of us are involved in that. Does that cause anyone difficulties?

Mr Dallat: Chairman, the only difficulty is that we have not been told about this meeting at 12.00 noon.

The Chairman (Mr Wells): I can ask Mrs Dunwoody to check, but that is the word from Mrs Bell.

Mr Dallat: That would make sense.

The Chairman (Mr Wells): If there is any change, I will inform members, but take it as read that we adjourn at 12.00 noon. We will come back at 1.30 pm, not at the end of the Business Committee meeting, which may last only half an hour. There is a very nice lunch provided at the Business Committee, but of course not everybody will have the opportunity to avail of that.

Mr Ford: Is that an invitation?

Mr Paisley Jnr: Mr Deputy Speaker, may I make a statement, please?

At the last meeting of this Committee that I attended, a very serious slander was made against me.

The Chairman (Mr Wells): Mr Paisley, I will give you an opportunity to make your statement. I just want to complete the procedural arrangements, and then I will come straight to you. Is that OK?

Yesterday, there was a long series of intensive questions to Mr McCrea and Mr Ford. Both have assured me that they are none the worse for the experience. Therefore, to be fair to everyone, today we will allow exactly the same latitude in the intensity of the questioning of each member who presents.

I understand that Dr Farren will present for the SDLP and Mr Murphy will present on behalf of Sinn Féin. We may only get through the SDLP and Sinn Féin presentations today, but if questions flag and it is apparent that we may be able to get all five parties finished today, we will attempt to do that. We will know as things develop.

I also remind members about mobile phones. Before Hansard started recording, mobile phones did not present a difficulty when on silent or vibrate mode. Now there is a difficulty when they are on at all, particularly if they are close to the microphones. So, either turn them off completely, please, or else set them well back from the microphones if you wish to take messages, texts and e-mails. When we break, I will check with Hansard staff to see if those arrangements are working.

I am sorry, Mr Paisley; I interrupted you.

Mr Kennedy: Sorry, Chairman. Is there any indication yet as to what the Committee is likely to do

or if there will be any further discussions for the remainder of the week?

The Chairman (Mr Wells): Thank you for raising that issue. I should have pointed out one other procedural matter. Today, I will chair the morning session, and the other Deputy Speaker, Mr Molloy, will chair the afternoon session. Should we meet tomorrow, we will reverse those roles, just in case anyone feels that there is an imbalance there.

Mr McFarland: Does that indicate that the Deputy Speakers' enthusiasm is flagging?

The Chairman (Mr Wells): No. Unfortunately, I have a very important meeting this afternoon, and I will be slated in the local press if I do not attend. Mrs Dunwoody has kindly organised alternative cover, and it is hoped that the balance will be resumed tomorrow. I am sure that the Committee will be happy enough if, as long it is balanced, we continue to do things that way. Yesterday was absolutely fascinating; every word was extremely interesting. The Deputy Speaker is not flagging.

Mr Kennedy: Your nose is getting longer.

The Chairman (Mr Wells): Mr Kennedy has reminded me that this is the longest day of the year. Let us hope that it is not the longest meeting of the Committee.

Are we agreed that if we do not finish the questioning today, we should not begin the next presentation? If we are not going to complete it today, we will not start it. Are we happy enough to meet tomorrow? Does that cause Members any practical difficulties?

Mr Morrow: Every day causes us practical difficulties.

Mr Ford: For some of us, tomorrow morning might be possible, but tomorrow afternoon and Friday are very difficult, given that we will have had three intensive days of meetings this week.

Dr McCrea: We do have constituency work to do.

The Chairman (Mr Wells): Is there consensus that tomorrow morning is a possibility, but tomorrow afternoon and Friday are completely out? Is that the general view?

Members indicated assent.

The Chairman (Mr Wells): I think that in sitting for three and a half days we will have given it a fair crack of the whip this week. There is consensus on tomorrow morning only.

Dr McCrea: If it is necessary to finish off the presentations.

Mr Kennedy: If we could complete all the parties' presentations today, we could avoid sitting tomorrow.

The Chairman (Mr Wells): Looking at yesterday's events, that is unlikely. We have to give the same latitude to all the parties as we did yesterday.

I understand that Mr Paisley wishes to make a statement, and, therefore, I feel that it is appropriate for me to read on to the record the paragraph on privilege in the Northern Ireland Act 2006, which covers both the Assembly and this Committee. Under paragraph 6 of schedule 1 to the 2006 Act:

"A written or oral statement made by a member in or for the purposes of the Assembly is to be privileged from action for defamation unless it is proved to have been made with malice."

That privilege also extends to meetings of this Committee. Members should note, however, that privilege does not extend to press conferences or to statements made to the press.

Mr Paisley Jnr: Thank you, Mr Deputy Speaker. In this Committee on Friday, a very serious slander was made against my colleague and me. I know that my colleague has had the opportunity to speak to the Committee since then. I have not, and, as I understand that the minutes of that meeting are disputed, I want to reiterate that I reject totally and absolutely the slanderous allegations made by Martin McGuinness. I note that Martin McGuinness is not in his place today. As is the traditional form of the IRA, he has run away. He is obviously not prepared to face the issues.

You have read a statement about the issue of privilege and how it operates within these confines. Someone who makes a statement that, if it were printed, would be a criminal libel, would obviously be expected to back that allegation up with hard evidence that proves that, in his words, there was a determined effort to have him killed, and that certain people were part of that effort.

I would like to know whether Sinn Féin has any evidence to that effect. If so, I believe it is obliged to present that evidence of a crime to the Police Service of this country. Sinn Féin would be obliged to present it at this Committee to back up the claims that it made. I do not believe that it has any evidence, because I know the claims to be slanderous and untruthful. Given that that is the case, there is only one interpretation that I can put on the claims that have been made, and that is that those claims have been made in a malicious way and for a malicious reason.

10.15 am

If Martin "Malicious" McGuinness were prepared to be a man and be here to defend his comments, prove his point and present the evidence, then perhaps we could have this argument not only in this place but in another place.

However, the fact that he is not here — and I doubt that his party will even try to defend his comments or demonstrate that it has evidence for them — means that only one conclusion can be drawn: that his comments were malicious and that they were made solely from that position. It is incumbent upon him to admit that those comments were malicious, to admit that they were a lie, and to withdraw them.

I note that he has not taken up the challenge issued to him at the Committee meeting to repeat his comments outside this room. He has run away from doing that, obviously because he has no evidence to back up his claims. Therefore, I reiterate that his comments were made from solely a malicious position. It is important that the Committee notes that, and I look forward to seeing whether there is any response whatsoever from him or from any of his sidekicks.

The Chairman (Mr Wells): Mr Paisley, your comments are now on the record. We also gave an opportunity yesterday for Mr McCrea to make his comments. This is not a matter for the Committee; it is a matter for the individuals concerned. The rules of sub judice apply, and because of that, and in the interests of caution, I do not intend to allow it to become an issue for discussion.

Mr McCrea, I see that you are trying to get my attention.

Dr McCrea: It is in many ways a point of order, Mr Deputy Speaker. Why did the Chairman not protect me and Mr Paisley Jnr? Under Standing Orders, the Chairman is there to protect Members. In any debating chamber in which I have been, and certainly in the House of Commons, the Speaker calls a person to order or asks them to withdraw their comments. Why was the protection of the Chairman not granted to me when such a malicious statement was made? I request that Martin McGuinness does clear up the matter.

It was said here. You say that it is not a matter for the Committee. The malicious slander was said in the Committee, and if there is evidence it should be brought to this Committee. I assure you that the reason he cannot bring evidence is that there is none. Therefore, the malicious nature of it is established, and I hope at least that the person who made the comments will have the guts to come and withdraw them.

It is serious, but, sad to say, I had no protection whatsoever from the Chairman. I ask Madam Speaker to look into the matter, as the Deputy Speakers are there to protect the members of this Committee.

The Chairman (Mr Wells): Could I just point out that although the Chairmen of this Committee are both Deputy Speakers, when we are in the Chair we are bound by the same rules that apply to all Chairmen, rather than by those that apply to Deputy Speakers in the Chamber. Different rules apply.

Mr McCrea, you have raised a point, which we will refer to Madam Speaker, on your views of the protection that was given to you. I will refer that to her and, hopefully, report back at the next meeting.

If anyone is going to repeat the allegations or comment specifically on them, I will have to stop them.

Mr Paisley Jnr: I do not wish to comment on the allegations per se; I want to ask a question regarding something you said. You said that it was no longer a matter for this Committee because matters were sub judice. What draws the issue of sub judice to your attention?

The Chairman (Mr Wells): An impression was given by members of the Democratic Unionist Party that this may well end up in the courts under defamation.

Mr Paisley Jnr: But the matter is not sub judice until it is in the courts.

The Chairman (Mr Wells): The Speaker, on the Floor of the Assembly, ruled that if there was a likelihood or possibility of something coming before the courts we should exercise caution and not debate it in Committee or in the Assembly. On that basis we are proceeding with considerable care.

Mr Paisley Jnr: I do want clarification. If the Member has the bottle to come back here and has the guts to withdraw his slanderous comments, would you allow that to take place?

The Chairman (Mr Wells): Yes. The clear direction from the Speaker is that we would allow Mr McGuinness the opportunity to do that. We will seek the direction of the Speaker on that issue.

I will permit Mr Murphy to speak if it relates to procedure, but if he wants to speak about the actual comments I will not allow it.

Mr Murphy: It is procedural; it is a question for Mr McCrea. He talks about the protection of the Chairman in relation to comments that were made, but was he called to order by the Speaker of the House of Commons when he made the initial allegations against Martin McGuinness that sparked this whole conversation? Was he told that he was out of order, or was he challenged or asked to withdraw those remarks? In relation to Ian Paisley Jnr's comments about bottle and guts — I will ignore the provocation. His father has made a career out of naming people under privilege in the House of Commons.

The Chairman (Mr Wells): We are in grave danger of drifting into areas that are not the responsibility of this Committee. Is everyone content with the procedure that has been adopted on this? It will be referred to the Speaker. Mr Paisley Jnr and Mr McCrea

have had a full opportunity to refute. If Mr McGuinness, at a subsequent Committee meeting, decides to take the opportunity to withdraw the allegations, he will be given that opportunity. Is everyone happy?

We have received confirmation that there will be a Business Committee meeting at 12.00 noon in Room 106. The usual arrangements apply. I think that will involve the bulk of this Committee in one shape or another.

Yesterday we received evidence from the Alliance Party and the Democratic Unionist Party. The procedure that we have adopted is alphabetical order, so the next party to give evidence is Sinn Féin. Mr Murphy has indicated that he is giving evidence on behalf of Sinn Féin. I note that one of his representatives is not here. Does he wish to continue in his absence?

Mr Murphy: Yes.

The Chairman (Mr Wells): Mr Murphy, you have up to 20 minutes to give your party's view on the paper that you presented to the Committee on Friday.

Mr Murphy: Thank you, Chairman. I do not think that it will take me 20 minutes to present the paper. We have described it as a preliminary paper, and we outlined some of the issues and some of our approach to the work of this Committee and some of the issues that the Committee could usefully get down to in preparation for the return of the devolved institutions. The title of this Committee is the Committee for Preparation for Government, and that is the direction in which we have endeavoured — through a number of propositions since the Committee first met — to get it moving.

In the context of the Hain Assembly, we have been given an initial cut-off date of the end of this month and a further cut-off date of 24 November to resolve the issues that will bring about the restoration of the institutions. Sinn Féin is firmly of the view that that can be achieved much sooner. We believe, and we have long argued — and we have put this view to other parties when we have met them and have argued it with the British Government — that the suspension legislation should have been lifted, and the Assembly could and should be restored within a matter of weeks. We have said that the Executive could be established and the North/South Ministerial Council could become fully functional. That opportunity lies before us, and there is no reason why we cannot seize it. We agreed to participate in the work of this Committee and this Assembly on the basis that their primary function be the restoration of the Executive and the institutions.

We all have a duty to work together in that regard, and this Committee provides us with an opportunity to do that. There have been a number of troublesome and

trying meetings in relation to getting business done at this Committee, but nonetheless it provides an opportunity to get some work done on the issues that people feel should be addressed before the restoration of the institutions. The Committee gives an opportunity to advance some of those issues and get some work done on them.

If there is a political will among all of the parties, then there is no reason why that work cannot be completed fairly speedily, putting us in a position for an early restoration, well in advance of the 24 November deadline.

This Committee was set up to carry out the necessary preparatory work for government, not to do the work of a future Executive. Therefore, the Committee could usefully address a number of issues, which we have listed in our preliminary paper. They include the transfer of powers for policing and justice. That issue undoubtedly lies before us on the restoration of any Executive. Not only are there implications for how such powers would be exercised and what accountability mechanisms there would be, but there are implications for the creation of a Department for policing and justice, in whatever shape or form that it takes.

A number of models have been proposed for the creation of such a Department, and the Alliance Party gave its view yesterday on four of them. Its creation will have implications — whatever model we may agree to — as will the policing and justice powers that would be devolved. However, there are also implications for the rest of the Departments, given that, under the Northern Ireland Act 1998, there can only be 10 Departments.

Obviously, the creation of a Department or Departments to deal with policing and justice would have an impact not only on that Department, and how those powers would be exercised, but on other Departments. We are firmly of the view that this Committee could discuss that issue and examine models for a potential Department, and also consider the knock-on implications of the transfer of policing and justice powers.

We have also identified a proper peace dividend as an issue. Others have identified, if not the same issue, then similar issues in papers submitted to the Committee on areas such as economic regeneration packages or financial packages to assist the return of devolution. We have described it as a peace dividend. Essentially, it all boils down to the same issue, which is that, given the underinvestment here for many years, the current economic situation, the widely acknowledged economic difficulties in this part of Ireland, and the lack of investment in infrastructure and other services, there is a clear need to get

sustainable and stable institutions functioning here. A clear case can be made for that, and all of the parties have a clear opportunity to achieve that.

I have never heard resistance from any party to the idea of a peace dividend or a financial package. There is a clear opportunity for all parties to co-operate with one another, and with others who have an interest, to identify how such a package could be put together and the areas to which it could be directed, and to make a clear case for such a package. I regret that such an opportunity was missed when Gordon Brown visited on Monday. The party leaders could have initiated that type of work and created a climate in which the parties could have come together to do some serious work on an economic or financial package or a peace dividend.

The Committee could also usefully identify priorities for Government. There is a differentiation between that and a Programme for Government. A Programme for Government is the work of an Executive and involves a degree of interaction between Ministers and senior civil servants in Departments on current priorities, what is possible under current operational programmes, and the priorities that the parties want included.

Priorities for Government would be a useful forerunner upon restoration to guide the development of a proper Programme for Government among the parties that make up the Executive. It would provide an opportunity — particularly for the Alliance Party, which may not be part of an Executive — to have an input into what are considered the priorities for Government. It would also be a useful exercise for Members to identify their key areas.

It was often the case in the previous Assembly that priorities such as targeting social need and investment in the most vulnerable areas found favour among all parties. I do not doubt that, if we put our collective wit together, we could come up with priority themes for government that can then be readily and quickly formulated in a Programme for Government upon the restoration of the Executive.

10.30 am

Another issue that we raised here — and people may not consider it to be within the remit of a Preparation for Government Committee, but it is undoubtedly the case that anything that is done in this institution, even as it currently exists in its very vague format, has an impact on how business is conducted outside. The fact that with all our difficulties we have managed to meet, managed to get a Chairperson or Chairpersons and managed to start to get down to some of the work that was identified has a positive impact, even though people are exasperated by some of the antics that have gone on in this Assembly generally, rather than just in this Committee.

Although it may not necessarily be a part of the remit of the Preparation for Government Committee, any issue that we tackle as part of preparing for the restored institutions does have an impact on how communities interact on the ground. I do not think that anyone can dispute that our ability to create a peaceful summer, devoid of all the tensions and violence that we have had over the last number of summers, will have a significant and beneficial impact on our ability to do business if and when we come back here in the autumn.

So I think it is an area of interest for this Committee that we identify ways in which we can contribute to making our own work in the Committee easier in the autumn by engaging on what could be done in order to encourage dialogue and interaction between people over the summer, which would reduce the possibility of community tensions and violence and dispute over the summer.

Those are some of the issues we have addressed. We made an argument — and I regret that it was rejected — that although each of us here is a senior representative of our party, and we all bring to the table the issues that we feel are priorities for that party that need to be addressed in relation to returning the Executive and the institutions, undoubtedly there are within those priorities fairly specific areas of work that other members of our party and, indeed, other members of the other parties, have responsibility for.

Within the parties we can identify the spokespersons, for instance, on policing and justice matters, and we can identify the spokespersons on economic matters. There is a clear need, if we have identified those as areas of work that need to be addressed by this Committee, for us to free up those people within our parties who have responsibility and expertise on these matters to go off and do the necessary work on them, to scope and identify them, and to bring those issues with some suggestions and reports back to this Committee so that we can continue the business of preparation for Government, which is after all the name of this Committee.

There has been argument over allowing us to nominate other people to get down to more detailed work on the issues that most of us have flagged up. In our case, we have described our submission as a preliminary paper. The DUP suggested yesterday that it had further papers that go into more detail on some of the issues. With the best will in the world, while all of us have some competence in all of the issues that are being talked about here, there are others within our parties with a much greater degree of competence in these issues. There is an opportunity for people to go off to other meetings and do much more detailed work on these issues and bring back reports to us. They may well find themselves, as is normal with Committee

meetings, with reports that this Committee could agree could be submitted to the Assembly for debate and discussion and the continuation of this Committee's work.

Those are the challenges that lie ahead of us. There is an opportunity for real engagement in this Committee, but it takes all the parties to want to engage properly in the work that is preparation for Government. Other people have other issues that they have brought, that they have identified as priorities for them.

We are quite happy to discuss those priorities. If this Committee is to achieve anything more than circular discussions about various issues, and if we are to get down to addressing those issues to try to give some satisfaction and to advance other issues to a position whereby an incoming Executive is ready, with some guidance and agreement, to take those issues on board and run with them, the Committee must get down to proper work. That is the challenge, and it will take a proper political engagement and will for that to happen.

The Chairman (Mr Wells): No one has indicated to me that they wish to ask questions. Is no one else speaking on behalf of your delegation, Mr Murphy?

Mr Murphy: No. There are three of us here, and we are happy to share responses to any questions.

The Chairman (Mr Wells): Dr Farren has given his name. Are there any others who wish to ask a question?

Mr McFarland: We want a go, but we were giving priority to other parties.

The Chairman (Mr Wells): We will start with Dr Farren, Mr Ford and Mr McFarland.

Dr Farren: Yesterday, when I was questioning the Alliance Party and the DUP, I started off with a question regarding what those parties might be able to indicate about the essential requirements that need to be met in order to enable restoration to take place. Am I right in understanding — from what Conor Murphy has said and from what is stated explicitly in paragraph 2 of Sinn Féin's submission — that Sinn Féin does not believe that there is any essential requirement standing in the way of the immediate restoration of the Executive and the Assembly?

If that is the case, how does Sinn Féin intend to address the huge lack of confidence, given what is very obvious in here and outside? That lack of confidence has been represented acutely here by the nature of the exchanges and the atmosphere that has persisted from the beginning. In a sense, that lack of confidence is also represented by the way in which we are seated round this table, between the upper end of this side of the table and the other side of the table.

Confidence is needed before parties on that side of the table would be ready to assent to the full restoration of the Executive and all the institutions. How does Sinn Féin believe that that confidence can be built to a sufficient level to enable that to take place?

Mr Murphy: Yesterday, Seán Farren made the point that many matters, particularly in relation to institutional issues, that have been outlined in discussions are best resolved by the parties sitting around this table. Those matters do not necessarily need to be resolved before the restoration of the institutions. If Seán casts his mind back to the situation in 1998 that led to the formation of the first Executive in late 1999, he will remember that the degree of interaction between the parties at that time was similar to the level of interaction now. Nonetheless, Sinn Féin believes that the experience of operating the institutions, although it had its difficulties — and we are undoubtedly sitting here today because of those difficulties — was an important factor in building a degree of overall confidence in people's exchanges and how they would work together.

I am sorry, Mr Chairman, I am being interrupted. I am trying my best.

There may well be confidence issues to be addressed. As Seán Farren and Martin McGuinness pointed out yesterday, there are two-way issues with regard to confidence. There is a substantial lack of confidence among the broad nationalist community, which the SDLP and Sinn Féin represent, in relation to the intentions of the DUP with regard to power sharing and a genuine engagement with any other party. That issue has to be addressed.

Yesterday you asked some of the parties whether there were issues that are prerequisite to the Executive being established. It is Sinn Féin's view that there are not. The Executive can be established in the morning if there is the political will to do so. The confidence issues that other parties have outlined would be addressed in a much more positive fashion in a genuinely working institution — not a shadow or talking-shop institution — where people are sharing power and taking decisions together in the best interests of the people of this part of Ireland and interacting with the Administration and institution in the other part of Ireland. In our view, that would have a much more positive impact on addressing what some people claim to be, and perhaps from their perspective are, confidence issues.

However, as you rightly pointed out yesterday, there are two-way issues in relation to confidence, and they are best addressed in a working institution rather than in this vacuum where people sit back, hope that issues will arise that reinforce their position that they cannot do business with anyone else, and hope that others

who are disinclined to provide any positive advice about other people's intentions will whisper in their ears and encourage them to continue in a very negative stance. If people wish to go down that road, that sort of advice and guidance will be provided for them for the next 10 years. The best way to build confidence is to go in to working institutions with each other and start to build that degree of confidence between the parties.

Dr Farren: How are we going to proceed: by allowing several questions from a particular person at the one time?

The Chairman (Mr Wells): Yes.

Dr Farren: It is up to others to say that they have reached a sufficient degree of confidence to allow them to enter into institutions. Obviously, engagement with each other is going to contribute significantly to that. However, the evidence is that that alone will not be sufficient. Therefore I am pressing the point as to whether, over and above engagement, there are other matters, let us say, related to policing or to ensuring that there is no activity associated with paramilitarism or criminality, that need to be addressed in order to help to build a sufficient level of confidence. We could engage a great deal here, but there are still gaps in my reading of the situation. Does Sinn Féin believe that, on the issues I have mentioned, there is any contribution that needs to be made either by itself or by others or by itself and others?

Mr Murphy: The position we have outlined on policing is very clear. We have stated that we wish to be part of the policing arrangements here. There are several matters that we feel need to be resolved to allow us to play our part. We have endeavoured to work diligently with both Governments, and particularly with the British Government, on that. We have engaged with Dr Farren's party and the other parties regarding the policing matters that, as far as we are concerned, are outstanding.

I presume that Dr Farren is talking about the IRA issues. I would argue that the initiatives that have been taken by the IRA in relation to its own existence and to its weapons have had a substantial impact in growing confidence so that this peace process can be bedded down. There will always be things that republicans can do and things they can examine to see how they can contribute to achieving a better atmosphere and a better scenario to enable people to work together and give that degree of confidence. However, we have to ask the question at times: will the DUP just sit back and wait?

William McCrea talked yesterday about the democratic waterline and a wait to see whether that could be met. Martin McGuinness argued that the democratic waterline as set by the DUP is designed never to be met. If it is the case that a Bill Lowry-type

figure or some other cold warrior-type figure from the old RUC days would whisper in DUP ears about what is going on and what is advisable for them to do, the DUP will always find a reason to have a lack of confidence in moving forward with the rest of us.

10.45 am

Perhaps we have to ask whether people are genuinely seeking confidence or are seeking reasons not to have confidence. It is my view that, to date, people have been seeking the latter. We will continuously examine whether there are areas in which we can move to build confidence. Since this process started, republicans have not been behind the door about taking initiatives. We will address the policing issue as soon as we possibly can, but there is only so much that a party, an individual or a group can do. However, others have to ask whether they want to find reasons not to engage properly with the rest of us. If they want to find reasons not to go into these institutions they will find reasons; someone will whisper a reason in their ear.

Until about three weeks ago, I could have looked out of my window any morning and found a reason not to come here and do business with anyone else. The British Army was camped, looking through my window for the past 21 years. I could find reasons now — its helicopters are still flying over my house, and it is still stopping people on the roads around where I live. I could find reasons not to come here and do business. Instead, I go into my area and talk to people; I call meetings; I explain to people who are frustrated with the pace of development in this process that they are as well keeping faith with the peace process and that this process will deliver a genuinely better future. This is despite the fact that often, all of the reasons that stare us in the face — particularly in the south Armagh area — tell us otherwise.

Therefore we are genuinely trying to work to bed down this process; we are trying to find reasons for making progress here. Others are trying to find reasons why they cannot. There will always be those in the old guard of the RUC or any other spooks or spies that are about this place who will give them whatever reasons they wish. The question for them is: when will they have the confidence in themselves to go into a working institution with the rest of us and stand on their own mandate alone and not on the advice of some spook or spy?

The Chairman (Mr Wells): The next questions come from Mr Ford and Mrs Long of the Alliance Party.

Mr Ford: First, Mr Murphy talked about a cut-off date for this process at the end of this month. Now that we have finally got down to engaging on issues, the Committee may need to look at its plans for working

over what would otherwise be a rather long summer holiday, potentially of two months. That would also apply to other working groups or Committees that might exist, whether or not they are subcommittees of this particular group.

I do not think Mr Murphy mentioned the so-called comprehensive agreement of December 2004 in his presentation. I would be interested to know what Sinn Féin's current position is on the status of that particular document.

He spoke of sustainable and stable institutions, and then talked at some length about the issue of confidence. As I understand it, the Sinn Féin position is that confidence will best be established in working institutions. However, it seems to me that there are real issues of concern that if the institutions have not been established in a way that guarantees stability and sustainability, it is unlikely that that condition will be satisfied.

Although Mr Murphy questions whether some people are seeking reasons not to be confident, other parties represented in the room have at different times in the process sought to aid the momentum that Sinn Féin has shown at times. However, concerns remain on the part of some of those parties, and certainly on the part of the Alliance Party. The most recent IMC report, which clearly indicates quite significant progress, does not indicate that we have yet reached a place where criminality on the part of official republican organisations is at an end. Can Mr Murphy tell me how he can build that confidence so that the institutions become sustainable and stable?

Mr Murphy: In relation to the cut-off date, I was referring to the basis on which this Assembly was set up, if not in legislation, certainly in the declared intention of the British Government. When Peter Hain was setting up this Hain Assembly, it was understood that it would operate on the basis of what was contained in the Good Friday Agreement and in the 1998 legislation. The parties would be called together and have a six-week opportunity to elect a First Minister and Deputy First Minister.

The British Government then stated that if that was not the case, the parties would be called together in the autumn for two further six-week periods — obviously based on the period of six weeks stated in the legislation, where if the Assembly were recalled, tried to elect a First Minister and Deputy First Minister and was unsuccessful, then there would be a six-week period in which to do that.

That is what I was talking about — the cut-off point, which was six weeks from 15 May. That was the clear rationale underpinning the approach of a six-week period followed by two six-week periods, which essentially became a 12-week period up to 24

November. That is the rationale that provided those dates for us. We did not agree with that rationale, but nonetheless that is the case.

In our view, suspension should have been lifted, the six-week period left to run, and things let to run their course. However, we have always been clear: if this Committee is getting down to genuine work, and if people are making an argument for us working over the summer, we have no difficulty with that. We will be working over the summer anyway — in our own party, in the various interface areas in the North, trying to keep the peace and trying to ensure that it is a quiet summer. We will be dealing with all those issues on the ground right across the summer. We have no difficulty in coming to places such as this if there is genuine work to be done. So that is where the cut-off dates came from.

The Chairman (Mr Wells): There are still people in the room with their mobile phones on vibrate rather than silent, and they are close to the microphones. In the interests of the hard-pressed Hansard staff, please take your phones well away from the microphones because they cause interference.

Mr Murphy: Martin McGuinness made our position clear yesterday on what was described by the NIO as the comprehensive agreement.

We went into the formal review talks on the Good Friday Agreement with all the other parties. We put forward issues, which in our view could improve the working of the Good Friday Agreement. Some of those issues concerned the removal of suspension legislation; our requirement on Ministers to attend Executive meetings, which was a definite, certainly in the last Executive; automatic entitlement for Ministers, where appropriate, to attend North/South Ministerial Council meetings — again, that was abused in the last Executive by the First Minister — the creation of a requirement on Ministers to respect the joint nature of the First Minister and Deputy First Minister's office; putting the Committee of the Centre on a statutory footing with the other Committees; and giving the ministerial code a statutory basis.

Those were some of the issues that we brought into the review and which we raised in discussions with the British and Irish Governments. Martin made it clear yesterday, and I reiterate the point, that at every meeting we had with them, we argued that this should be an inclusive process and that all parties should be involved in it.

The discussions with the two Governments and the other parties then came to a point in December 2004 when a comprehensive agreement package was put forward. We considered it on the basis that we wished to see improvements to the working of the Good Friday Agreement. The Government presented issues

to us that could have had the institutions up and running, and an Executive restored within a matter of weeks, and we considered them on that basis.

That context is gone, because the Ballymena speech was made by Rev Ian Paisley, and the rest, as they say, is history. The two Governments then came to us at the start of this year and asked where we stood in relation to matters that had been outlined in their paper, which were proposals for a comprehensive agreement. We reiterated the issues that we brought to them during that review — issues that we felt should be identified and tackled to improve the working of the Executive and the Good Friday Agreement. That is where we currently stand in relation to it. The comprehensive agreement, as outlined in 2004, was in a completely different context. That context no longer exists.

There are a couple of other matters in relation to stability of the institutions. This carries on from the last point that I made. In our view, the greatest factor in causing the instability of the institutions was the suspension legislation. Every time the former First Minister decided that he might want to walk out of these institutions, the British Government rushed in and suspended them.

In our view, and I think we successfully argued the point, the removal of suspension legislation would lead to greater stability in these institutions, so that people no longer have the choice of walking out and having the British Government provide a safety net. Their choice would be either to walk out and go into an election or to stay in the institutions and make them work, through whatever difficulties we may face.

That is a factor in relation to the last question about confidence. There will always be issues that will cause us difficulties. You have to examine whether genuine and strident efforts have been made to create conditions that will grow confidence. I think it is undeniable that those efforts have been made to create conditions in which confidence can grow. People may still have issues; we have issues with other parties and how they do business. We certainly have issues in relation to how the British Government are conducting their business in this part of Ireland, but we will continue to engage with these people because the only way to address all of those issues is through a genuine engagement and, in our view, through a working institution.

Mr Ford: Mr Murphy said that the biggest issue acting against stability was the suspension legislation. Does he really believe that it was only the existence of the suspension legislation that led to unionists taking the actions that they have in the past? It seems to me that the institutions are not stable if there is the potential that they can be collapsed at any stage by the removal of one or more parties, and the way that they

are set up requires the participation of those parties to make the institutions work. It would be interesting to know what Mr Murphy's definition of "stability" is in that sense and whether he sees the blame lying solely with the British Government and their legislation.

Mr Murphy: I do not think it lies solely there. There are issues in relation to how all the parties engage with each other and do business and the political will to do business and to see through difficult issues and to give leadership in their own communities.

I do not think there is any doubt that the safety net provided by suspension legislation meant that a party could walk out of the institutions with little consequence to itself. The only consequence to the institution was that we were not actually exercising power. The temptation to use that device created a much greater instability in the institutions. If there were a stark contrast facing people, either to work through issues or to go back to the electorate every time an issue caused them difficulty, then the impetus would be on people to try to work through the issues.

The Chairman (Mr Wells): Mrs Long, do you want to come in? Then we will move on from the Alliance Party.

Mrs Long: There is an issue I want to follow up with regard to suspension. In other societies that have similar divisions to our own, the tendency would be for people simply to continually return to the electorate, and you see the collapse of Governments over and over again. That is not a confidence-building process; in most cases that leads to much more instability rather than stability. Although I accept that constant suspension is an issue, I think that to blame the suspension legislation for that instability is to look at the symptoms rather than the cause. There is something there that must be addressed. It is quite clear that the alternative to suspension would be collapse, and that in itself is no more stable than suspension.

The other issue that I want to raise concerns point 5 of the summary paper that Sinn Féin provided. It suggests that the remit of the Committee is not to do the work of a future Executive. However, point 6 raises the issue of developing priorities for Government. That was expanded in the presentation this morning — for example, the Alliance Party would be able to put its issues on the table along with everyone else. The reality is that it is not the job of this Committee to prepare a Programme for Government. That is an issue for an Executive.

11.00 am

Although the Alliance Party welcomes parties listening to its views, I doubt very much, given that we would be going into an opposition role in the Assembly, that either of those parties would want to do

that or that there would necessarily be consensus on all issues that would be raised. I wonder whether priorities for Government are part of the remit of this Committee, or whether that is something for down the line when we get to the point where people have the reasonable prospect of Government being established.

I want to clarify another issue. At the outset, Sinn Féin said that it believes that there are no barriers to restoration. I am not saying that that is its view of where other parties stand, but it is the party's view that there are currently no barriers to restoration. Sinn Féin identifies three issues in paragraph 6 of its paper as those that need to be addressed: the peace dividend, policing and justice issues, and the priorities for Government. Does Sinn Féin see those issues, for example policing and so on, as having to be addressed in advance of restoration? Or does it see those as issues that would be addressed after restoration?

Given that Sinn Féin has said that it has no particular objection to immediate restoration, what I want to know is, having heard in the discussion so far that other people do have objections, what is its response to that? And does Sinn Féin feel that there is something that it has to do in order to address other people's issues, or does it simply want to reiterate the position that there are no barriers and that restoration should proceed?

Mr Murphy: In relation to suspension, I suppose that it is a chicken-and-egg argument, because of the fact that suspension legislation meant that people were more likely to walk out of the institution rather than work through the issues that faced them. Whereas, if the consequence for people walking out of the institution was to go back to the electorate and explain to it the reason that they had brought down the institution, perhaps that would provide a more stark choice.

As to whether that provides confidence, there is an argument as to whether going back to an election in 2002 — the last time the Ulster Unionists walked out of the institution — or sitting in suspension from then until now would have created more confidence in the community than the situation from 2002 right up to now. That situation not only drains confidence but interest, and it creates apathy and a disregard for the attempts of people to get politics working here. There are arguments that we could debate among each other for quite some time.

On priorities for Government, I made the point that there is a practical difficulty in this Committee working on a Programme for Government. It would take interaction between people who are to be in Government and senior civil servants and heads of Departments to get a Programme for Government put down on paper.

I understand and accept the Alliance Party's rationale that if its intention is to be in opposition, it might not necessarily want to be involved in discussing priorities for Government. However, if this Committee is to prepare for the return of the devolved institutions, it seems to Sinn Féin that a useful area of work that it could be getting down to is starting to scope those issues that would be a priority for an incoming Executive, so that rather than start into that discussion after restoration, people could have a degree of that work done and hit the ground running when an Executive returns.

On the question relating to barriers to restoration, I do not deny that there are barriers. The question is whether addressing those barriers is a prerequisite to restoration. People have concerns that are big issues for them. None of those issues are so big that they could not be addressed within a working Executive and a working institution. They have to be addressed before that can be achieved. So, there is a difference in opinion. Of course, in answer to the question that Seán Farren asked, Sinn Féin has issues that, if it wanted to take them as such, could prevent it from doing business with anyone, certainly the British Government. However, Sinn Féin took the decision a long time back that the best way to move all those issues forward is through genuine engagement, and that is what Sinn Féin is trying to achieve here.

So, there are barriers, and there are contributions that we, as Sinn Féin, can make to try to address some of those issues, and part of what we attempted to do in this Committee was to have a genuine, across-the-table engagement with the DUP. So far we have not managed to achieve that, because the members of the DUP speak through the Chair. They do not engage directly with us at all. They do not speak to us outside this room; they do in certain council chambers, but certainly not in this institution. They do not seem to want to have a direct engagement with Sinn Féin in relation to those issues. Some of the issues that are barriers for the DUP could be addressed in a direct engagement with Sinn Féin, but I regret that we have not got to that position yet.

We are willing to play our part in addressing whatever issues the DUP has. In the first instance, it has the most issues, and it is refusing to go back into an Executive on the basis of those issues. The other parties have issues as well.

However, we are quite happy: we meet with Mrs Long's party, the UUP and the SDLP, and we talk over any issues. We try our best to address matters that concern other parties in relation to us and matters that concern us in relation to other parties. That is the way to do it. Although there are barriers, in our view they should not deny us the ability to get back in charge of

this institution and start taking decisions for the good of the people who have elected us.

Mrs Long: I have questions on the policing and justice issue that has been raised during the discussions in the last few days. First, what is Sinn Féin's preference for the structures, and, secondly, given that party's association and history, and recognising that things have changed in the past few years, how would it intend to build confidence right across the community, so that if a Sinn Féin Minister were to hold the post of Minister for justice or policing, those duties would be discharged in the best interests of the entire community? How would that party build that confidence, given that it has been expressed already in these discussions that such confidence currently does not exist?

Mr Murphy: I point to the experience of Martin McGuinness and Bairbre de Brún exercising ministerial power for the good of the entire community. People may have taken issue with some of their decisions: people took issue with some of the decisions taken by all of the Ministers. However, unless you want to be pig-headed about it — and some people may want to — I do not think that people could argue that they took decisions in the interests of one community rather than the other. They looked at the issues, and they operated their ministerial authority to the best of their ability in the interests of the entire community, and that is the approach that any Sinn Féin Minister in any Department — be it policing, justice or any other Department — would take. Not only that, those Ministers would be accountable to the Executive and the Assembly for that approach.

We have had preliminary discussions with other parties in relation to the models for policing and justice. We do not have any firm or fixed view, and we are open to discussion and debate with the other parties. That is why this is one issue that this Committee could usefully get down to detailing to people — in our instance, maybe Gerry Kelly or Alex Maskey, and for the SDLP, Alban Maginness, Alex Attwood or whoever the policing spokesperson happens to be for the other parties. Those people could clear away a substantial area of work, and the implications from that, and the knock-on effect for the other Departments, is an issue for the preparation for a return to the Executive and restored institutions.

We do not have any preference at present, other than to get the best arrangements that would give that degree of confidence. Sinn Féin would also have confidence issues if the DUP were to have the position of policing and justice. For example, a contentious parading issue could arise in which a Minister for policing and justice would have some input, and if someone from the DUP, who was a member of a Loyal

Order such as the Orange Order were responsible, that would raise confidence issues.

Rather than leave ourselves at the mercy of an individual, we should work together to build the right structures so that we would have confidence in a policing and justice structure that would deliver impartial results.

Mrs Long: I welcome that response. It is a matter that we raised, not only with Mr Murphy's party, but also with other parties, discussing how their influence over policing and justice could be an issue where confidence could not be established right across the community.

Mr Murphy said that he has no fixed view on policing and justice. However, we have given our view on a number of models that were outlined. Does he have any view on which of those models he feels would be more appropriate or less appropriate? Does he have any preferences, or does he have another model in mind? Has he considered, for example, some of the issues that we raised in relation to collectivity, because, although he referred to Ministers being accountable to the Executive and the Assembly, that is not quite accurate. Although they may have to justify their decisions, those decisions, at this stage, are within the remit of the individual Minister and cannot, under the current institutions, be checked in any shape or form.

Has Mr Murphy given any thought to that, and to how greater accountability across the Executive and the Assembly would add to confidence in those situations?

Mr Murphy: In relation to ministerial accountability, Sinn Féin made propositions under the review on the ministerial code and its status.

I do not have any preference for any of the models, and I am at something of a loss about that. That perhaps reinforces the point that I made at the start of the presentation, that there are people in our parties who have done substantial work on those matters. I have knowledge in relation to the policing and justice issues, but I do not have an expertise. For instance, I would not claim to have done the same degree of work that Gerry Kelly has done.

In order to advance these discussions to the level necessary to prepare for the return of the institutions, the people in the parties who have responsibility for those areas should sit down together to discuss models and accountability measures, and how the policing and justice department would be operated. That is the necessary preparatory work for Government, and that argues for the people in the parties who have that knowledge and expertise getting together to do that work, and bringing the findings of the reports — whether or not they are agreed — to us for our

consideration, and to an Assembly for debate. That is the natural way that this Committee should operate if we genuinely want to carry out preparatory work for the return of the institutions.

The Chairman (Mr Wells): We now move on to Mr McFarland, and I see that Mr McNarry and Mr Kennedy have also indicated that they wish to speak. Would it be helpful to members to speak as a team, or would they rather speak as individuals? I notice that the Alliance Party contributed as a team.

Mr McFarland: If we could speak in turn — I would like to speak first, and then we could hear from Mr McNarry and Mr Kennedy.

The Chairman (Mr Wells): Mr Dallat gets left out of the loop, so I will come back to him.

Mr Dallat: I am well used to that.

Mr McFarland: I want to deal with several issues in turn. These issues affect the unionist confidence in the good faith of Sinn Féin, and it would be useful if we could tease them out.

I was encouraged by yesterday's meeting and, in particular, Martin McGuinness's comments that he was interested in genuine and open discussion and engagement with the other parties.

For some years, Sinn Féin has been the voice of the republican movement, and there has been a general acceptance that Sinn Féin and the Provisional IRA are inextricably linked and that, in fact, there is duality — or was duality — between senior members of the IRA and senior members of Sinn Féin. Most of my questions are directly related to the IRA and Sinn Féin and where it is all going, because those are the issues that affect unionist confidence.

The most recent IMC report went into a fair amount of detail and, unlike the Independent International Commission on Decommissioning (IICD) — which reported that decommissioning of the weapons that they had seen was complete — reported that the Provisional IRA had held back weapons. It is generally accepted that there will always be weapons lying somewhere, either in a hide that somebody has forgotten about, or possibly because individuals, against the understood orders from the top, have held back trophy weapons or personal weapons that they have had for years. I would be surprised if those involved in organised crime have not kept back some weapons for personal protection or protection of their empires.

My first question is: does Sinn Féin accept that there is a strong probability, as described by the IMC, that individuals or groups — perhaps against orders — have held back weapons, and that, as reported by the IMC, weapons were not decommissioned in the way that they should have been?

I would like those issues to be dealt with in turn, otherwise they get mixed up.

Mr Murphy: Generally, I do not have any confidence in the IMC, its reporting mechanisms, how it gathers its evidence, how it reports or the individuals involved with it. It is important to say that. It is a matter of public record. Mr McFarland made a statement about Sinn Féin being the voice of the republican movement. I have to say that the IRA has its own voice, which it has used quite well over the years. Sinn Féin is the voice of Sinn Féin.

11.15 am

I am sorry that I do not have the section that was read with me, because despite my difficulties and differences with the IMC, I nonetheless read the reports. I have conducted a court case against the IMC, so it is important that I do that. If I recall that section correctly, it states something along the lines that someone unidentified has suggested that it might be the case that some members may have kept some weapons. The quantities and calibre are unspecified. If this were to be the case, and if they have been kept in the numbers that might have been suggested, it may have serious implications.

How can anyone respond to such a vague and unsubstantiated allegation — that someone suggested that someone might have something and that it might have implications? That was the basis of the IMC report, and it underpins our experience of the IMC to date, which is that, like the DUP, it has the cold warriors whispering in its ear about what may or may not be the case, and it brings its own particular baggage to all of this. I do not think that the IMC has any useful function to play.

The mechanism by which the UUP, Sinn Féin and all the other parties — apart from the DUP — agreed to deal with this issue was Gen de Chastelain. Not only was there the de Chastelain mechanism, there were additional witnesses. As far as the Governments are concerned, and as far as we are concerned, the issue of IRA weaponry — whatever about anyone else's weaponry — has been dealt with to the satisfaction of the IICD, and there it lies.

Someone can whisper in the IMC's ear for the next 10 years that somebody might have something, and we are not sure what it might be, but if they do, it might have implications. We could sit here for the next 10 years trying to answer that type of unspecified and unsubstantiated allegation on behalf of another organisation. I do not think that that is a very constructive way to go about it.

I do not know how confidence can be given in those regards, because people could say that they have done the business, and people can either accept or not accept that. Republicans are always willing to see how they

can talk to people, convince people and offer explanations. At a certain point, it becomes more difficult to do that, when that type of allegation is being dealt with.

Mr O'Dowd: I am surprised that Mr McFarland is sitting here talking about unionist confidence, and then he mentions IRA weaponry. Since the collapse of these institutions, 26 members of the Protestant community have been murdered, every one of them with the use of loyalist weapons. Four members of the Catholic community have been murdered with the use of loyalist weapons. I seriously doubt whether members of the unionist community sit in their homes at night worrying about IRA weapons.

If someone were living in a working-class Protestant area, he or she would be worrying about Ulster Defence Association (UDA) weapons, Ulster Volunteer Force (UVF) weapons, Ulster Resistance weapons and all the other weapons that are out there being pointed from within at the Protestant community. To be honest, this concern, this smokescreen, about IRA weapons is exactly that — a smokescreen. I have no right to speak on behalf of the unionist community, but I seriously doubt whether IRA weapons are a major concern for the unionist community.

Mr McFarland: My question is specific and is based on the issues of openness, honesty and good faith. Does Sinn Féin accept, for whatever reason, that it is possible that some of the IRA weapons were not decommissioned? It is just an acceptance that for whatever reason — and I have covered the reasons — people may have hides that they have forgotten about, or individuals may have disobeyed orders and kept trophy weapons, or people with organised-crime empires may have kept back personal protection weapons. Does Sinn Féin accept that some of the IRA weapons may not have been decommissioned?

Mr Murphy: There is a difference between what Mr McFarland is suggesting and what the IMC was suggesting, which was vague and unsubstantiated. The IMC reported that some portion of weapons was kept back deliberately and, if that were the case, the implications were that those weapons were being held back for a specific purpose.

Is Mr McFarland's suggestion that there might have been a rifle hidden in a ditch 40 years ago that somebody forgot about, or that the person who knew about it had died? Is that the case? Could that be the case? It could well be the case. I do not know, because I do not know what weapons were decommissioned or what weapons existed.

What I do know is that there was an agreed mechanism for dealing with this, which the parties signed up to in 1998. That agreed mechanism was Gen de Chastelain's Independent International Commission

on Decommissioning. It had additional witnesses above and beyond the agreed mechanism for dealing with the issue, and they have reported that they are satisfied that the issue of IRA weapons has been dealt with. The two Governments have also stated that they are satisfied. If other people are seeking additional satisfaction above and beyond that, then that goes above and beyond the Good Friday Agreement, and it certainly goes above and beyond what any other Sinn Féin representative or I can give.

Mr McFarland: Is it possible that units, a brigade or individuals may have disobeyed orders to hand in their weapons, which would account for the fact that the IMC is reporting that not all weapons were handed in? I am not blaming Sinn Féin for not handing them in; I am asking whether it accepts that some members of the Provisional IRA could have disobeyed orders. I presume that the IMC is not reporting that wilfully or deliberately telling lies and that it has indications from whatever sources — Sinn Féin may not believe them; they may be securocrats — which it believes in order to put that in the report. The commission is made up of quite an international bunch. It is not a bunch of ex-RUC men who are saying this.

Mr O'Dowd: It is headed up by a former member of the Alliance Party.

Mr McFarland: There is also a former senior member of the CIA and an ex-senior member of the Irish Civil Service. They have not made this up. Does Sinn Féin accept the possibility that members of the IRA have, for whatever reason, not handed in their guns?

Mr Maskey: Conor Murphy has dealt with that matter at length, and much of what we have said is on the public record. We also dealt with the matter in bilaterals with Mr McFarland's party. For the record, we have absolutely no evidence to suggest that any of what Mr McFarland outlined has happened, we have no indications that it has happened, and we have certainly no reason to believe that anything that he has outlined has actually happened. Therefore there is not much more that we can say on the matter.

Mr McFarland: My next question relates to policing. Recently, there has been a slightly esoteric link between policing and parades. At Tullamore in 1994, Gerry Adams told us that it had taken him three years to engineer the parading row and to get people to turn out. In recent years, it seems to have evolved from a parading issue into one where republicans object to a parade and then get the police on the street, and that has led to riots and petrol bombings, etc.

My understanding is that there is a process of discussion in the republican community on the future of policing. The word on the grapevine is that an Ard-Fheis will be held soon to try to get some resolution to

the issue, but it is a bit like a tanker. Yesterday, the officers in uniform were filthy, dirty, collusive ex-RUC men, and tomorrow a young republican from Crossmaglen will be encouraged to join the PSNI. Presumably, Sinn Féin will also join the Policing Board. If this is to be solved — and there needs to be a resolution before we get stable Government here — how can this tanker be turned round in such a short time? Yesterday, the PSNI was the enemy and tomorrow young republicans will be asked to join it. How does Sinn Féin see that evolving? It is a key part of the confidence building and of the understanding that is required to get Government up and running here and to get a potential deal with the DUP in the autumn. How can Sinn Féin get the broader republican movement and young republicans to switch off from the fact that yesterday the PSNI was the sworn enemy and that tomorrow it wants them to join it?

Mr Murphy: I could be facetious and say that Sinn Féin could take a lesson from the Ulster Unionist Party. Yesterday — and, perhaps, even today — Sinn Féin was the sworn enemy of Ulster, and, yet, there is a possibility of the Ulster Unionist Party sharing power with my party as it has done in the past. Therefore, we all have historical experiences with which we must deal.

Mr McFarland is operating on the incorrect premise that republicans created the parading issue and he misquoted a speech that Gerry Adams is supposed to have made in Tullamore. I was told that the speech was made in Co Meath. However, regardless of which county the speech was made in, it is incorrect to assume that republicans created the parading issue. The Committee should know — and Alex will verify this — that it was about 60 or 70 republican activists who stopped trouble at the Tour of the North parades. In doing so, they took quite a substantial degree of personal and physical abuse. There was no one there from the DUP, neither were there recognisable figures from the Ulster Unionist Party to keep people quiet and at bay. Therefore, republicans are in communities preventing trouble during parades.

This situation goes back as far as — take your pick — hundreds of years. In the current climate, it goes back as far as Obin Street in Portadown in the eighties. There has always been a tension around parading issues, and Sinn Féin is — I would argue — working harder than any other political party to resolve parading issues at community level.

Sinn Féin's attitude to policing was referred to. Yes, that issue must be resolved. It is not simply an attitude that republicans have to policing. The republican community's attitude to policing is borne out of its historical experience of policing in this state, which, to this very day, continues in the same vein in many republican areas. If Members were to ask young people in Crossmaglen, Ballymurphy, or any other

nationalist community in the North about their experiences of policing — not the republican community's view of policing, but its actual experiences — they would be told of continued harassment and continued attempts to recruit young criminals to provide evidence and information and to spy on their neighbours.

That is a continuing experience. Therefore, it is not simply a matter of turning the juggernaut that is the republican attitude to policing. It is a matter of trying to get policing structures in which people can have confidence that what they experience, not just through their lifetimes, but those of their parents and grandparents, changes to become a genuinely responsive and accountable policing service.

The Chairman (Mr Wells): I think that Mr Maskey wishes to add to that.

Mr Maskey: With all due respect to Alan McFarland, sometimes the questions that are asked depend on who is in the audience. He is not doing himself any great service. Notwithstanding that, our fundamental approach to this issue is that we will give leadership in our communities. When we conclude on the basis that Conor Murphy outlined earlier in respect of policing, for example, we will have no difficulty taking the decisions to our party and our communities in order that people can buy into them. Leadership will be central to how we take the matter forward. It is not a case of turning the tanker round or one of what was good or bad yesterday could be good today. We will give leadership — as we normally do — at that time.

Mr McFarland knows well the efforts that my party has made in many difficult situations, whether at the Tour of the North or any other interface areas. Indeed, a small number of my colleagues has been proactive in preventing difficulties in those areas and in maintaining the peace despite sometimes-difficult circumstances. I reiterate the point that just last week, 12 of our colleagues were injured in assaults by members of the nationalist community along parts of the Tour of the North route. The stewards who were trying to maintain calm, keep the peace and prevent any trouble bore the brunt of the ill feeling. That will give Members an example of some of the difficulties in those areas, whether from disaffected or alienated youths or from people who are disgusted by some of the Parades Commission's decisions or the nature of some of the parades.

Mr McFarland will be aware of the efforts that Sinn Féin is making. It is ironic, therefore, that he has questioned us about policing when his party recently brought on board David Ervine of the Progressive Unionist Party. Less than a year ago, his associates in the UVF were involved in some of the most serious violence against the police — with gunshots, blast

bombs and petrol bombs — in this city and beyond, but particularly in this city. Therefore, Mr McFarland does not appear to have found it difficult to support the police while welcoming to his party grouping in the Assembly representatives of people who have attacked the police and, for a variety of reasons, are openly anti-police.

Mr McFarland will understand that, for Sinn Féin, it will be a question of leadership. He will argue also that he is involved in leadership, and that is fair enough. Sinn Féin will deal with the issue of policing through the integrity of its leadership.

The Chairman (Mr Wells): Mr Ford, you indicated that you wish to speak: is it specifically on policing?

Mr Ford: It is specifically on the point raised a few minutes ago on the IMC.

The Chairman (Mr Wells): It will have to be short because I am conscious of the fact that I am interrupting the Ulster Unionists, and the SDLP has sat very patiently for quite a long time.

Mr Ford: I appreciate that. I want to establish one quick point of clarification. During that exchange on the IMC, John O'Dowd said that the IMC was:

"headed up by a former member of the Alliance Party."

I just want to know whether I am to take it from his tone of voice that he regards this as proof of bias on the parts of both the IMC and the Alliance Party.

11.30 am

Mr O'Dowd: I was calling into question the independence of the IMC; that was what the comment related to.

Mr McFarland: Chairman, thank you, and thanks for the answer. Can I move on to another issue that again is in the IMC report and is of genuine concern — organised crime and criminality.

About two months ago, I was very heartened by 'Let's Talk'. When Martin McGuinness was pressed on his attitude to criminality he said:

"If there's criminality, let the authorities deal with it."

I remember being surprised and encouraged at the time that this was an approach that, to my understanding, had not been previously there from Sinn Féin. This was followed a few days later by Gerry Adams who said the same thing:

"If there's criminality, let the authorities deal with it."

Now that is an approach that we would all be able to identify with.

Around the same time, the Assets Recovery Agency, the Garda Síochána and the PSNI arrived at, and had an enormous raid on, the property of Thomas "Slab"

Murphy in south Armagh, where they found €200,000 under a haystack, a computer with records, and they confiscated petrol tankers.

This, as I understand it, is the same family that was involved last year with the 200 houses under family names in Manchester and Birmingham. The allegation was that this was some form of organised criminality — and, of course, Mr Murphy is an extremely senior member of the republican movement and has been for many years.

As I said earlier, there is a close link between Sinn Féin and the IRA. This link is clearly still there: the houses are still there, and I have no doubt as we go through this there will be a substantial amount of other evidence that there is direct relationship between the IRA and organised crime.

Given the links between Sinn Féin and the IRA, and given the clear evidence — and I know they keep denying it, but it is quite clear that these are organised crime empires — how does Sinn Féin see itself being able to distance itself from the IRA and this organised crime so that the unionist community and the general public will believe that there is no longer a link and that the allegation that Sinn Féin benefits from the proceeds of these funds can no longer be substantiated?

How do you unstitch, unhinge or stand down this enormous crime empire in time for Sinn Féin to be viewed as being an acceptable partner on the Policing Board or, indeed, in Government?

Mr Murphy: It is interesting that Mr McFarland's party has encouraged us to join the Policing Board since it was created, long before the IRA took any initiative last year in relation to its existence or weaponry, yet these are now issues for the UUP.

Alan McFarland is almost asking us to prove that republicans are innocent. He spoke about the enormous evidence. Let the evidence take its course, if there is enormous evidence. I could say that there is enormous evidence that the UUP is up to all sorts of shenanigans in America with hidden bank accounts and that it is a corrupt party, hiding business from the Electoral Commission, and that it should be thrown out of Government on that basis. Let the evidence take its course and see what shapes up.

The reality is that the IRA issued a statement last year that outlined its attitude. As far as it was concerned, the armed struggle and the conflict were over. It instructed all its volunteers to engage in no further activities whatsoever and dealt with the issue of its weapons. For me, the issue of the IRA is substantially dealt with. I realise and accept that other people will have ongoing issues that they will have questions about.

To cobble together everything that Mr McFarland has mentioned and say that it is an enormous weight of evidence, that republicans must prove themselves to be innocent and that Sinn Féin must go further and prove itself to be entirely innocent, and that there might then be some confidence — I am afraid that it will not work that way.

It is like the point that I made in relation to the DUP. If you want to find something to give you a reason for not doing business, you will. I could find something any day I wished to give me a reason not to do business, but my party believes that the best way to advance peace in this part of the world and to get the institutions bedded down is to get in and start to work them. Through that, issues that cause a lack of confidence on all sides can be further addressed — I would argue that many of them have been addressed to date.

I will not stand here and defend Tom Murphy or any other individual, because a number of allegations have been made against him; that is not my job. I am here to represent Sinn Féin. I am quite happy to stand over how we raise all our money — and I hope that everyone else feels the same — how we spend it, where we keep it, and to make our accounts open to anyone who wants to scrutinise them. As I said, I hope that all the other parties are the same.

Mr McFarland: The IRA, as I understand it, has said that the war is over, has decommissioned the bulk of its weapons, had a medal ceremony in Dublin for its volunteers and had a gathering in Dublin — I am just going on newspaper reports; Mr Murphy can tell me whether it is true or not.

Mr Maskey: Were you the guest of honour?

Mr Murphy: It was at Tullamore.

Mr McFarland: The IRA has had a gathering of the families of the bereaved in Dublin — there were pictures of that in the paper. There are strong indications that the IRA, as regards its former existence, is stood down or is in the process of doing so. However, it is still there. Is it possible to get some indication, given that Mr Murphy is close to the IRA in philosophy, as to where the IRA sees itself going? If it stays in existence and views itself as an army — there is only one reason for an army to exist, and that is to fight. Why would anyone wish to keep a standing army, albeit temporarily disarmed? We all know that a group of us could return from eastern Europe tomorrow with a plane-load of weapons, if we had the money.

Mr Murphy and I have spoken about this at length. The decommissioning was not about the weapons; it was about indications of good faith as to why people wanted to hold onto weapons if they were no longer offering us violence. The question is why, if it is to remain in existence, but not turn itself into a republican

equivalent of the British Legion, does it wish to stay in existence? An army exists only to be ready to fight.

Mr Murphy: That is a question for the IRA. The IRA has been in existence since the early part of the last century. I do not even know the date on which it was formed. It has always been in existence. At times, it has been something that has exercised unionists; at other times it has not. As with any organisation, its intention, ability and willingness to do certain acts are more relevant than its actual existence. The statement made by the IRA and the initiative taken by it are of huge significance for the future of this entire country. We have a responsibility to build on that.

We could try to poke holes in it to convince ourselves that it is somehow not genuine, or we can take advantage of it. It is the same situation with all of the issues in which I do not have confidence concerning other parties and the Governments. I can build on what I have or poke holes and provide myself with a further lack of confidence as a reason for not moving on. Whether we take advantage of it or not, the initiative taken by the IRA last year was hugely significant, as time and history will prove. It is a clear, firm statement of what was already a trend of development in the IRA's existence and activities. That was confirmed last August.

The Chairman (Mr Wells): I want to cover a procedural issue. Yesterday we timed the questioning of the DUP submission at four and a half hours. Therefore, in the interests of fairness, Members will be given the opportunity to question Sinn Féin for that length of time. That will take us from 1.30 pm until 4.00 pm. It is clear that Members will use that time — we have taken an indication of questions, and they are quite lengthy and thorough.

To be realistic, on that basis and because of the problem that has arisen with the Business Committee, we must take it almost as read that there will be only one submission today. It is not worthwhile starting the SDLP submission at 4.00 pm. I am in the hands of Members on that. Do you wish to stay here until 6.00 pm or 7.00 pm?

Mr McFarland: Logically, if certain questions have been answered, they should no longer trouble Members. I have no doubt that many have not yet been asked. It is hard to see how to judge, because there could be two or three more topics to discuss, in which case we could finish earlier; however, perhaps it is worth —

The Chairman (Mr Wells): I am just alerting Members, because I sense a slight frustration in the two parties who have not yet got their teeth into questioning.

Mr Paisley Jnr: We should perhaps just play it by ear, and see how it develops. I would be happy with that.

The Chairman (Mr Wells): Do we agree that if we still have not completed this at 4.00 pm, there is no sense in starting the SDLP submission?

Mr A Maginness: We should play it by ear and be flexible. However, I have a difficulty this afternoon, and I wondered if I could ask Mr Kennedy a question now.

Mr Kennedy: I do not think Mr Kennedy was going to be called.

Mr McNarry: I too have a problem this afternoon. It depends on the answers, but I do not intend to be lengthy.

The Chairman (Mr Wells): Can we try to sort out the gist of a question, Mr Maginness and Dr McCrea, before we all adjourn at 12.00 noon? Dr McCrea is in a similar situation, so we will try to squeeze the three of you in before 12.00 noon.

Mr McNarry: As long as we get the answers that we look for.

Mr O'Dowd: There is no guarantee of that.

Mr Murphy: We are happy to stay here, should it be 4.00 pm or beyond, to answer questions for as long as people have questions for us to answer.

Mr McNarry: I would like to think that if the DUP was grilled for four and a half hours, and I have a certain empathy with many of its points, that we would do a similar job on the republicans.

Mr Murphy: We have been grilled for more than four and a half hours, I can tell you.

Mr McNarry: I am sure that you have, but on those occasions you did not have as much light as you have in this room.

11.45 am

Mr McNarry: Conor Murphy mentioned his concerns about a DUP Minister of justice being an orangeman. That was insulting to orange brethren, irrespective of party allegiance. It may have been a sign of ignorance on his part, but I trust that he will read Hansard and reflect on what he has said. Neither a DUP orangeman nor an Ulster Unionist orangeman is likely to take the Ministry of policing or justice. An orangeman possibly, but there is a distinction. I am sensitive to what he said, and I hope that he understands that.

Mr Murphy also mentioned his hope, which I share, for a peaceful summer. He said that it might be a key to what happens when this Committee meets after the recess. He spoke of his ability to encourage dialogue to reduce community tension. That could, of course, be taken as something of an admission that he also has the ability to discourage peaceful activity. On the positive aspect of that, it would be key to my party and me to

know whether those who Mr Murphy encourages would settle for peaceful protests at all times, and that peaceful protests would be just that. His colleague Mr Maskey mentioned Mr Murphy's recent work in that area, which is acknowledged.

Continuing with the theme of encouragement, what could Mr Murphy do to encourage the Government with which he is pally to remove the veto position that they allow him, so that parties could, in principle, establish the right to form a voluntary coalition in a restored Northern Ireland Assembly? That principle would be key to democracy, and it is an open secret that Members from my side of the House believe that, as there is no way that he would enter a Government other than by being pally with the two Governments, Mr Murphy will cling to the veto principle and perhaps deny any other parties the right to form a coalition. He will appreciate that it is normal to do that in a modern European democracy.

Mr Murphy: Normal in a normal democracy — I would contest whether there has ever been normal democracy in this state.

I accept Mr McNarry's point about orangemen in the DUP. I was pointing out the broad nationalist view that there may be a conflict of interest were such an issue to arise and a member of the DUP, or, indeed, a member of the UUP, were to become Minister for justice and happened also to be a member of the Loyal Orders.

Mr McNarry: If I may interrupt, Mr Murphy is not attacking the parties; he attacks the Orange Institution, which is not represented here.

Mr Murphy: I was interested to read a statement the other day from a former leading member of the Orange Institution — I think that he currently is a member — who criticised disciplinary action being taken against other members. He was quite clear that the Orange Institution that he joined had changed very much and was morphing into a very political organisation. However, that debate is ongoing within the Orange Institution. From a nationalist perspective, there could sometimes be considered to be a conflict of interest in relation to those matters.

As Alex Maskey outlined, we can give leadership to try to encourage a peaceful summer. It does not suit our communities in the Ardoyne, or wherever else, for there to be conflict. We give leadership to try to ensure that, although people have issues with Loyal Order parades going through certain areas, they do not become issues of violence. We try to give leadership; leadership was lacking in the aftermath of last year's Springfield Road parade. Leadership is what we try to give.

It is not in my gift to speak for every area. Parading issues are, in the first instance, matters for those people

who live in the areas through which parades pass. We try to give leadership to ensure that, if people dispute the rights of Loyal Orders to parade through certain areas, in certain fashions, at certain times, there is a peaceful resolution.

I can assure the Committee that we will continue to give leadership in that regard. I cannot say here and now that that will always be successful; however we endeavour to be successful in that regard.

On the subject of a voluntary coalition, the experiences of nationalists in political institutions in this state were such — we can get into a long historical argument, but I am conscious that we only have five minutes to answer Mr McNarry's question — that clauses and guarantees and checks and balances had to be built into the Good Friday arrangements to ensure that the abuse of power that had been practised in this statelet was no longer continued in the new institutions, and that the Good Friday Agreement marked a genuinely new beginning to political institutions and the political experience of people in institutions in this state.

The Good Friday Agreement recognised the fact that this was not a normal democracy and that there were not normal democratic proceedings. People had to be able to buy into the political institutions, and therefore their position in the political institutions had to be guaranteed. I wish for it to be otherwise, but that is the historical reality that faces us as we try to work these institutions. Therefore, we would not give away our rights to be represented in a power-sharing Executive in this institution, given the historical experience that we have had at the receiving end in this state when power was exercised in an untrammelled fashion.

The Chairman (Mr Wells): Can I ask you to bring your remarks to a close?

Mr Murphy: Yes.

The intricate measures that were built in were a recognition of the experience of nationalists in this state and of the necessity to get nationalists to buy into genuine power-sharing arrangements with all of the other parties. Therefore, it would be foolish of us to give up and to try to undo and ignore that historical experience. We have a right to be in the institutions as they are defined in the Good Friday Agreement, and we will defend that right.

Mr McNarry: Is it fair to say —

The Chairman (Mr Wells): Mr McNarry, I have promised five minutes to each Member. If you have a point, give it to one of your colleagues to ask later on.

Mr Maginness, you have five minutes strictly and then Mr McCrea has five minutes.

Mr A Maginness: Thank you very much, Mr Deputy Speaker.

I am trying to understand the position of Sinn Féin on policing, and to put it as succinctly as I can, in an attempt to understand it, whenever policing and justice powers are returned to Northern Ireland — to the Northern Ireland Assembly — Sinn Féin will, at that point, support the police and join the Policing Board. Is that an oversimplification or is that the position of Sinn Féin?

Mr Maskey: It is perhaps an oversimplification, and again I cannot understand why that is the case, because our position is very clear. We are working towards the opportunity for ourselves to be part of policing arrangements. We were involved substantially in the discussions on policing and many other matters that led to the Good Friday Agreement. Therefore, we signed up to policing arrangements as per the Good Friday Agreement. We have not yet attained those arrangements. We are working diligently to achieve them.

Obviously, the debate has moved to a point at which we are looking for, as are others, the transfer of policing and justice arrangements back here to an accountable Executive, Assembly and institutions. We have said very clearly that when we are at that point we will put those proposed arrangements to our party and seek to convince it and our wider constituency that it is time to become involved in policing arrangements. We have our benchmark. We have discussed it with yourselves fully, regularly and bilaterally. When we secure those areas, we will go to our party and get leadership on that issue.

Mr A Maginness: Therefore, Mr Maskey is in general agreement with the statement that I have made. I do not want to misinterpret his position, because I am genuinely trying to clarify what Sinn Féin is saying. In effect, if there is a transfer of powers, Sinn Féin will go to its party and, in a proactive way, seek its support for the new policing arrangements.

Mr Maskey: We have said very clearly, as I think Alban will appreciate, that we want to see the transfer of policing and justice arrangements. We want to look at the modalities. We want to agree a time frame. Having settled on those matters and having got them resolved, we will most certainly go to our party.

Mr A Maginness: In the absence of the transfer of powers, which is dependent on cross-community support in the Assembly, what will Sinn Féin's position be in relation to policing and, in particular, to the PSNI as it is currently constituted? I am interested in that issue, because on 11 May 2006 'The Irish Times' published an interview that Frank Millar had conducted with Gerry Adams. In that interview, Gerry Adams stated:

“Policing may be a necessary element in the resolution of the outstanding matters to do with the Assembly.”

However, policing must be dealt with in any case. That comment by Gerry Adams suggests, to me, that there is an alternative Sinn Féin position. I would like Sinn Féin to comment on that statement.

The Chairman (Mr Wells): You have two minutes to respond, Mr Maskey.

Mr Maskey: Thank you, Mr Chairman.

For a substantial time, in all our discussions at bilateral level and with the Governments — particularly, as Conor Murphy said, with the British Government — Sinn Féin has focused extensively on the question of policing. We are not working for an absence of accountable institutions; we are involved in a serious and sustained effort to re-establish the accountable institutions, which will include the transfer of policing and justice. That is what Sinn Féin is working towards, and I hope that we can secure that transfer. We are working for a successful outcome to this process, no matter how sceptical some of us may be about it. We are working for success as opposed to failure.

Mr A Maginness: The point that I am making is that Gerry Adams is hinting at an alternative. What is that alternative?

Mr Maskey: All that I can say is that we are not working for failure; we are working for a successful outcome to this phase of negotiations.

Dr McCrea: Mr Deputy Speaker, as far as the unionist community is concerned, paramilitarism, criminality and decommissioning are vital ingredients if we are to move forward to devolved government. As far as we are concerned, if those issues are not satisfactorily resolved, there will be no devolved government.

Does Sinn Féin accept the fact that those issues must be resolved before devolved government is restored? Does Sinn Féin accept the fact that that is the unionist standpoint?

Mr Murphy: Sinn Féin acknowledges that that standpoint has been the DUP's public position, William. In Sinn Féin's view, there are no outstanding issues to prevent the restoration of the institutions. DUP issues, Sinn Féin issues and the issues of the other parties can best be addressed and resolved among all the parties at this table. First, that can be done through direct engagement, which, to date, the DUP has refused to engage in. That direct engagement should extend to Sinn Féin and all the other political parties. Secondly, it can be done through the working of these institutions, where a general degree of

confidence in one another's good intentions can be built up.

I accept the fact that the DUP has issues about activities, weapons and organisations. I note that the DUP normally zeroes in on the IRA, despite the activities of loyalist paramilitaries. There is severe doubt among many others, not just among Sinn Féin members, about whether the DUP's mark for satisfaction could ever be met and about whether it genuinely wants the issues to be addressed and resolved to its satisfaction, or to something that it thinks is a barrier, which means that the DUP will not have to share power with Sinn Féin in any restored institution.

Dr McCrea: Confidence is a major issue, and the unionist community does not trust the IRA. The unionist community does not have confidence in Sinn Féin's stance of being inextricably linked to the IRA.

I was asked a direct question about Billy Wright. I will now ask a direct question. Will the Sinn Féin delegation tell me, and confirm, that Martin McGuinness was a commander of the Provisional IRA? When did he step down from that position? Or did he step down?

12.00 noon

Mr Murphy: Martin McGuinness gave evidence to the Bloody Sunday Inquiry. It is a matter of public record. The Member may refer back to that. I cannot remember the exact dates that he gave for his involvement in the IRA and when that involvement ceased.

In reality, the DUP may have no confidence in the IRA, but it is not being asked to share power with the IRA. The DUP has no confidence in Sinn Féin. Sinn Féin has confidence issues, as do the SDLP and probably some of the other parties, with the DUP. How do we resolve those confidence issues, William? We are sitting in a small room, face to face, in Parliament Buildings in Stormont. We can start to resolve those confidence issues through direct engagement, and we could resolve many of them very well through having a direct working relationship with each other, as a result of which we could start to deal with issues of importance to you and your constituents. Yesterday you mentioned the autism issue, which Martin McGuinness tried to advance across the island, as a matter that was important to you. There are many other issues that we can work on together to try and build a general degree of confidence in each other's motives and motivations, and in where we each are coming from and going to.

The Chairman (Mr Wells): Gentlemen and ladies, it is 12.00 noon. Mr Molloy will be in the Chair at 1.30 pm, and discussion of the issues raised this morning

can continue until parties are satisfied that they have had a good hearing.

Mr McFarland: Mr Chairman, I do not know how many other colleagues are involved, but the Special Olympics opens this evening, and a number of us have received invitations. I understand that the launch is now at 5.30 pm, not 6.30 pm, so there is a flash-to-bang time here. Perhaps we might leave here at 4.00 pm to allow us to get home, change and get down to the Odyssey for 5.30 pm.

Mr Murphy: That is for those of us who live close to here.

The Committee was suspended at 12.01 pm.

On resuming —

1.32 pm

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): OK, members, we have a quorum. We want to close the meeting at 4.00 pm because of the Special Olympics. Is everyone agreed on that? And on tomorrow morning's starting time?

Mr Morrow: Mr Deputy Speaker, I know that tomorrow morning probably suits a lot of people, but not tomorrow afternoon. It may not be possible to get through the two remaining presentations from the Ulster Unionists and the SDLP. Is there any possibility of putting those off until Monday?

The Chairman (Mr Molloy): What way are other members fixed for tomorrow?

Mr Ford: Is Maurice suggesting that we hold no meeting at all tomorrow?

Mr Morrow: Yes.

Mr Kennedy: I suppose that we could live with that.

Mr McFarland: Could we meet tomorrow, Mr Chairman, because if one presentation runs into Monday, and that will be the Ulster Unionist one, my sense, given the past two days, is that it may be lengthy? *[Laughter.]*

When the presentations are finished, we will clearly need to have a discussion, and I suspect that that may take some time before we go on from there. If we go too far into next week, we are into the visit of the Prime Ministers and all sorts of weird and wonderful things. A sitting tomorrow morning would probably be helpful, although it would not be end of the world if both presentations continued on into Monday.

Dr Farren: I do not know about other parties, but we usually have our Assembly group meeting on a Monday morning. Although my colleagues and I are happy enough to attend the Committee then, we would prefer that Monday afternoon be devoted to the UUP, if the SDLP's presentation is tomorrow morning. That arrangement would be eminently suitable to the SDLP, but if there is pressure not to meet tomorrow, I welcome that. Nonetheless, the other option may be more convenient for us as a party.

Mr Murphy: In the original discussion about running into tomorrow, there was almost an assumption that we would get through the three remaining presentations, starting this morning. That quite clearly will not be the case. We will be fortunate to get through Sinn Féin's presentation. We are happy to come back in the morning to finish our presentation if we do not finish it before 4.00 pm today. That is the context in which we were talking about coming back

tomorrow. I am not sure, given the length of time that presentations are now taking, whether we would get through even the SDLP's presentation in a morning, although we may do so. We cannot really legislate for that, given the way proceedings have been going to date. We are happy to come back in the morning if that is what people require, or to get a run at this on Monday and Tuesday.

The Chairman (Mr Molloy): What way is the DUP fixed?

Mr Paisley Jnr: We are happy to do something tomorrow, if that is what it takes. We can facilitate a meeting on Monday as well and indeed on Wednesday. On Tuesday, there is a problem and we cannot provide a delegation.

The Chairman (Mr Molloy): If we meet tomorrow morning from 10.00 am to 12.00 noon or 12.30 pm and see if it is possible to deal with one submission, we could then look at Monday. Are we due to meet all day on Monday?

Seán has expressed an interest in the Committee sitting on Monday evening.

Dr Farren: I am expressing a party preference, because we have our group meeting on Monday, and that is an opportunity to report back and keep colleagues informed; otherwise they do not hear directly what is going on.

The Chairman (Mr Molloy): Does 12.00 noon on Monday suit everyone?

Dr Farren: Yes, that would be fine.

Mr Kennedy: If we meet tomorrow morning and, hopefully, on Monday from 1.30 pm until about 4.30 pm, that might allow time for the final two presentations to be tidied up.

The Chairman (Mr Molloy): There are a few solutions. If we meet at 1.30 pm on Monday, it will be well into the evening before we get going, whereas a 12.00 noon start would give time for party meetings and for the Committee to begin its discussions.

Mr Murphy: It may be better to make a judgement at the end of tomorrow's business, when the presentations may have been made.

The Chairman (Mr Molloy): We will start at 10.00 am tomorrow and deal with one presentation.

Mr Kennedy: I want to explore some of the issues that emerged from Sinn Féin's presentation. There was some discussion about the comprehensive agreement, and I think that Mr Murphy said that the context no longer existed. Does that mean that, as far as Sinn Féin is concerned, it is dead, or that it is not possible to resurrect it in any shape or form? What is Mr Murphy's view of the comprehensive agreement? Is it a beaten docket now as far as he is concerned?

Mr Murphy: One context of the comprehensive agreement was that the IRA would go off and do certain things. Those things have been done, so that context went in 2005. The IRA has issued a statement about its intentions and dealt with the issue of its weapons, so that context has gone. We brought issues to the table as part of the review, which carried through to the Leeds Castle talks, and into what the Governments then came up with as a proposal for a comprehensive agreement. Those proposals arose in the context that existed at the end of 2004, but that context no longer exists.

At the beginning of this year, all the parties attended meetings here, and the Governments asked us what issues of concern we had. We labelled those issues that we wanted to see addressed and that we felt would lead to the improved working of the Good Friday Agreement institutions. We also outlined those issues this morning. In 2004, the Government drafted proposals for a comprehensive agreement in a certain context. First, the agreement never happened, and, secondly, the context has changed absolutely since that time.

Mr Kennedy: Mr Murphy will, however, have heard in presentations, or in cross-questioning, the clear indication from probably both unionist parties that there are issues of concern that remain and that, presumably, relate to what was to have taken place as a result of the comprehensive agreement. Does he accept that it is unfinished business? It may not be unfinished business in his eyes, but there may be unfinished business in the eyes of other parties in relation to those events.

Mr Murphy: I assume that Mr Kennedy means in relation to events involving the IRA.

Mr Kennedy: Yes.

Mr Murphy: That may be the case, but I remind Mr Kennedy and his party that they signed up to the Good Friday Agreement in 1998. In that agreement, they signed up to a mechanism whereby the issue of IRA weapons would be resolved. The body that was set up to deal with that issue has reported that it has been dealt with to its satisfaction. If Mr Kennedy wishes to revisit that part of the Good Friday Agreement and express some degree of satisfaction with how that mechanism operated, that is another issue.

I do not doubt that unionists have issues with the IRA, and with republicanism generally. As I said this morning to William McCrea, in our view these issues are best resolved through an open and honest direct dialogue among the parties, and the atmosphere would be greatly encouraged by a direct working relationship within these institutions.

Mr Kennedy: Does the Member take the view that the IICD has no further work to discharge in relation to IRA weaponry?

Mr Murphy: The IICD took that view, as far as I am aware.

Mr Kennedy: Does the Member take that view?

Mr Murphy: That is the group that my party, Mr Kennedy's party, the SDLP and the Alliance Party agreed would carry forward this piece of work. Its report says that it is satisfied that that work in relation to the IRA has been dealt with. I am satisfied, from that report and from what the IRA has said, that that issue has been dealt with.

If unionists have ongoing issues with that, then the Ulster Unionist Party departs from the previous agreement about how the IICD would do its work — that is an issue between themselves, the IICD and the Good Friday Agreement. I remind Mr Kennedy that it was not just members of the IICD who were witnesses; there were additional witnesses, and their presence did not form part of the Good Friday Agreement discussions. However, as far as I am concerned, the IICD has done its work in relation to the IRA.

Mr Kennedy: The Member has already outlined his position on the IMC report, but clearly the IMC's findings are important to many of the other political parties. When the IMC indicates that not all IRA weaponry has been decommissioned, the IICD should be concerned. Does the Member not share that concern?

Mr Murphy: I have made my position clear on the IMC, its mechanisms, its methods, the individuals involved and the vagueness of the allegations that it made — and the seizure upon that vagueness by parties that I believe wish to seize any opportunity to refuse to go forward in co-operation with the rest of us.

The IICD and the IMC appear to be at odds over each other's interpretations of events, and I presume that that is something for them to resolve between themselves. The IICD was a product of an agreement between all the parties here — with the exception of the DUP — and the two Governments. The IMC was a creation of the two Governments, at the behest of Mr Kennedy's party leader, and, therefore, in our view it does not have the same status — or any status — in relation to any agreement from the parties that signed up to the Good Friday Agreement.

Mr Kennedy: Yes, but does the Member at least accept that, given the public interest in IMC reports and what they highlight — and the expression of that interest by political parties — that there is unfinished business, to put it mildly, in relation to IRA weaponry and decommissioning?

Mr Murphy: I would accept that other parties might hold that view, but I do not. I do not think that there is unfinished business. Whether it be an IMC report or the whisperings of some senior police person or other person in the security services, if people are seeking reasons not to engage, to be concerned, or to create blockages, then people will provide them with those reasons, because other people have their own agendas.

Similarly, if I were seeking not to engage with the Ulster Unionist Party or with the Democratic Unionist Party, I could find reasons. The berating that I get from people every day of the week would provide me with enough reasons not to engage, but the responsibility on all of us is to move this process forward. We have agreed, under the terms of the Good Friday Agreement, ways of dealing with the issues of weaponry. As far as I am concerned, the only people who have fulfilled the requirements under the terms of the Good Friday Agreement are the IRA. The IICD has reported to that effect that it is satisfied. It is my view that the two Governments have accepted that report. If other people wish to take issue with that, it is a matter for themselves. However, I do not accept that there is unfinished business for the IRA in relation to the use of its weapons.

Mr Kennedy: Mr Chairman, an issue that causes a degree of wonderment and surprise in the eyes of the pro-Union community is the very presence of Sinn Féin in a Preparation for Government Committee, which would lead to the re-establishment of political institutions in Northern Ireland under the Union, with the clearly enshrined principle of consent in place, and a partitionist settlement.

1.45 pm

There is a view that Irish republicans would not want such things. Can the Member, as an Irish republican by background and ideology, convince me that his pathway is clear on those issues? Can he convince me that he wants to be part of a partitionist settlement, under the Union, in this place?

Mr Murphy: I would not try to do that, because I clearly do not want it. All of my life — and Mr Kennedy knows me well — has been dedicated to ending partition. We were clear in our view that the Good Friday Agreement did not represent a settlement but a space — an arrangement — that allowed us to engage with one another and chart a way forward out of this conflict.

We are not in this Building or this process as part of a settlement; republicans have not accepted the constitutional arrangements as such. We have accepted that we need to come into this space to work with unionists. We have a legitimate right, as have other parties, including the SDLP, to pursue our ideal of a

united Ireland that is not connected to the Union, and we will continue to do so.

We feel, for a variety of reasons that have not been outlined, that that is the best way forward for all of the people on this island. If any republican has tried to convince the Member that this is considered a settlement and that republicans are in this business to settle in the United Kingdom as part of the current constitutional arrangements, then he has been sold a dummy. I have always been clear, and no one that I have listened to in my party has ever been anything but clear, that we view this as a transitional arrangement that allows us to pursue our ideal of a united Ireland.

Mr Kennedy: Where is the principle of consent in that context? What is the Member's understanding of that? Is he prepared to accept or continue to accept it, or does he now reject it, saying that he is not interested in it or that he does not see it as a priority or as a fixed tenet of the Belfast Agreement?

Mr Murphy: The principle of consent was part of the Good Friday Agreement, and our parties signed up to that. It expressed the view that if 50% plus one — the majority of the people in this part of Ireland — wished to be part of a united Ireland, the British Government would legislate for that. That is part of the agreement, as I understand it and, I am sure, as Mr Kennedy understands it. I expect that, if those circumstances arise and the majority of people in this part of Ireland wish to be part of a united Ireland, that will be facilitated, and that those who proclaim to be democrats, or those who proclaim to have supported the Good Friday Agreement, will accept that. That is what we expect to happen and we have worked steadily towards that, not just in this part of Ireland but across Ireland as a whole.

Mr Kennedy: Even in Mr Murphy's most private moments he must accept that there is no likelihood of that consent being achieved — certainly not for at least a couple of generations. The population figures, the census and all of the indicators show that, as far into the future as we can reasonably see, there will always be a majority in favour of the Union.

Mr Murphy indicated that he has no allegiance to the institutions of state in the Union. How, then, can he be expected and trusted to play a meaningful role in those institutions?

Mr Murphy: If that is Mr Kennedy's attitude, it is something that his own party should have figured out before it signed up to the Good Friday Agreement. The republican position in relation to the Northern Ireland state has always been clear since republicans have been on this island. Our position in relation to the union between Ireland and Britain and, subsequently, to the union between this state and Britain has always been clear — it is our desire to end that union. It is our

desire to work within these institutions under the arrangements of the Good Friday Agreement, and not just to work in the interim period for the betterment of all who live in this part of the island, but to work towards the restoration of Irish unity. That has always been our position.

The UUP's time factor, whether that is a reasonable time factor in its view or not, is its opinion. I have devoted all my adult energies to working towards a united Ireland, and I will continue to do so. I anticipate that those endeavours will bear fruit. I am not going to get into a timescale for that, other than to say that the arrangements that the UUP signed up to, and that I signed up to, allowed my party and the SDLP to work these institutions, and also to work in good faith towards our preferred outcome for the future constitutional arrangements of this part of the island as part of a united Ireland.

The Good Friday Agreement allows us to do that. It does not question our fitness to work in one institution while pursuing the ideal of a different constitutional arrangement, nor does it question the bona fides of the SDLP in working in this institution while pursuing a different constitutional arrangement. It recognises, by the very arrangements that were drafted under the Good Friday Agreement, that there is space for everyone to pursue their constitutional preference within these working institutions, and that is what we intend to do.

Mr Kennedy: It is now clear that Sinn Féin is trying to achieve unity by political means. Does that not beg the question, what was the last 40 years all about?

Mr Murphy: We can get into a long, historical debate about the causes and the outcomes of the troubles if we want, but we would be here for quite a time. It can beg the question, what were the 70 years previous to that all about? I can go down that road if the Member wants, but what it has to do with preparation for Government is another question. It might be preparation for a history lesson.

Mr Kennedy: I am happy at least to highlight the question, and that question lingers in the minds of quite a few people — not all of them unionists.

The other aspect is the lack of allegiance to political institutions within the Union. How does the Member react to the clearly expressed view, and the general democratic practice, that members of any Executive — as part of any Government — would give their allegiance and full support not only to the institutions of Government, but also to the civil powers such as the police? Can he reasonably expect to have a position where he can somehow refuse to give political support to those institutions and refuse to give political support to policing, and yet expect Executive positions?

Mr Murphy: Again, those arrangements were agreed under the Good Friday Agreement. There was an oath of allegiance for ministerial office. It was not a requirement that people support policing.

Mr Kennedy: The transfer of powers for policing and justice would change that argument slightly, would it not?

Mr Murphy: Our argument is that if we move to a stage where there will be a transfer of powers on policing and justice, then we will have moved quite a long way to resolving the outstanding issues in relation to policing — as far as we are concerned. There is no requirement currently on any Minister to declare anything other than to work in good faith in the office to which they have been nominated. There is no requirement to swear allegiance to anyone else or any other institution, be that the monarchy, policing or the judicial system.

I may be incorrect in my timescale, but when the Executive was first formed the SDLP had not yet signed up to policing arrangements, because those arrangements were not available.

There was an arrangement that pertained under the last Executive whereby people came in and did the job as best they could under the circumstances. We were clearly in difficult and not normal democratic circumstances. People can refer to other democratic norms, but the fact that we had the Good Friday Agreement, with all of its intricate provisions to secure the support and allegiance of every sector of this community, recognised the fact that we do not operate under the democratic norms of other societies. It recognised that we needed special arrangements so that people could come in and begin to work together. It also allowed for the fact that democratic norms could begin to take hold in such a society, and it may address some of the issues that the Alliance Party has raised in relation to designation and cross-community voting.

Those were all allowed for under the terms of the Good Friday Agreement — that is why Sinn Féin could sign up to it. We felt that it created a space where the difficult issues that we all face and the difficult pasts that we have all endured and experienced could be resolved under the auspices of that agreement.

Mr Kennedy: During this morning's discussion, Mr Murphy outlined his party's position in respect of policing and what would have to take place, and that once Sinn Féin was satisfied, it would have a special Ard-Fheis. What is the sequence there? Does Sinn Féin have all of those sorted? Will it hold the Ard-Fheis, party gathering, IRA convention or whatever, and then enter the Executive, or will Sinn Féin expect to take its position in the Executive before that even happens?

Mr Murphy: I remind Mr Kennedy that we had a position in the Executive a few years ago, before these

discussions even took place. Sinn Féin's position on policing is that there are a number of outstanding matters. When we are satisfied in relation to those, the party Ard-Chomhairle — not an IRA army convention, and I shall ignore the provocation — will discuss the issue. Our party leadership has clearly stated its intention to try to ensure that it recommends that a special Ard-Fheis be called to address the policing issue. It will be put to the party membership to endorse the policing arrangements. That is the sequence of events.

In our first answer this morning, we clearly stated that there is no reason why the Executive could not be up and running now or in a few weeks. That does not have to pre-date the operation of an Executive; the Executive can be established next week, if there is the political will. All we have to do is go into the Chamber on Monday and vote to elect a First Minister and a Deputy First Minister.

Mr Kennedy: What are the outstanding issues as regards policing?

Mr Murphy: There are outstanding issues in relation to accountability mechanisms and the role of the Policing Board vis-à-vis the Chief Constable and the Secretary of State. There is more detail to be worked out in relation to all that, which is why I said at the beginning that it would be a useful development of this Committee's work, particularly in relation to the devolution of policing and justice matters, for the people responsible for those issues within their respective parties to meet, as they have done before, to discuss those issues in the proper detail.

Other than that, we can highlight and headline the issues. In many regards, we are merely skimming the surface on particularly complex and detailed issues such as policing, the devolution of policing and justice powers, the powers that might be involved in that, what powers the British Government will try to retain, and the role of MI5 in relation to intelligence-gathering. I could headline a whole range of issues, but I am not in a position to go into any more detail, because it is not my responsibility within the party.

Mr Kennedy: Nevertheless, it would be at least helpful to the rest of us if the issues were headlined. Mr Murphy has produced a list; it may not be exhaustive, but is there anything else that he would like to add to it at this point?

Mr Murphy: I would add nothing other than that the key issues are accountability mechanisms and outstanding issues in relation to Patten. We have published documents on those matters that I can make available to Mr Kennedy if he wishes. The transfer of policing powers is also an issue, not only for Sinn Féin but for other parties; there are issues in relation to intelligence-gathering and the operation of MI5 in this

part of Ireland and, quite possibly, the rest of the island as well.

Mr Kennedy: Does restorative justice feature in the list?

Mr Murphy: We have made the case for restorative justice. Again, none of these issues is a barrier to the restoration of the Executive. We have supported community restorative justice projects. Others have their view, but our view is clear: such projects are a very useful way of dealing with certain issues, which may not otherwise be dealt with, at a community level.

Mr Kennedy: Is it not fair to say that those projects may have their uses but that they will have little or no use if there is no cross-referencing or full participation of the lawful civil power — the police?

2.00 pm

Mr Murphy: Well, again there is a recognition among those people who operate restorative justice projects that they do so largely in areas in which there is great difficulty in dealing with the police. And there is an historical experience — and not just an historical experience; there is a current one too — in relation to how policing is carried out and the role and the attitude of the police in those areas, which means that people have little or no confidence in policing or its ability to look after their interests or to deal with them in any impartial fashion.

They recognise the reality of that situation, and they try to do their business accordingly, and I think that has found acceptance among a wide range of groups, both official and unofficial, and at a Government level as well. Other people and other parties have difficulties with that and would like to put preconditions in front of groups about acceptance of policing structures and policing involvement. That would create a difficulty for them working in the communities that they are trying to work in. You have to ask yourself whether that is genuinely trying to help those communities or is trying to make a point about policing those groups that are trying to deal with issues in their communities.

Mr Kennedy: Do you ever envisage Sinn Féin providing leadership in those communities and, once policing issues are resolved, taking its place on the Policing Board and giving support to policing institutions? Would you actively encourage groups like that to co-operate with the PSNI?

Mr Murphy: I envisage a situation in which we give active leadership in relation to positive developments in policing. I also envisage that it is going to be a very difficult exercise for us, given the community's experience of historical, as I say, and current, policing practice. I do certainly envisage us giving positive leadership in relation to policing developments.

Mr Kennedy: Can I just move, probably lastly at this point, to the issue of criminality, which is of serious concern throughout the community. You and I are both south Armagh men, and first of all we are aware of the culture of that particular area, which we have the honour to represent and about which we will not make disparaging remarks. You are also aware of the practicalities, on a day-to-day basis of the amount of illegal activity, the black economy and all that. It is something that greatly concerns, in particular, the population in the rest of Northern Ireland. You would accept that presumably.

Mr Murphy: I would accept that there is certainly an impression which is popular and, I suppose, kind of romantic in a way that this is particularly prevalent in the border areas and south Armagh in particular. I listened to an interesting discussion on the radio as I was coming here yesterday. People were talking about the black market and the sale of illegal cigarettes and DVDs around various areas of Belfast and in other markets within a 20-mile radius of Belfast. But the media perception is always zeroed in on south Armagh, and that is quite often aided and abetted by political commentary on the area. If the proper crime statistics were looked at for south Armagh, you would find that there is no more criminality there than in any other rural area and probably much less than in an awful lot of the urban areas across the North and, indeed, across the island.

It may be a focus and a particular source of attention, and I do not doubt that people have grown up there as they have in other nationalist areas and other areas right across the North with a particular attitude to authority, which will take a substantial degree of shifting, but the people whom I represent in my area and the people you know in our area are not a lawless people. They are not bandits; they are not people who thrive on criminality.

As a matter of fact, they are the people who most want to see the end of the border, which is supposed to be the source of all economic advantage in that area. The people who most want to see the end to the border are the people who live in the south Armagh area and, generally, in the border areas. So, the myth is somehow sustained; sometimes it is a political argument, sometimes a romantic view or an exciting view, or something that excites some column inches in papers.

That is not the reality of the place that I know, where I was brought up and live. The people there want a peaceful and lawful future. They recognise that there are difficulties with the type of law that we have at the moment. I have heard no differences of opinion about the outstanding issues of policing at meetings in south Armagh, Derry, west Tyrone, or west Belfast. I hear about the same issues and the same desire to get those issues right.

Mr Kennedy: I am not sure that I share the view that the removal of the border would meet with widespread acceptance by a great many people. I accept that some of the black economy is operated on a cross-community basis, but I see no great desire for that to end from many people. Aside from that, there is the more serious point that criminality reaches right into the republican movement. There is the matter of its funds and how it achieves its funding, of what it does to extort money through the use of illegal fuel, cigarettes, and so on. All of that has been directly traced back to individuals and groups who are either known republicans or republican activists in some shape or form.

Sinn Féin may dispute that, but it is a very real issue of concern to a great many people, particularly those from a unionist background. How will Sinn Féin deal with that issue?

Mr Murphy: Again, that is one of those issues that you do what is reasonably possible to address, if it is a matter of concern. There may well come a stage where that is an issue that is sought as a blockage to progress, rather than an issue of genuine concern. Republicans have to go as far as they possibly can to address any concerns that emanate from any other section, not just the unionist community.

We also have a responsibility to ourselves and to the people whom we represent to try to get the institutions working again, and to try to judge in that attempt whether issues are a genuine blockage or a reason for refusal to engage.

I make the same response that I made to Alan McFarland this morning, when he asked a similar question: if there is evidence — the member says that there is a huge amount of evidence — let that be produced and let people go before the courts. It is not enough to say that something is a fact because everybody knows that it is a fact. I accept Danny Kennedy's point that some people around the border may not want it to go, but I was referring to the people whom he may consider to be lawless or — as unionists sometimes say — not right-thinking people. Right-thinking people are always those who agree with us. The very people that Mr Kennedy and unionism generally would demonise as a community engaged in widespread illegal activity are those who most want rid of the border — that general community. If there are accusations in relation to those matters, let the evidence be gathered and brought forward.

In relation to Sinn Féin, I reiterate the point that our accounts and the way that we raise and spend our money are open to scrutiny and have been well scrutinised. The same cannot perhaps be said for all political parties, but our accounts are open to scrutiny.

Mr McNarry: There was a moment when I thought that Conor was approaching constitutional republicanism in his responses to Danny. On that point, can Mr Murphy subscribe to a form of constitutional republicanism?

Mr Murphy: It depends what is meant by that. If it is constitutional republicanism as espoused by Fianna Fáil, I do not see Sinn Féin or myself as being in the same mould. However, I am not that interested in labels. Coming into this institution and the institutions of the Good Friday Agreement has involved a huge amount of compromise for Irish republicans. Sometimes that is not recognised.

The DUP made the point yesterday, and perhaps today, about a one-way system of concessions. The process has involved a huge amount of compromise for Irish republicans.

I never envisaged the day when I would sit in this Building; I did not see this Building until the day before the Good Friday Agreement was signed; I had never even been in this part of Belfast. We never had any inkling of being involved in these institutions, and coming into them under the present arrangements has involved substantial compromise on our behalf. That has impacted on the constituency that supports us. We have compromised, but we retain our principles and our primary goal of a united Ireland. We have mapped out a peaceful way of achieving that, and we intend to pursue it with all our vigour.

Mr McNarry: I appreciate your answer. Unionists understand constitutional nationalism now, and we respect and appreciate how hard a party such as the SDLP has worked. You prefer to be called republicans, but sometimes you want to be called nationalists as well. Constitutional nationalism has assimilated itself into institutions such as these and it is respected for that. However, I was wondering whether a form of constitutional republicanism is developing. I accept what you said.

If Sinn Féin were back in Government would it foresee a conflict of interest between the North/South aspect and the east-west axis due to possible policy differences between the Government of the United Kingdom and the Government of the Irish Republic?

Mr Murphy: Such a conflict might well arise. Yesterday, on my way home from here, I listened to an interview with the Rev Paisley on agricultural matters. The interview touched on the conflict that almost exists between British Government policy on agricultural matters, as it impacts on the North, as opposed to Irish Government policy on such matters. The Rev Paisley was asked whether he was envious of the Irish Government's much more proactive policy on agricultural matters. He said that he was frustrated, as many in the agricultural community are, with the

British Government's approach to agriculture, which may suit Britain but does not suit the North.

In all issues, whether North/South or east-west, the solution may not be the British one. The British Government's approach will, inevitably, be in their own interest. They will act in the interests of the people in Britain who vote for them. At times, that is in conflict with the interests of this part of Ireland. However, experience has shown us that reasonable people can work the North/South or east-west arrangements in a mature fashion and do their best in the interests of the people whom they represent.

The Minister of Agriculture in the last Assembly had to deal with an outbreak of foot-and-mouth disease, which could have proved a conflict of interest between Britain and this part of the United Kingdom. She took a decision that was in the interests of the people of this part of the island. No one attacked her for doing that; they recognised that she had taken the sensible decision. Martin McGuinness and Bairbre de Brún, in carrying out their ministerial portfolios, acted in the interests of those whom they represented; they had no particular axe to grind in relation to North/South or east-west arrangements.

Mr McNarry: I heard you say that type of thing yesterday. I want to get back to the question of allegiance, on which unionists require assurances. There are doubts, because of your past performance in the House, about where your allegiance lies on a matter of conflict — I understand that that question applies to all parties, but we are dealing with Sinn Féin. Does your allegiance lie with the Northern Ireland Executive inside the United Kingdom or with the Irish Republic?

2.15 pm

Mr Murphy: You are getting into a hypothetical situation. Unless the United Kingdom declares war on the Irish Republic I would imagine that the question of allegiance is not one that might tax people. What I am saying is that, very clearly, people work to the best of their abilities within those arrangements. People swear a pledge of office, and we have argued that items such as the ministerial code should be put into legislation so that people are obliged to act under a description of their responsibilities to the office to which they have been appointed, after election into the Assembly.

Given past experience of how our Ministers operated, and indeed how all of the Ministers operated, I do not anticipate that that sort of conflict of interest would arise.

Mr McNarry: There has to be some leeway on hypotheticals, you will appreciate, because you will not answer any specific questions about criminality, decommissioning etc. I am trying to take a route around that as to the answers that have come to pass,

because we are talking about preparing for Government here.

On the question of "jointery", do you accept that there is an operational and a status difference between the First Minister and the Deputy First Minister acting in office, and that "jointery", which was a common word used in the past, really was a figment of the imagination of the civil servants who serviced those offices?

Mr Murphy: No. Can I first just say for the record, given that we are on the record, that I do not accept that I have not answered the previous questions.

Mr McNarry: You have not answered them satisfactorily.

Mr Murphy: Well, that depends on your view of what is satisfactory. It is almost like Eric Morecambe saying: "I am playing all the right notes, but not necessarily in the right order." It depends how you like to phrase things.

Mr McNarry: I am surprised you remember Eric Morecambe, but anyway —

Mr Murphy: It shows that I am older than I look. In relation to "jointery", I do not accept that there is a difference in status between the First and Deputy First Ministers. The Good Friday Agreement was very clear that it is a joint office. Perhaps the operation of it between the previous incumbents might have made it seem to be somehow a separate office, but it is in fact a joint office under the terms of the Good Friday Agreement and I would not accept that it is anything less than that. There is not a First Minister and a second Minister; there is a First and a Deputy First Minister. I think there was a recognition of the joint nature of that office.

Mr McNarry: I would be interested to have you enlarge on that for me, but not today. I have had first-hand experience of working in the Office of the First Minister and obviously have a clear insight into how it operated. It would be interesting if you could perhaps expand on that at a later date in a short paper.

Conor, you talked of a peace dividend — something compacted into a financial package. Do you intend that Her Majesty's Government and Dublin would both contribute to that package, and if so, in what proportion would you envisage Dublin and London, shall we say, contributing? How would you see a package distributed, if you were making a bid for it? Obviously this is something that would need to be done before an Executive is formed. Would it be confined to Northern Ireland Departments, in that it would be a package coming into Government here, or would it have a broader usage?

Mr Murphy: I would envisage both Governments making a contribution; the proportions are obviously

going to be a matter for negotiation between the Governments.

Mr McNarry: Would that be a matter for negotiation between those parties, having entered into an agreement to form an Executive, with the Government separately, or jointly?

Mr Murphy: This is why we advanced the notion at last Friday's meeting that a very useful and clear signal of intent in this regard would have been for party leaders to meet Gordon Brown jointly when he was here on Monday. That would have set a marker that all parties here agreed that there should be some form of financial package to help underpin the restoration of these institutions. We believe that the Irish Government should contribute to that.

The best case scenario, as far as we are concerned, is that the parties here would come together, involving the relevant spokespersons and others, to work out the details of an arguable and productive financial package, bring that to both Governments and make a case for it. If that were done in that fashion, we would have a very strong case to make. Whether the money is spent entirely within the Departments or some of it is spent outside on direct intervention in various projects is a matter for negotiation among the parties.

We have our views on that. We have written papers that we can present if we get into further discussion. It falls into line with our argument about this Committee. One of the key areas of work that all the parties have identified relates to a financial package, or peace dividend, or economic regeneration. The very obvious and logical course of events would be for the Committee to send people off to work on that.

Martin McGuinness suggested that it might take days; others rubbished that idea. I do not think that it would take a long time for people to come back with ideas. Prior to restoration — and to underpin restoration — a compelling case could be made to both Governments, and if it were done on that basis, it would be warmly received. If the parties decide on that, the outcome could be reported to the Committee and could be endorsed by the whole Assembly in a debate. Unanimity among the parties would make a powerful case for a financial package to underpin restoration.

Mr McNarry: I do not want to go back to yesterday's business, where agreement and consensus was not attainable. I understand that the same result happened in the Business Committee. Is the Member saying that he would be in a position to identify a sum of money, which would focus minds on a financial package, and that he would be prepared to work with others to identify what the contribution would be from the Republic of Ireland and from London?

Mr Murphy: Yes, that is what we are saying.

Mr McNarry: Does the Member have a sum in mind?

Mr Murphy: From the notes that I have been given, some people have suggested a sum of £10 billion.

Mr McNarry: What?

Mr Murphy: The suggestion is £10 billion, in a peace-building strategy over 10 years. That is our view. What we have proposed in relation to the work of the Committee has been identified as an area of interest to everyone. I am reading from a note written by Mitchel McLaughlin, who deals with these matters in our party. We feel that people should go away, bring views together and produce a report agreeing the way forward for all the parties. The Committee could endorse that and it could be debated in the Assembly.

It would be a powerful signal, not just in trying to secure the financial package, but for the confidences that people are talking about — confidence for a quiet summer, and confidence that the politicians in this Building are getting their acts together and starting to address issues seriously. That is why we have argued that, as it is an issue that has been identified by all the parties on the Committee, it is an issue that we could take forward.

Mr McNarry: I accept what the Member says, but I am sure that he would appreciate that there would be absolutely no point in an Assembly debating £10 billion or any billions until such times as the obstacles to progress presented by his party are overcome, and that the issue was debated on the basis that a Government would be formed. In preparation for that — and I do not want to go back to yesterday — it seems to me to be bad practice that the view of the Assembly cannot be transmitted because the Member's party has stood in the way of that progress. I wish the Member would rethink that.

Mr Murphy: I would suggest that a degree of work needs to be done on this. The Assembly stands up and gives at least five different views at the moment, without taking the independents into account. There may even be a variety of views within parties about what is needed and where it needs to be spent. That is a good argument for people getting together to work on the issue and present a case. It would also present a clear signal that we were getting down to the proper work of engagement.

I accept the fact that Mr McNarry says that there are obstacles to devolution to be overcome, and they have been presented to us. It is a chicken-and-egg situation; if we do not start to work on some of those issues, we will not be in a position to go back into a restored Executive.

At the first meeting of this Committee, and at practically every subsequent meeting, we have asked

the DUP, in particular, to give us a clear indication that it is working towards the 24 November deadline to resolve these issues. If we propose to get down to the serious business of working out a financial package, that is not simply an exercise. In Sinn Féin's view, if we were to go to the Assembly now to debate such a matter, without an indication of a serious intent to resolve these issues, we would not be sending a clear signal about the restoration of the institutions.

Mr McNarry: I will end my remarks now, rather than take up other people's time.

The Assembly has had its debate. The Assembly asked the Business Committee to form a Committee to deal with this issue. Sinn Féin has blocked that. That is where we are stuck. Although Mr Murphy and I have had an extremely interesting and beneficial discussion, it just goes round in circles. This matter might just as well go out the window because no one will deal with it. Will Sinn Féin reassess that issue, and reflect on the Business Committee dealing with the matter, so that we can progress to the stage that Mr Murphy is talking about where the situation is clearer?

Mr Murphy: For the record, I want to say that the view that this work is best carried forward by a group attached to this Committee was shared by the SDLP at the Assembly Business Committee meeting today. It is a legitimate and logical view that, if people are serious about this work — not about grandstanding in debates in the Assembly, not about appearing to members of the business community that we are getting down to issues that concern them — we need a clear indication, from the preparation-for-Government work, that this issue will be carried forward in a serious fashion.

Mr McNarry: I am grateful for that information. I did not know that the SDLP spoke with one voice on this Committee and with another voice on another Committee.

The Chairman (Mr Molloy): John Dallat has been waiting a long time to ask a question.

Mr Dallat: This question is set in an all-Ireland context. Recently, senior republicans participated in the Easter Rising commemoration in Dublin. Does that mean that the strained and unfortunate relationship in the past between the Irish Army and the guards has now softened and that there is only one Óglaigh na hÉireann now?

Mr Murphy: We were invited to participate in those commemorations in Dublin at Easter. We have a working relationship with the guards in the various neighbourhoods that Sinn Féin represents across this island; we have always had that relationship.

I am not sure about the seriousness of the question. We have outlined very clearly what we are trying to do about the policing issue. We are trying to advance that.

We have indicated that we intend to take our responsibilities seriously. We intend to provide leadership on that issue. That is how we will advance.

Mr Dallat: The question is serious and, I hope, positive. I have spent a good part of my working life on both sides of the border and am very aware of the difficulties. I hope that that softening of relationships will spill over into the North and will solve the problems with the PSNI.

My second question relates to partnership. The Sinn Féin document puts great emphasis on partnership. Does Conor accept that, in the next few weeks or months, it is important that the principle and concept of partnership is retained, that we avoid the temptation of Governments entering into side deals, back-room deals or deals from which people are excluded, and that we push forward the concept of partnership, as defined in the Good Friday Agreement, in a collective way, so that the entire community can take ownership of whatever agreement is reached?

2.30 pm

Mr Murphy: I restate for the record that in every meeting with the Government on any issue that we have discussed with them, particularly in the lead-up to December 2004, we have argued that all parties should be involved. We have never practised or argued for an exclusive negotiating process. John Dallat talked about the partnership arrangements that came out of the Good Friday Agreement, and I remind him that when there were negotiations to establish the number of Departments and the range and remit of the all-Ireland bodies, Sinn Féin waited patiently for involvement in those. We were informed only by seeing it on the television or by hearing it on the radio in this Building that the negotiations had concluded.

Therefore we are all for — and always have been for — inclusive arrangements and negotiations. We are probably unique in this gathering by being a party that does not have a history of practising exclusion by treating other political parties differently. We will continue to advocate a partnership approach to any of the matters that we are trying to address in relation to the restoration of Government.

Mr Dallat: I welcome that, and it is because of past difficulties that we want to avoid future problems.

Finally, day and daily there are disturbing news items about the re-emergence of paramilitary groups on both sides. I was interested in the positive approach towards policing and justice that we heard today. Does the potential for a new crop of paramilitary groups make it imperative that we reach agreement on policing and justice as quickly as possible so that the whole community can avoid another Omagh or some other atrocity?

Mr Murphy: Our experience of policing — and bad policing — over generations is the primary driving force in trying to resolve that issue. The imperative that drives us on is that our community needs a proper, accountable and professional police service, and we have always wanted and still want that.

In relation to dissident republicans or loyalist groups, we do our best to encourage people to support the process in which we have engaged so far as these institutions, the Good Friday Agreement and the peace process are concerned. To a fair degree, we have been successful in keeping people on board with regard to that process. We are not responsible for other organisations, and the best way of dealing with any of those groups is to prove that the political system that was set up under the Good Friday Agreement is working and that the institutions that we have created in this Building and in the North/South bodies can and do work. Any of the issues that people feel may concern them can be resolved through dialogue in rooms such as this.

Dr Farren: A great deal has been said, particularly this morning when we began questioning Sinn Féin, about confidence building and the measures that need to be taken to do that. In the light of a lot of what has been said, will Conor and his colleagues not at least recognise that, fundamentally, suspension was not a function of the legislation that provided for it or, indeed, the result of the threat of parties to withdraw from the Executive without cause? Will they recognise that it was about the lack of confidence that had arisen due to the lack of progress with respect to the question of the ending of paramilitarism and the decommissioning of paramilitary weapons, particularly in the timescale that had initially been indicated in the Good Friday Agreement? It was only several years after that that the IICD was able to report that decommissioning had been completed to its satisfaction.

Since time does not stand still and parties, observing the lack of progress, cannot be expected to suspend their judgement and their reaction to that lack of progress, it is not surprising that the lack of confidence that precipitated suspension in the first place magnified over time, particularly as other events diminished confidence. Paramilitary involvement in criminality, and more direct paramilitary activity, such as surveillance, the apprehension and trial of people involved in various forms of paramilitary activity — not least attempts to procure arms — and what happened in the South, as well as in the North, all reduced confidence.

That underscores the point that I made at the very beginning: we must almost overreach ourselves in trying to make good the confidence deficit. One concrete way that Conor and his colleagues might do

that is by adopting a qualified approach to involvement in the Assembly. The parties are under absolutely no obligation to attend any or all the debates in the Assembly. If a party were to judge that a motion on the Order Paper was unlikely to contribute to preparation for Government or to restoration, it would decide not to participate. However, attending debates could be seen as a gesture or move to build confidence.

I accept all the objections that can be made to participating in Assembly debates: people would use them to express, stridently and otherwise, their grievances, their accusations and lack of confidence and the ill will that exists towards others. We had a great deal of experience of that in the last Assembly; indeed, we have seen evidence of it here over the past fortnight.

Nevertheless, a qualified participation could help in our immediate circumstances to bring the work of the Assembly and of this Committee together. Although the SDLP would prefer any subcommittees to deal with the issues to be the children of this Committee, yesterday I tried to see whether we could find a way through the two seemingly irreconcilable positions. If we are serious about restoration, we must perhaps overreach ourselves, and that goes for those on all sides of this table, not just one side.

I put it to Conor and his colleagues again that they might begin to address issues in a practical way, at least to reduce the confidence deficit.

Mr Murphy: As I said earlier, confidence measures go both ways. Republicans have always been prepared to examine and consider action that we could take to enhance confidence.

We will have to agree to differ on whether suspension was an inevitable outcome or whether it encouraged people to adopt the stances that they took. I recall the former Deputy First Minister, Séamus Mallon, resigning his position and expressing frustration at the lack of movement among unionists in getting the institutions fully functioning. Confidence and frustration and the approaches to the procedures of this institution were all a feature of the last Assembly.

We will have to agree to differ on the current debates. The Hain Assembly is not what we wanted, and I am sure that it is not what the SDLP wanted. It approaches the type of Assembly that the DUP is on record as saying that it wanted — a shadow Assembly in which it could debate issues without any responsibility for taking decisions. We suspended our scepticism about what may be going on and about people's serious intent as regards getting the institutions functioning again. The primary focus of the Hain Assembly, as described by the Governments, is to get the institutions restored by 24 November 2006. We suspended our scepticism and came in here to try to do

business with the DUP and with the other political parties. We went to what we considered the only purposeful Assembly business in the Chamber — the attempt to elect the First Minister and the Deputy First Minister. That was not successful, but not by our doing.

We have engaged in this Committee and we have asked the DUP to engage. We have asked the DUP time and time again to show some serious intent that it wants to do business in this Committee. It does not want subcommittees formed; it simply wants to identify the issues that it considers obstacles to devolution. Having done that, it considers the Committee's work to be done. We see this Committee's work as preparation for Government, and that is why we want not only to identify issues that are important for preparation for Government, but to get down to some serious work on them. That would be a clear signal from the Democratic Unionist Party that it is intent on getting back into Government before the 24 November deadline and that it wants to work with the rest of us in addressing issues that are of concern to us all. As yet, we have not seen that.

We have had no direct engagement with the DUP in this Committee; we engage with its Chairman, but that is under a different guise. We have had no indication, despite repeated requests, that there is an intent to get down to business or to get proper engagement going in order to get the institutions up and functioning again by 24 November. We made it very clear that, although others expect the real business of this institution to happen in the autumn, we expect to see signs before the summer that this institution is getting down to business. We will judge over the summer — and there was a sceptical approach by many republicans — our experience here to date.

Therefore I will have to agree to disagree with Seán in relation to the impact that Sinn Féin's turning up at a plenary debate may have. We have tried in earnest in this Committee and in the Business Committee to work in good faith with other parties, yet we have seen no sign that others are prepared to debate anything other than the positions that they stated publicly on coming into this institution: shadow Assembly arrangements, in which we could play at politics without having any responsibility for engaging in them in any serious fashion.

Dr Farren: I do not have any lengthy comment to make on that. When faced with a stand-off, we should try to find ways round it rather than leave it as a trap for us; we seem to be very good at that. I hope that we can move forward.

I indicated the SDLP's preference for, and understanding of, what should happen with this Committee, but we are faced with a stand-off, and I

certainly do not advocate a compromise towards what the DUP has been proposing. We must try to find a way around it, so that we can really get into what Mr Murphy emphasised as most important, which is engagement and not another series of stand-offs. However, each party judges whether it can move.

2.45 pm

Mr Murphy: Just for the record, I remind Seán Farren that Sinn Féin has made a range of proposals since it first came to this Committee. Martin McGuinness described some of those as compromise proposals, many of which have been rejected. Sinn Féin has engaged; it has not come to this Committee with a position to defend to the last, but it has genuinely tried to seek ways of moving forward on issues that have blocked this Committee since the minute and hour that we walked into this room. We have sought ways to try to move business forward, but that has been against the backdrop of no firm or clear indication from the DUP that it wants to get down to business with the rest of us.

Ms Ritchie: I want to ask Conor Murphy and his colleagues for an explanation in order to tease out some points in the Sinn Féin document. Point 5 states that:

"The work of this Committee is to carry out the necessary preparatory work for government, not to do the work of a future Executive."

Point 6 refers to "a number of key issues", one of which is "priorities for Government".

My perhaps limited understanding, not having been here under the previous mandate, is that the Executive dealt with issues of Government and matters forthcoming from Ministers. Perhaps Conor Murphy could further explain the preparatory work for Government and priorities for Government, if that is not to be the future work of an Executive. People in the community want the institutions up and running and an end to stand-offs, and they want us to try to achieve that for which we were elected.

Mr Murphy: I concur with Ms Ritchie's view. People do want that, and that view is not confined to the nationalist community, which our parties broadly represent. I answered a similar question from Naomi Long this morning on the difference between a Programme for Government and priorities for Government. A Programme for Government is largely worked out by the parties and the Executive, with close working co-operation with senior civil servants and officials from the various Departments on current programmes, the available budgets and what can be done under a Programme for Government.

I suggested that this Committee, in preparing for Government, could usefully identify a number of

themes that may be priorities for the Government, which would inform the work of a Programme for Government in the Executive. I gave a fuller explanation this morning, but that is essentially the difference. The parties could do some useful preparatory work that would lead to a Programme for Government discussion in the Executive.

Ms Ritchie: Mr Deputy Speaker, I thank you for your indulgence. I have a supplementary question for Conor Murphy. What does Sinn Féin perceive to be those priorities for Government? I apologise if he has already answered a similar question.

Mr Murphy: We have not detailed what Sinn Féin believes to be the specific priorities for Government. Sinn Féin has its own priorities such as poverty, targeting social need, infrastructure and investment. Those are priorities for us all in trying to get the economy working in the interests of everyone who inhabits this part of the island, and in the all-Ireland working arrangements with the rest of the island.

It would be useful for the parties to try to agree a number of common themes that would inform the necessary work of crafting and creating a Programme for Government. That would involve a much more detailed look at available budgetary allocations, current priorities, the priorities not met by the last Executive and whether those needed revisited, or whether things had moved on substantially and new priorities should be addressed.

The Alliance Party expressed a view that a party that would not be in the Executive may not want to participate in that type of discussion because it may want to keep its independence and its ability to be in opposition, and that is fair enough. However, the four parties who make up the Executive could agree on some themes that could govern the Programme for Government discussions.

Ms Ritchie: Does Conor agree that, as part of trying to eliminate poverty and targeting social need, there should be support for ending criminality? I live close to the family who were imprisoned as a result of the Northern Bank robbery, and I know the terror and trauma that they have suffered. That family and the community that I represent want an end to that and want all parties to subscribe to an end to that.

Mr Murphy: I will repeat my response to a question that specifically focused on south Armagh. The people we represent want a proper policing service. They are lawful people who want to live under normal peaceful circumstances with a proper democratically accountable professional policing service, and that is what we have been working towards for some time.

Mr Paisley Jnr: I have a series of questions, but I will preface them with these comments. It is difficult

to take seriously the submission that has been made, given that it can only be described as “Sinn Féin lite” — light in substance but not generating light of the other kind — when people have been probing for most of the day to try to get answers. We have certainly had a lot of flannel, but we have not had many answers.

Yesterday, there were over four and a half hours of interrogation of the Democratic Unionist Party’s position. During that time, a number of obstacles were probed and identified, and I would have assumed that Sinn Féin’s submission today would have at least tried to address some of those obstacles. However, Sinn Féin appears only to be able to dismiss those obstacles.

I want to ask some questions that, hopefully, will start to address the issue of confidence on matters that unionists believe are essential. I am setting this test for Sinn Féin that if it says it is essential for parties to engage with this Committee, I assume that means that it is essential for parties to answer questions. Although answering questions is a voluntary process, the failure to answer questions will be an indication, in the DUP’s view, of significant bad faith. We will examine that test and decide for ourselves whether Sinn Féin is just talking the talk but not actually walking the walk.

Throughout questions today, Sinn Féin has given a standard answer on the issue of obstacles. In response to the question that I think Seán Farren asked about the legitimacy of the issues that have been raised, Sinn Féin appears to accept that it is OK for issues to be raised. Does Sinn Féin accept the legitimacy of the obstacles that the DUP has identified in its paper?

Mr Murphy: I will preface my remarks by saying that my party members and I have endeavoured to answer fully any questions that were put to us. Ian Paisley Jnr’s approach to all of this is to seek to find reasons to further his viewpoint, which is that his party should not do business with Sinn Féin. That has been his consistent position. No matter what answer I give to Ian Paisley Jnr on any of these issues, he will seek to use those answers to reinforce his previously held viewpoint that his party should not be doing business with Sinn Féin. The only reasons that guide the DUP’s participation in this Committee are to refuse to engage on a meaningful basis, to take as much offence as possible and to use its experience on this Committee to further reinforce its position that it should not be doing business with Sinn Féin.

I will endeavour to give as honest an answer as I can, but I do so in a strong belief that any answers that Michelle Gildernew or John O’Dowd give to Ian Paisley Jnr or to the DUP delegation will be interpreted and used to reinforce its position, which is that it should not be doing business with Sinn Féin. I agree that the DUP has legitimate concerns in relation to what it considers to be difficulties in entering into

power sharing arrangements with Sinn Féin and the other political parties. I agree that republicans and members of Sinn Féin should work with the DUP to address its issues of concern.

In my own view, there are certain issues that the DUP does not wish to be convinced of, and it has a world view that under no circumstances should the DUP do business with Sinn Féin. However, I will suspend that judgement and argue my party's approach, which is that we should work with the DUP to try to address issues of concern.

I happen to think that some of the issues that the DUP considers to be of concern have already been addressed through the Good Friday Agreement and the arrangements of the IICD. Mr Paisley Jnr happens to think that they have not been addressed, and there is a difficulty in resolving that. However, I am prepared to sit down in any room with Mr Paisley Jnr, and with members of his party, to discuss all those issues. I am prepared to discuss them here.

I would like to see a proper engagement with Mr Paisley Jnr, but to date I have not seen that engagement. I am not in here setting tests or trying to be provocative to Mr Paisley Jnr or members of his delegation. I am merely stating my experience to date. The Member's position — stated publicly and privately in this room — appears to be that he wishes not to find any elucidation of any of these issues and not to be convinced in relation to his position on them, but rather wishes to seize whatever answers we give him, and, in many cases to date, misrepresent those answers, to further reinforce his own position, which is that he should not be doing business with Sinn Féin.

If the Member has genuine concerns, and I accept that he may have, then let us sit down and talk about them, not by setting tests or putting it up to each other, but by making a serious attempt to address those concerns.

Mr Paisley Jnr: Mr Deputy Speaker, this is not about me. This is not about my view, my world view or anything else. This is about Sinn Féin answering questions and addressing issues. Our paper put forward numerous issues, including paramilitarism and decommissioning, on which Sinn Féin's paper did not comment. Does Sinn Féin now accept that they are not legitimate concerns, but legitimate obstacles, and that those obstacles have to be addressed principally by Sinn Féin?

I just want a clear answer that these are legitimate obstacles for us to consider.

Mr Murphy: Could Ian clarify whether they are obstacles to the restoration of devolution or obstacles, in his party's view, to political progress?

Mr Paisley Jnr: I am not here to answer questions. There was enough questioning of the DUP yesterday, and that needs to be made very clear; we are here to scope these issues. I will put the question again, but it concerns me, Deputy Speaker, that we cannot get a straight answer to a very straight question. Does Sinn Féin accept the legitimacy of the obstacles identified by the Democratic Unionist Party?

Mr Murphy: I appreciate that Ian has avoided any direct engagement with us to date. That may well be his continued position, and that is regrettable.

I ask the question because these could well be obstacles to the DUP's ability to do business with anyone. Do I consider the issues outlined in the DUP's paper to be obstacles to the restoration of devolution? No, is the straight answer. Sinn Féin has said that there is no reason why the institutions cannot be reinstated tomorrow. There was no reason why, when Mr Paisley's father gleefully rejected Gerry Adams's proposal in the Chamber, we could not have had a First Minister and a Deputy First Minister elected and the institutions restored. In our view, the issues that the Member has outlined are not obstacles to the restoration of devolution. They may well be obstacles to the DUP's ability to do business on a genuine basis with our party, but they are obstacles that can be worked through with a genuine engagement between our parties and the other political parties.

3.00 pm

Mr Paisley Jnr: It is important that the record shows that Sinn Féin does not believe that they are legitimate obstacles. That calls into question the credibility of the process in which we are engaged. Certainly it has exposed Sinn Féin's position on that point. If it does not accept the legitimacy of the obstacles that not just my party, but any party, feels should be addressed, it is not just dismissing the party, it is dismissing the credibility of this Committee to scope what it feels are legitimate obstacles.

It requires a degree of arrogance and a certain mindset for one party to determine what is or is not an obstacle for all parties. If a party brings issues to the table, they are obstacles and must be scoped and addressed.

I turn to issues that were raised earlier, but which are important in relation to decommissioning. There have already been some questions about it, but it is important to put on the record what the IMC said in its February report:

"We have ... received reports that not all PIRA's weapons and ammunition were handed over for decommissioning in September."

These reports are not able to indicate precisely what is the nature or volume of any remaining weapons but

suggest two things: first, that there is a range of different kinds of weapons and ammunition; second, that the material goes beyond what might possibly have been expected to have missed decommissioning, such as a limited number of handguns kept for personal protection or some items the whereabouts of which were no longer known."

Setting aside the source of the information — because we have heard today that Sinn Féin totally dismisses the IMC — I want to know from Sinn Féin if it believes it would be possible for that scenario to be correct.

Mr Murphy: No, I do not believe that it would be possible. Mr Paisley Jnr quoted from that report, but he stopped short. The IMC did not find that to be so; as I remember, the report went on to say:

"If this was to be the case".

The IMC did not come down on whether the suggestions from unnamed sources were accurate.

When the IRA said that it had dealt with the issue, and the IICD was satisfied, all of us — apart from the DUP, and I accept that — agreed and were satisfied that the issue had been dealt with. I am satisfied that the issue was dealt with.

Mr Paisley Jnr: I say again that we have a situation in which Sinn Féin does not accept the IMC. Perhaps it accepts what the 'Sligo Champion' said two weeks ago:

"Up to 10,000 rounds of high velocity ammunition have been uncovered by Gardai at an arms dump in a wooded area near Clifffoney ...The ammunition, which was found in a pipe that was sealed at both ends, would have been there for some time and would have belonged to the IRA according to sources."

Again, I put it to Sinn Féin: does it believe that this material could have belonged to the IRA? If not, who does Sinn Féin think owned it?

Mr Murphy: I am not sure; I do not read the 'Sligo Champion'. I am glad to see that you put such strength in its reports. I do not know to whom the material belonged; I repeat that the IRA has stated that its material has been dealt with. The IICD and both Governments are satisfied with that, and Sinn Féin is satisfied that that is the case.

Mr Paisley Jnr: Again, if the guards are dismissed as a source — and it was not the RUC whispering in anyone's ear, but the guards who indicated that this was IRA material — I want to know whether Sinn Féin expects unionists also to dismiss the word of the guards.

Mr Murphy: The guards believe and state that that is the case. That is their view. The guards also believe that unionists were involved in the Dublin/Monaghan bombings, and that the security services here, to which you give such allegiance, were up to their necks in

shooting, killing and bombing people all around the border area and as far down as Dublin. Do you believe the guards when they make that assertion, or do you selectively quote from the guards to reinforce your own position — as you selectively quote from us in this Committee to reinforce your own position?

The guards may well believe that, and that is a matter for them. I am satisfied that the process of dealing with arms — as described under the Good Friday Agreement — has been dealt with to the satisfaction of the IICD, the Governments and ourselves. That remains our position.

Mr Paisley Jnr: Mr Deputy Speaker, once again for the record, this is not about me. It is not about the Democratic Unionist Party. It is about whether Sinn Féin, to use its much-trotted-out phrase, is serious about engagement, and in its terms I assume that engagement means answers, not flannel.

It is not about me. Again, I pose the question: should unionists believe the guards on this issue?

Mr Murphy: That is for unionists. I cannot answer for unionists. Unionists can weigh up everything that they see in front of them and make their own judgements. They can weigh up the attitude of the republican movement over the past 10 years, they can weigh up the historic events of last August, and they can make their own judgements. Undoubtedly Ian Paisley Jnr will tell unionists that which he thinks will excite them most and cause the most negative reaction within unionism. Not just the Member personally, although he has quite a strong role to play in all of that, but his party generally will tell unionists that which it thinks will excite them most to be against co-operating in a meaningful institution with the rest of us.

Unionists may make up their own minds. All we can do is present our case and hope that wiser counsel prevails. However, given our experience in dealing with the DUP in this institution to date, that may be a forlorn hope. Nonetheless, we will continue to turn up to these Committee meetings and try to make them work.

Mr Paisley Jnr: Mr Deputy Speaker, I accept that unionists can make up their own minds. Given that, how would Sinn Féin advise republicans to make up their minds? Should they believe the guards on this issue?

Mr Murphy: Republicans will believe the republican movement. It is not the first time that the guards have got it wrong. That is their assessment. It may be an honest assessment or it may not be, but republicans believe, in my view — as many people outside the republican movement believe — that the issue of weapons has been dealt with to the satisfaction of anybody who wants to be reasonably satisfied under the terms of the Good Friday Agreement.

If there are others who do not wish to be satisfied, I have no doubt — as I have stated here several times today — that they will find reasons, or others will provide them with reasons not to be satisfied, and to reinforce their own world view or their party's world view of how things are and how they should progress or not progress. If that is the case, so be it. We will endeavour to engage in good faith. Anybody who supported or endorsed the Good Friday Agreement and the arrangements for dealing with the issue of weapons — and I note we are only talking about IRA weapons and not Ulster Resistance, UVF or UDA weapons — must be satisfied that not only were those conditions met, but additional witnesses were allowed to give additional confidence that those conditions were met.

Mr O'Dowd: In continuation of Mr Murphy's point, I would be surprised if many members, or the majority of the members of the unionist community, are sitting in their homes worried about IRA weapons, considering that since the Democratic Unionist Party came to the fore within unionism 26 members of the Protestant community have been murdered by loyalist weaponry. Even in Mr Paisley Jnr's own constituency, nationalists in isolated villages such as Ahoghill will be more concerned about what sort of summer they will have at the brunt of loyalist violence. It would be more beneficial to the community that it represents if the Democratic Unionist Party were to use its influence in those matters, instead of wasting energy worrying about weapons that may or may not be there.

Mr Paisley Jnr: There is no point in me questioning Sinn Féin about UVF weapons, UDA weapons, UFF weapons or Ulster Resistance weapons or anything else like that, because if Sinn Féin cannot answer in respect of IRA weapons, it will hardly be able to shed any light on those matters. I would not expect them to. Therefore, I want to focus on issues on which, as spokespersons for the republican community and the republican movement, Sinn Féin may be able to provide some answers. Let the record show that Sinn Féin does not want to answer those questions; it wants to divert to other issues.

Sinn Féin had all day yesterday to ask the DUP questions on those issues, and questions were asked on a number of issues. If Sinn Féin did not get satisfaction yesterday, it should have continued questioning, because the DUP was here all day yesterday to answer questions. Today, however, it is Sinn Féin's turn.

It is interesting that there is hostility that these issues are being raised and there is hostility that unionists should be at all concerned about those matters. Well, unionists are concerned, which is why questions are being posed. I will not ask questions about loyalist guns, because Sinn Féin is clearly not in a position to answer. However, that party is in a position to answer questions about IRA weapons. I

want to know, for the record, whether Sinn Féin believes that any of the weapons mentioned in the newspaper article that the guards contributed to could have been IRA material? If it is not IRA material, whose material does Sinn Féin believe it to be?

Mr Murphy: Mr Paisley Jnr has already asked that question. I have no idea whose material it is. I state for the record that Martin McGuinness asked William McCrea yesterday to give his view on Sir Reg Empey's comments that all unionist parties had engaged with and used loyalist paramilitary groups over the past 20 or 30 years and to give the DUP's attitude to those comments. William McCrea did not answer that question.

The DUP may well have some knowledge of, responsibility for or view on weapons — particularly those of Ulster Resistance, but perhaps also on UVF and UDA weapons. We did not get any answers to those questions yesterday; we probably did not expect any, but we could not even get a view on Reg Empey's comments that all unionist parties had engaged and used loyalist paramilitaries at some stage.

Mr Kennedy: As a point of clarification, it is important that Sir Reg Empey's remarks are not misinterpreted or misrepresented. I must caution Conor Murphy about that.

Mr Paisley Jnr: There was some failure yesterday by Sinn Féin to ask the right questions or to probe and get the right answer. That was Sinn Féin's problem. Today, we are trying to get answers from Sinn Féin. So far, the tests have been very clearly put to Sinn Féin, but it is not really living up to those tests. Sinn Féin does not really want to engage; it wants to flannel and avoid the issue.

I want to ask some specific questions about the decommissioning process. That is a legitimate obstacle because it affects unionist confidence, which is crucial for us. Was anyone from Sinn Féin present at the decommissioning process?

Mr Murphy: Not that I am aware of.

Mr Paisley Jnr: So there may have been?

Mr Murphy: I am not aware of who was present, apart from Gen de Chastelain and the two ministers.

Mr Paisley Jnr: Let us be absolutely clear: you will not go on the record and say no.

Mr Murphy: I am not aware of who was at the decommissioning process, apart from Gen de Chastelain and the two witnesses. That is as much as has been made public as to who was involved in that process.

Mr Paisley Jnr: Does Sinn Féin feel that it is in the dark on this issue?

Mr Murphy: Sinn Féin's only interest in this issue was that it was dealt with under the terms of the Good

Friday Agreement as we agreed with the two Governments and the other political parties. The terms of the Good Friday Agreement specified that the IICD would deal with that issue; they did not specify that political parties, or their representatives, should be present.

The agreement specified that the IICD would directly engage with those who held weapons and deal with their disposal. The IICD has reported that it is satisfied that that is the case in relation to the IRA, and the IRA alone. Sinn Féin is satisfied that that is the case.

Mr Paisley Jnr: Would Sinn Féin be able to find out whether any of its members were present at the decommissioning process?

3.15 pm

Mr Murphy: The issue has been dealt with to our satisfaction, and we have no further interest in how it was done, who was there and who might have witnessed it. However, the point in relation to the DUP's protestations around this issue and desire for photographic evidence is that this was the part of the deal in which Ian Paisley Jnr and his father ended the possibility of agreement in 2004.

The point has been made to me on various occasions by various people not from the republican movement that if his father had been present at that process and had taken photographs, at the end of it he would have had to ask the representative from the IRA: "Is that it?" The representative from the IRA would have had to say: "Yes." And Ian Paisley would have had to accept or not accept that. So, while it is the case that no one knows exactly how many weapons were in the possession of the IRA, at some stage people have to accept its word that the weapons have been dealt with. The IICD has accepted its word, and that is the process by which all of the rest of us agreed that this would be dealt with. We are satisfied that IRA weapons have been dealt with in a satisfactory manner. We have no further interest in who happened to be there or not there.

Mr Paisley Jnr: Mr Deputy Speaker, once again we go back to the issue that although Sinn Féin may not have an interest in this, the unionist community does. It is an obstacle for it. While Sinn Féin may be able to take the word of the Provisional IRA, unionists cannot. That is not rocket science; it is pretty straightforward stuff. On that basis, I ask again: although Mr Murphy may not have any interest in it, would he be in a position to find out whether anyone from Sinn Féin was at the decommissioning process?

Mr Murphy: No, I would not be in a position to find out.

Mr Paisley Jnr: But you cannot clearly state for the record that members of Sinn Féin were not there?

Mr Murphy: I have no idea who was at the decommissioning process other than Gen de Chastelain and the two witnesses.

Mr Paisley Jnr: Sinn Féin claims that the IRA has decommissioned all of its weapons. I want to know if it is aware of when the organisation decided in principle that it would completely disarm. When was that decision taken in principle?

Mr Murphy: I have no idea.

Mr Paisley Jnr: You do not believe that it is important that you try to build unionist confidence about that decision?

Mr Murphy: Perhaps the best way, if you have specific questions in relation to that, would be for yourself and representatives from your party to go and engage with the IRA leadership and put that range of questions to it. You can put that range of questions to us, but I am afraid that I am not in a position to answer them, because I do not have the knowledge. I presume that people in the leadership of the IRA would have the knowledge, and if there are issues in relation to that, and if you genuinely want to satisfy yourself in relation to some of those issues, you would be best talking to the people in charge of the process.

Mr Paisley Jnr: Mr Deputy Speaker, again I want to know if Sinn Féin would support the unionist confidence; would it support the early publication of an inventory of the weapons that have to date been destroyed?

Mr Murphy: What we did support are the arrangements made under the terms of the Good Friday Agreement. That is what all of the parties and the two Governments signed up to. Now, with regard to the sort of conditions that Ian Paisley Jnr and the DUP had wanted in those arrangements, it is quite possible we would never have been able to get to the stage where those arrangements were satisfied. That may well have been the desire of the DUP, because I understand from reports at one stage that members of the DUP advised the loyalist paramilitaries not to engage in any ceasefires or decommissioning acts, but it may well be the case that the DUP wanted such clauses inserted, so that this process would not have been possible at all.

I contend that we are in a much better place now than we have been since the start of the Good Friday Agreement. The issues of the IRA weapons and activities have been dealt with. If that is not the DUP's view, it might want to take up matters with the leadership of the IRA. The issues have been dealt with under the terms of the Good Friday Agreement. We are satisfied. We also believe that they probably could not have been dealt with under any other terms, and they have now been dealt with under those terms. The focus of people who have genuine concerns about the issue of illegal weaponry should be to try to ensure that the

rest of the illegal weaponry, which is out there, is dealt with under the same terms. I have no desire to see inventories of UVF, Ulster Resistance or Third Force weapons, if there happened to be any, but I want to see those weapons out of circulation. I would not have it as a precursor or as a prerequisite to the DUP's coming into Government, but there should be a genuine desire among people who want to move forward in a more peaceful society to see all of those weapons dealt with.

First, in relation to inventories, the DUP could help to speed that process along by getting involved in encouraging loyalist paramilitary groups to decommission. My understanding of that process is that no inventory will be published until all decommissioning has taken place. Since it is up to loyalist organisations to move, if the DUP wishes to see those inventories published, it has to go down that road.

I wish to make it clear that there is no hostility towards the point of view that the unionist community has serious concerns about decommissioning. I am questioning whether it is the main focus of the unionist community's attention, or whether it is a deal breaker for that community. I am not diminishing the need for that. However, I imagine that if you were sitting in Newtownabbey, the Rathcoole estate, the Shankill or Ballymena, you would not be concerned about IRA weapons. The UDA and UVF weapons that are being used against the community would be the main source of concern.

Mr Paisley Jnr: Once again, Mr Deputy Speaker, I will be the best judge of what my community wants, but let us focus today on what questions Sinn Féin is prepared to answer, if any.

I am not asking whether Sinn Féin supports the Belfast Agreement or its terms. Sinn Féin seems to be clinging to the Belfast Agreement with its fingernails. I want to know whether it would support — in order to build unionist confidence — the early publication of an inventory of the weapons that have, to date, been destroyed.

We know that not only IRA weapons have apparently been destroyed. Very publicly, LVF weapons have been destroyed. I want to know whether Sinn Féin supports the early publication of an inventory in order to address this issue in a way to engage and to ensure that there is unionist confidence and to speed up the dawning of the day when an Executive is re-established in Northern Ireland.

Mr Murphy: That was interesting in relation to LVF weapons and the public dealing with those. I asked William McCrea yesterday whether he felt that the way that the LVF had dealt with some of its weapons had given any degree of confidence to the nationalist community, and he did not answer that question.

We support the arrangements that were outlined under the terms of the Good Friday Agreement. John has outlined some of the arrangements in relation to publication of inventories, and we support that process.

The best thing for the DUP to do is to encourage that process among loyalist paramilitaries, rather than abdicating any responsibility to deal with that. Again, if there are issues of a technical nature that DUP members wish to talk to the IRA about, they should raise those with the IRA.

Mr Paisley Jnr: Mr Deputy Speaker, this perhaps goes to the heart of the matter. If Sinn Féin is absolutely satisfied that the process of decommissioning is a settlement — a signed, sealed and agreed package — but believes that on the big political and constitutional issue it is only a space or a halting point toward greater things, I do not understand how it can have that double-headed position. One matter is a moveable object, but the other is hard and fast.

Again, I put the question: in order to assist and develop unionist confidence, which is an obstacle to this process moving forward, will Sinn Féin support the publication of an inventory of IRA weapons? After all, they have been destroyed, so who is being hurt by this? We may as well know what has been destroyed. We may as well find out. Why do we have to be kept in the dark? What is the secret?

Mr Murphy: I am happy to acknowledge that the Member has acknowledged that the IRA weapons have been destroyed. I think that that is a step forward. There is, as I say, a process for dealing with that. I am not quite sure how he can try to marry the constitutional issue, under the Good Friday Agreement, with the dealing with weapons, which is a by-product of that agreement.

The Good Friday Agreement allowed people to pursue their own constitutional preferences in relation to this state. We are entitled to do that, as are others. The agreement outlined how weapons would be dealt with, and, in our view, they have been dealt with under those terms in a satisfactory manner.

Mr Paisley Jnr: Could I turn to the issue of paramilitarism, which is included in our submission? I want to know whether the Sinn Féin delegation believes that the IRA has been involved in any paramilitary activity whatsoever since the IRA statement of last July.

Mr Murphy: No. I believe that the IRA statement of last July, which instructed all volunteers not to engage in any activity whatsoever, has been held to. That is my experience from the area in which I live, and from hearing from people on the ground in republican areas right across the North.

Mr Morrow: I want to ask a supplementary question. Sinn Féin says that decommissioning has been carried out to its satisfaction. Does Sinn Féin accept that it was not a question of whether decommissioning was carried out to its satisfaction but of its being carried out to unionists' satisfaction? It was unionists who lacked confidence in the decommissioning process. Furthermore, would Sinn Féin accept the publication of an inventory if it served to boost unionist confidence?

Mr Murphy: Mr Morrow is wrong on both positions. Decommissioning does not have to be carried out to our satisfaction or to his: it has to be carried out to the satisfaction of the arrangements that were agreed under the terms of the Good Friday Agreement — the arrangements of the Independent International Commission on Decommissioning. The commission has expressed itself satisfied, as have both Governments, with the decommissioning process; and Sinn Féin is satisfied with that. There was no requirement to satisfy Sinn Féin; neither was there a requirement to satisfy unionists. In our view, the requirement under the terms of the Good Friday Agreement has been met.

Mr Paisley Jnr: Sinn Féin indicated that it does not believe that the Provisional IRA has been engaged in any paramilitary activity whatsoever since last July. I want to look at intelligence gathering by paramilitary organisations. I refer the Committee to paragraph 3.19 of the IMC's eighth report, which said:

"We referred in our last report to intelligence gathering. We believe that the organisation continues to engage in it, and has no present intention of doing otherwise. This is an activity which we believe is authorised by the leadership and which involves some very senior members. While some of it may be for defensive purposes, it is predominantly directed towards supporting the political strategy. It involves among other things the continuation of efforts to penetrate public and other institutions with the intention of illegally obtaining or handling sensitive information."

Does Sinn Féin accept that that fact alone blows out of the water any credibility that unionists could give to an organisation that, on the one hand, wants to engage in what the IMC report has found it to be engaged in, while, on the other hand, wants to be in an Executive with the Democratic Unionist Party? Does Sinn Féin see that as a legitimate obstacle that it must address? If so, how does it intend to stop the intelligence gathering that undermines the institutions of the state?

Mr Murphy: I have outlined our view of the IMC and its reports on more than one occasion already today. That is the IMC's view. However, I have raised numerous caveats about how it conducts its business, its personnel, the people to whom it speaks, the standards of evidence that it uses — indeed, the IMC

uses no recognisable standard of evidence — in producing its reports. I suggest that Ian Paisley Jnr and other members of the DUP regularly receive intelligence from people in the security services. Members of the DUP may make such intelligence public — William McCrea attempted to do so in the House of Commons several months ago. Ian Paisley Jnr's father has often done the same. The DUP has often shown documents and similar intelligence that it received from people who gathered it on behalf of the British Government.

The IRA statement of last July stands: its volunteers have been instructed to engage in no activity whatsoever. In my view, that instruction has held firm. A great deal of intelligence gathering goes on among political parties — and outside them — in this part of the world. I do not believe that the IRA is involved in it.

Mr Paisley Jnr: If the IRA were involved in any intelligence gathering, would you accept that that would be a breach of the July statement?

Mr Murphy: If the IRA were involved in any activities whatsoever, it would be a breach of the July statement; however, I believe that its statement has held firm. It is clear that the Democratic Unionist Party has received, deployed, leaked and exposed intelligence material and raised it in the House of Commons. The DUP's question time is over, but perhaps that party might reflect on the effect that such actions have on the confidence of the nationalist and republican community in the policing and intelligence services — services to which the DUP asks us to give unqualified allegiance.

Mr Paisley Jnr: I want to check one thing. Was it said that any activities whatsoever by the Provisional IRA would be a breach of the IRA statement?

Mr Murphy: The IRA statement instructed its volunteers to engage in no activities whatsoever. If volunteers have engaged in activities, they would obviously be in breach of that statement.

3.30 pm

Mr Paisley Jnr: Again, this is an issue that I want you to reflect upon before you answer. Are you suggesting, not only to this room but to the unionist community, that it should believe the IRA on these issues rather than the IMC. Remember just for a moment how the unionist community that I represent actually views the IMC. We certainly do not view it as our buddies. We certainly do not view it as our hand-picked people. We view it as people who have been put there independently of us — people who have been prepared and who have cross-examined. But it is a monitoring commission independent of our political party and therefore independent. We have to therefore view its reports, not with scepticism, not from a position where we dismiss them out of hand, but seriously.

Sinn Féin seems to be coming from the position of complete hostility to the IMC and its membership — to one because he is often described as a British Lord, and to another because he came from the security services. We want to know whether Sinn Féin seriously believes that the unionist community should believe the word of the IRA on these issues rather than that of the IMC. Unionists are not going to believe the IRA, so who else should we believe on these issues?

Mr Murphy: Well, unionists have a variety of sources from which to draw their conclusions in relation to all of that. Some of it is their own experience, and some of it is the declared intentions of people. They can judge the journey that has been made over the past 10 or 15 years in trying to develop a more peaceful future. We have expressed our view on the IMC's membership, on the way it gathers its information and on the sort of people who feed it information — the same people that feed your party its snippets of intelligence and documents — and their purpose in feeding that information to the IMC. It is similar to the purpose they have in feeding you and your party that sort of information. It is not to enhance the peace process or to allow us to move forward in a productive fashion together, but to block progress.

It is not for me to say that the unionist community should believe the IRA as opposed to the IMC. People can draw their own conclusions from a variety of sources, and from observing what has happened on the ground. Sinn Féin is endeavouring to develop the most positive atmosphere and framework possible in order to get the institutions reinstated. If all the other parties adopted that approach, it might go some way to achieving that.

Mr Paisley Jnr: The issue of criminality is cited as an obstacle. We believe it is important, and we expected Sinn Féin to at least attempt to address it. Earlier today “Slab” Murphy's name was mentioned. I just want to confirm for the record — is “Slab” Murphy a relative of anyone in the Sinn Féin delegation?

Mr Murphy: Well, he might be a relative of someone in the DUP. He is not a relative of anyone in the Sinn Féin delegation.

Mr Paisley Jnr: That is interesting. OK. If, as has been stated by the Guards and by the police that it is clear that “Slab” Murphy is wanted for very serious organised crime, would Sinn Féin welcome “Slab” Murphy's arrest? Would it call for him to hand himself over for investigation by the police?

The Chairman (Mr Molloy): I urge caution. Some of these issues may be sub judice because of ongoing investigations by the Assets Recovery Agency and the police. It is just a wee word of caution in answering

questions, because I was criticised earlier today for not cautioning and not protecting people.

Mr Murphy: Well, allegations and accusations have been made. You say that the Guards and the police say that they want to arrest that gentleman. Let them present the evidence and arrest him, and let the law take its course.

Mr Paisley Jnr: Well I am not really interested in that. I am interested in whether Sinn Féin would do the community leadership thing. Would it go out and show leadership, not “followship”, by calling for this person, who is wanted on both sides of the border by the lawful authorities of Northern Ireland and the Republic of Ireland, to hand himself over to the police for investigation?

Mr Murphy: I am not clear that he is wanted by the lawful authorities on both sides of the border. You state that that is the case. If that is the situation, the lawful authorities can deal with the case. A substantial degree of hype surrounds evidence and information in relation to this and several other issues. When a case is brought to court, quite often there is hype but very little substance.

Sinn Féin has a jaundiced view about agency personnel turning up to arrest people accompanied by TV cameras, as they turned up, ostensibly, to raid this Building, accompanied by TV cameras. Our experience is that they never searched the offices in here at all. We are sceptical. The onus is not on the individuals that the authorities claim to be seeking but on the agencies that claim to have evidence to put up that evidence, arrest the people, charge them and bring them to court. A trial should not be conducted through the media. If the agencies are sure that they have the evidence to convict someone, surely they can arrest that person and not arrive, as they did in this Building, with TV cameras, only to find that the entire case that they had puffed up had collapsed around their ears.

Mr Paisley Jnr: I take the view that the police should do their duty. However, I am not asking the police that question; I am asking Sinn Féin. Would it behave in a community-spirited way and call for people who are wanted by the lawful authorities to hand themselves over for investigation? That is a legitimate question that addresses the issue of whether unionists can be confident that they could form a partnership with Sinn Féin. It is important that that question is answered.

Mr Murphy: As you said in relation to your community, I would not dare to speak on behalf of it. You would not wish to speak on behalf of the community that I represent. The community that I represent has a healthy degree of scepticism when the police come calling with TV cameras and when aspects of their investigation are conducted through

selected journalists. My community has a healthy degree of scepticism about whether that is part of a genuine investigation or is part of a political frame-up. If people claim to have evidence, let them present that evidence. I would not advise anyone to do anything based on the manner in which the police and other agencies have presented their case in the media and have not presented it in court.

Mr Paisley Jnr: Gerry Adams is on the record as describing “Slab” Murphy as a respected businessman and a republican. Is he a member of Sinn Féin?

Mr Murphy: Not that I am aware of.

Mr Paisley Jnr: So he could be a member of Sinn Féin, but you may not be aware of it?

Mr Murphy: I do not have the membership for all the people in north Louth who are members of Sinn Féin. I am not aware that he is a member of Sinn Féin.

Mr Paisley Jnr: Would you be aware if he has ever made a contribution to Sinn Féin’s election programme?

Mr Murphy: I am not aware of that.

Mr Paisley Jnr: So he could have made a contribution?

Mr Murphy: Again, I am not aware of that. People can buy tickets and make all kind of contributions at all levels across the community. I do not have access to that type of information.

Mr Paisley Jnr: So he could have bought tickets to assist Sinn Féin’s election campaign?

Mr Murphy: I have no idea.

Mr Paisley Jnr: It was you who brought tickets into the equation. He could have bought tickets to assist the Sinn Féin election machine — is that right?

Mr Murphy: Ian, you are trying to make the point that “Slab” Murphy has been successful in business, and somehow that benefits Sinn Féin substantially. I reiterate: how Sinn Féin raises, lodges and spends its own money is all open to scrutiny. That issue has been scrutinised and has been found to be above board. If you have specific allegations about the way in which Sinn Féin operates its money, as opposed to how other parties operate their own banking systems, you may as well make those accusations rather than dance around the issue about whether someone has bought a ticket in a lottery.

Mr Paisley Jnr: I am certainly not dancing around issues. I am looking at someone who is dancing around answering questions.

Let us take the discussion away from Thomas “Slab” Murphy and ask a specific and generic question about criminals. Would Sinn Féin display leadership and public spirit by calling on those people who are

wanted by the Police Service of Northern Ireland for serious and organised crime to hand themselves over to the police?

Mr Murphy: I am not aware of who is wanted by the police for serious and organised crime. If the police operated on case-by-case basis, we could try to make a judgement.

We stand against criminality in our communities. We have put forward and support arrangements through which other people can work to address issues of criminality, given that the reality is that we deal with an unprofessional and partisan policing service. We have tried to work with that reality. We have no qualms whatever about standing by our record of dealing with criminality.

If Ian Paisley Jnr wants this to be an exercise of asking whether people will stand up publicly and call for others to support policing services and structures in advance of working out the proper arrangements, mechanisms and outstanding issues on policing, he is barking up the wrong tree. We have issues on policing that we intend to resolve. We want to see a lawful and peaceful society. The communities that we represent and the people who vote for us want to see that. We endeavour to help people, and we call on people to stand together to resist criminality. We will do that, and we will continue to struggle as best and as quickly as we can to address the outstanding policing matters.

However, you can try to poke at this all that you want to find some snippet with which you can run back to the media or to the Democratic Unionist Party meeting in Ballymena and say: “Here we have it: Sinn Féin will not do this or will not do that.” Our issues on policing are quite clear: there are outstanding issues, our community has difficulties with policing, and we will give leadership in trying to address those matters. You can try to poke through it to find some further reason for reinforcing your party’s world view of why it should not go into any further arrangements. You can describe the issues as ones that you genuinely want to see resolved to give you confidence. I happen not to believe that; I believe that you are searching for more issues to identify as obstacles.

However, we can go through this exercise, and I am quite happy to do that. Our position on policing is clear. Our community has difficulty with policing and with people who were previously handed over to the police as a result of their criminal activities only to re-emerge as informers with impunity to carry on with those activities. All those experiences exist, and we are trying to deal with their legacy. We are not dealing with a policing service that has had — or still has — a clean record in its dealings with our community. However, we are trying to deal with the issues.

Mr Paisley Jnr: We will come to the Police Service in a moment.

Mr O'Dowd: I agree with Conor Murphy that it is unfortunate that the DUP has presented criminality but does not want to explore it in such a way that it can be resolved. However, criminality occurs throughout Western and Eastern society. I know that the DUP does not want to answer questions, but perhaps it could outline how it deals with criminality in areas such as Ballymena. Ballymena has the highest incidence of drug use in Ireland; it is the hard-drugs capital of Ireland. It has more heroin users than any other town in Ireland, and it is very sad that we have so many drug users in that area.

Ballymena has a DUP-dominated borough council. At Assembly level it is dominated by the DUP —

Mr Paisley Jnr: Mr Deputy Speaker, this is not an answer to a question; this is a series of questions. We are here to get answers to specific questions.

Mr O'Dowd: I am exploring it in the sense that if the DUP has a resolution on criminality that it could present to us at the end of this, we would be more than happy to listen to it.

We have a place that is dominated by the DUP, yet criminality still exists. How do you resolve that situation?

Mr Paisley Jnr: It is important that paramilitaries, no matter where they are, stop selling drugs, stop bringing them into this society and stop gaining from the sale of drugs and giving that money to political parties. However, we have tried to explore matters today on a case-by-case basis. One case is that of Thomas “Slab” Murphy, which Sinn Féin does not want to talk about. We have also tried to look generically at the issue; it does not want to talk about that, but it wants to talk on a case-by-case basis.

Therefore let us look at crime generically. Does Sinn Féin believe that it has a responsibility to address crime? Does it have a responsibility to address unionist confidence in it as potential partners in Government? If a person is raped in west Belfast or robbed in south Armagh, or if a shop is raided by criminals in any part of this country, does Sinn Féin believe that if it knows who was involved in those crimes, it should hand them over to the police so that they can deal with them? Will it call on people to hand those people over to the police?

3.45 pm

Mr Murphy: We recognise that the community that we represent — in fact, it is probably broader than the community that votes for us — has little or no confidence in policing. We recognise past experience, when names have been given to the police only for them be taken in and repackaged as low-level

informers in their own communities with impunity to carry on with their criminal activities including rape, robbery, and raiding shops. Recognising all of that, Sinn Féin has nonetheless asked people, if they have information about serious issues of this nature, to make it available to people in whom they have confidence to treat the issue seriously. That recognises the very difficult policing reality in our own communities.

Obviously, there is also a difficult policing reality in the community that the Member represents, given the level of crime and drug-taking that goes on in it. We recognise the difficulties about policing in our community and have tried to give leadership. We help people who want to have serious issues dealt with, and try to find mechanisms to do that, while recognising that the very police whom people might have turned to in the past have allowed criminals and others to prey on the community.

Mr Paisley Jnr: Is that advice not to go to the police, to go to the police, or a fifty-fifty bet?

Mr Murphy: That advice is that, if people have confidence in the police, they should go to the police. The reality that we recognise, and in which we work, is that a substantial section of the community that we represent does not have confidence in going to the police because of its experience of criminality in its community, and of who has been directing and facilitating that criminality. The police have benefited from that criminality. Our approach recognises that experience and takes it into account. We tell people that if they have confidence in the police, they should certainly give their information to the police. If they do not have confidence in the police, we tell them to bring that information to reputable people who can progress it in a proper way.

Mr Paisley Jnr: If people have confidence, the Member is clearly happy for them to go to the police. Would he then take the next logical step, to provide leadership and call on people to go to the police when they are aware of people in their community who are involved in rape, robbery and other serious and organised crime? It is a logical step. Would he take it?

Mr Murphy: I have already advanced what we do in the current circumstances. Let me advance what we will do in leadership. We lead our community — we do not ask our community where they are and then decide to adopt that position. As best we can, we will advance the policing issues that we see to be outstanding. Some of that involves getting into power with the DUP. We will advance that, and then, in that situation, we will recommend to our party that it endorse policing arrangements. We will give leadership in our community and try to bring it to terms with policing arrangements too.

That is giving real leadership. Real leadership does not mean standing on a soapbox or appearing on TV, making a call for something and then going back to your constituency, regardless of the consequences. Real leadership is trying to work the issues through to a solution, to find a proper solution to policing, to deliver that solution within your own community and to give leadership on that solution — not asking your community where they are on an issue and adopting that position.

Mr Paisley Jnr: There appears to be a dichotomy between what Alex Maskey said earlier in the Committee and what is now being said. I want to clear that up. What comes first in the chicken-and-egg scenario of policing and justice? Will Sinn Féin fully support the policing and justice system prior to the devolution of policing and justice powers, or will it wait until the devolution of those powers is complete?

Mr Murphy: There are a number of issues concerning policing. Some of those will be resolved under the transfer of policing and justice powers, which is a key issue. There are other outstanding issues on which the British Government have promised to produce legislation. We have yet to see that legislation, and we have yet to see the passage of that legislation through the Houses of Parliament, which on two occasions undid previous legislation that was to reflect Patten. Therefore, there are still issues we must satisfy ourselves on. If and when we are satisfied, we have made a public commitment to go to our party and our community and argue for acceptance of those policing arrangements.

Mr Paisley Jnr: Mr Deputy Speaker, it is well known that it would take, at best, 18 months to two years to fully devolve — if there was agreement — the matters of policing and justice to the Northern Ireland Assembly.

What I want to know is whether Sinn Féin is saying that it would take it two years, until all of that works itself out, before it would fully support the police and the justice system. Again, it is an evens bet that Sinn Féin might support it, but not until it sees the entire workings of the devolved process.

Mr Murphy: In relation to the timescale, I suggest that if it had not been for yourself, Ian Paisley Jnr, and your father, this timescale could have kicked in in December 2004, and we would be well on the way to achieving these goals, if not already there. I am not sure what the time frame will be for the transfer of powers on policing and justice. What I do know is that with political will those time frames can be speeded up considerably. We have the political will to address those issues, and we look to you to have the same political will.

Mr Paisley Jnr: Mr Deputy Speaker, there is a failure to answer the very obvious question: will Sinn Féin support the policing and justice mechanisms prior to the full devolution of policing and justice powers or is it waiting until after? This morning, Mr Maskey indicated that it was waiting until that was complete. There appears to be some fuzziness as regards when Mr Murphy believes his party will support the policing and justice mechanisms. It is important that we get clarity on that.

Mr Murphy: As I said, there are a number of issues outstanding. Some relate to the transfer of powers on policing and justice; some relate to measures that the British Government intend to introduce into legislation. We will judge those as we see them. When we consider that we are in a position to make an argument, to our party in the first instance and then to our community, that what has been achieved to date on policing issues is enough to allow us to go forward, then we will make that argument. We will make that judgement when we see that.

We are not now in the position of specifying time frames or dates that may or may not suit the DUP. We have a judgement to make, and when we consider that enough has been given to allow us to make that judgement, we will make it. I would argue that if a deal had not been scuppered in 2004 we could well be beyond that time frame now. However, we are in this time frame now, so let us take it forward as fast as we can from there.

Mr Paisley Jnr: Again, there is no clear answer, which is very discouraging. We need clarity about what Sinn Féin actually means. On four occasions today Sinn Féin has said that if people have evidence they should go to the courts. Does Sinn Féin therefore accept the legitimacy of the courts as currently constituted? You are encouraging people to go to the courts if they have evidence. Do you accept the legitimacy of our court system?

Mr Murphy: If the policing service and other services that gather evidence have evidence, let them go to the courts that they use. Do I have confidence in the courts as currently constituted? Not a lot. That is an honest answer. However, people use the court system here. We are part of a process that is trying to work through criminal justice issues to improve the working of the courts. We are in this institution. I do not have a lot of confidence that it will work, particularly given the experience over the last number of weeks.

Nonetheless, we took the decision to engage in institutions and to try to work them in the interests of the people whom we represent and the broader number of people on this island, and also in the interests of a better future for all our people. So we will engage in institutions as we find them. We will try to improve

those institutions. There are other matters that need to be dealt with before we can engage in a policing institution. We will take that forward as we find it.

Mr Paisley Jnr: I am not concerned whether people have confidence or no confidence. It is their entitlement and, indeed, their right to have confidence or to not have confidence in something. What I want to know, Mr Deputy Speaker, is: does Sinn Féin believe that the court system here is the legitimate court system?

Mr Murphy: It is the legitimate court system of this state. The question is whether Sinn Féin believes that this state is legitimate.

The answer is no. Sinn Féin wishes to end the existence of this state. We operate the court system of this state because it is the authority of this state. However, it is Sinn Féin's clear intention to end the existence of this state and move to a new constitutional arrangement on the island.

Mr Paisley Jnr: That is the third time today, Deputy Speaker, that Northern Ireland's legitimacy has been called into question.

Mr Murphy: It is not the first time in its history, that is for sure.

Mr Paisley Jnr: Post 1998, someone expressed the view that Northern Ireland was recognised as a legitimate part of the United Kingdom. Does Sinn Féin hold to that position?

Mr Murphy: I am interested to know who expressed that view. Certainly no one in Sinn Féin said that Northern Ireland was a legitimate part of the United Kingdom; we have always contested that, and we will continue to contest it. Our very existence as Irish republicans contests that notion. We will work in a peaceful and political fashion to end Northern Ireland's position in the United Kingdom. Sinn Féin stated that objective, as did the SDLP.

Mr Paisley Jnr: I want the record to show that, in answering some questions today, Sinn Féin failed to support the legitimacy of the state, the police and the courts. Yet Sinn Féin says that it wants expedition in getting into Government with a party that endorses the legitimacy of the state, the police and the courts. I have not heard anything in Sinn Féin's answers about how it wants to address that huge quantum gap that is between us. It is important that Sinn Féin at least attempts to address that. However, it is unfortunate that it has failed.

The Chairman (Mr Molloy): There was reference to the notes of the meeting. I will clarify for the record that Hansard staff are recording all the time, so although the Clerks are not taking details of proceedings, those will be recorded in Hansard.

Mr Paisley Jnr: What time will we break today?

The Chairman (Mr Molloy): We had planned to break at 4.00 pm, but that is in the hands of the Committee.

Mr Paisley Jnr: I have another 25 questions on criminality and further questions on some of the political policies that have been identified in the Sinn Féin paper.

Mr McFarland: The Committee had a good day yesterday and is having a good day today. There is nothing to stop the Committee continuing that movement tomorrow morning. Parties will take their turns when it shuffles out. It is encouraging stuff, so to cut it short or not to allow the DUP to explore its questions —

The Chairman (Mr Molloy): We do not want to cut any party off from exploring or asking questions and engaging in dialogue. We can adjourn at 4.00 pm and continue tomorrow morning.

Mr Paisley Jnr: I am happy to adjourn now, because if we came on to a new issue, we would only be getting started.

The Chairman (Mr Molloy): I am advised that it is called suspending, not adjourning.

Mr Kennedy: Deputy Speaker, when will the Hansard report be available? I have not seen it yet, but perhaps that is my fault.

The Committee Clerk: We hope to have yesterday's transcripts available in draft tomorrow; Hansard staff have been given a 48-hour turnaround. Members may have thought that there was an overnight turnaround, but the turnaround time for Committee is longer than for plenary. That is because Hansard staff do not have access to the visual commentary, which they do for a plenary. Therefore they have to wait until they get the tape before they can transcribe.

Mr Kennedy: Can I presume that the Hansard report of today's hearing will be available on Friday and will be sent to members over the weekend? Is that optimistic?

The Committee Clerk: If there is a plenary on Monday, it will take longer, but 48 hours is the time that we have been given.

Mr Murphy: Just for the purposes of diary arrangements, what time did we say that we would meet tomorrow?

The Chairman (Mr Molloy): We planned to meet from 10.00 am to 12.30 pm.

Adjourned at 3.56 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Thursday 22 June 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Jim Wells
Mr John Dallat
Dr Seán Farren
Mr Danny Kennedy
Ms Patricia Lewsley
Mrs Naomi Long
Dr William McCrea
Mr Alan McFarland
Mr David McNarry
Mr Maurice Morrow
Mr Conor Murphy
Mr John O'Dowd

The Committee met at 10.05 am.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): We need to decide future business. We have taken the decision not to meet tomorrow, as that is most people's constituency day, but there is a view that we should meet on Monday. Two parties have stated that they have group meetings on Monday morning, so the question is, do we meet on Monday afternoon and for how long?

Mr Kennedy: There was a suggestion that we could meet at 12.00 noon and 1.30 pm was also suggested. Tuesday has been ruled out because the DUP will be unable to attend, as Mr Morrow is to be elevated.

The Chairman (Mr Wells): We will remember to refer to him by his proper title from Tuesday onwards. It is important that we do not get hauled before the Woolsack. Can we agree a time on Monday and then look at Wednesday?

Mr Murphy: What are the plans?

The Chairman (Mr Wells): We are talking of meeting on Monday afternoon at 2.00 pm.

Mr Kennedy: What about 1.30 pm?

Mr Dallat: If we meet at 1.30 pm, the meeting will run late, which leaves it extremely difficult to attend anything else in the evening, and I have a district policing partnership (DPP) meeting in Coleraine at 6.30 pm. Perhaps we could start at 12.00 noon and have a working lunch with a few sandwiches and then get on with the work, but I will agree to whatever decision is made.

The Chairman (Mr Wells): I suggest meeting from 1.30 pm to late.

Mr McFarland: We could finish between 5.00 pm and 5.30 pm. In theory, if we take today that leaves half a day effectively, and that will probably finish Sinn Féin off. *[Laughter.]*

Mr Murphy: You wish.

Mr Kennedy: We have been saying that for 35 years.

Mr McFarland: We then have the SDLP's submission, which could last all day if the other submissions are anything to go by. We could be well into Wednesday for the next submission. I think that 5.00 pm to 5.30 pm would suit. I have to be in Tyrone by 8.00 pm, but my colleagues can carry on if the mood of the Committee is to run later.

Dr Farren: We need to decide what has to be completed by next Thursday, as that day has been pencilled in for the Prime Ministers' visit. It would be good if the Committee had not only completed its questioning but had some discussion on how we want things to be taken forward. As I understand it, our first task is to scope things, so we must identify those things and agree on how they will be addressed without getting into the argument about whether they are addressed here or elsewhere before the Prime Ministers' visit.

It would be helpful for their officials to know that we had given that question some thought. We should find some time on Wednesday to address that, so we need to work back from that and ensure that we give sufficient time between now and Wednesday to have completed this business. I know that I asked for the later start on Monday, but I am happy to consider starting at around 11.30 am to give us a run-in before lunch to ensure that we do not just finish with this business and not address the second question that I have raised.

Dr McCrea: We all have practical difficulties, and we will try to work around those. If 12.00 noon on Monday is practical for the SDLP and others, there is no reason why we could not try to be helpful.

The Chairman (Mr Wells): Is there consensus on Monday at 12.00 noon? That allows everybody to have their group meeting. We will sit until 5.30 pm.

Mr Kennedy: Will we work through from 12 noon to 5.30 pm or break briefly for lunch or sandwiches?

The Chairman (Mr Wells): As it is a closed session we can have sandwiches and bring them back to our tables.

Mr Kennedy: We do not have to bring our own?

The Chairman (Mr Wells): Thinking of very nice lunches, there is no hint of a meeting of the Business

Committee on Monday; it will be Tuesday at 12.30 pm. That can be arranged so that we can sit through until 5.00 pm. Vegetarians or vegans can let the Clerks know their requirements. Hopefully that will allow us to polish off the examination of the papers.

There seems to be a problem with Tuesday due to the elevation of Lord Morrow. It looks as if it is ruled out.

Mr Morrow: I do not expect the world to stop, you know.

Mr Kennedy: That is very humble of you.

The Chairman (Mr Wells): Lord Morrow, I think that the entire Committee would see that as one of the most important events of next week, and we are all hoping to be there.

Mr Morrow: Is there anyone here who thinks that?

Mr Kennedy: There are Members of the Commons who may even wish to introduce you.

The Chairman (Mr Wells): We would not want to spoil Mr Morrow's day.

Bearing in mind Dr Farren's comments about the PMs' visit, are we free on Wednesday as a group?

Mr Murphy: Chairman, I know both Martin McGuinness and I will probably have difficulties for at least some part of Wednesday, but we will make sure that we are represented here anyway.

The Chairman (Mr Wells): Does anybody else have problems with Wednesday?

Mrs Long: Only in the morning.

The Chairman (Mr Wells): Wednesday is the key day.

Mr McFarland: Wednesday is the key day because we need to finish remaining business by that stage and have the discussion that Seán mentioned. We need to have some idea where we are with all this before the Prime Ministers arrive on Thursday, if they intend to come.

The Chairman (Mr Wells): To bring the chairmanship back into balance, I propose that Mr Molloy chair Monday and that I chair Wednesday. Monday's meeting will take up only part of the day.

Mr Kennedy: Chairman, do you envisage that Wednesday will be an all-day session, from 10.00 am to 5.00 pm?

The Chairman (Mr Wells): Yes, because we need to draw some conclusions.

Mr McFarland: Chairman, we should perhaps order sandwiches again on Wednesday to give us a complete run — obviously, we might need to take the odd break for food. Otherwise, business will become

backed up — the SDLP's submission may take a day and a half, and we will need time for ours. We do not want to leave ourselves with no time to clear up business before Thursday.

The Chairman (Mr Wells): Is everybody happy? Mr McNarry has arrived; that is nicely timed. This will be an instance of the pot calling the kettle black, and I know that we are totally wedded to our mobile phones, but please turn them off. If they are on silent mode, keep them well away from the mikes, otherwise the Hansard staff will complain.

Mr Kennedy: Chairman, can you tell us what, if anything, is available yet from Hansard?

The Chairman (Mr Wells): We are expecting Tuesday's report today. It is not the normal sequence that you have in the Chamber, where you expect it to be in the pigeonholes for 11.00 the next morning. There is a 48-hour delay.

Are there any other procedural points before we resume questioning the Sinn Féin paper?

10.15 am

Dr McCrea: Who gets the Hansard report?

The Chairman (Mr Wells): The Committee.

Dr McCrea: Each Member of the Committee?

The Chairman (Mr Wells): A copy is available for each Member. At some stage a decision must be taken as to what we do with the Hansard report, but the minutes are entirely in-house and private. It will go only to the three official party nominees; then it is up to the parties if they want to distribute it to their substitutes.

Unless there are further procedural issues, we will resume questioning on the Sinn Féin paper. I understand that on adjournment yesterday Ian Paisley Jnr was questioning, and the DUP has indicated that it wishes to continue. Mr Morrow wants to take over where Mr Paisley left off. Presumably we are on the last round of questioning on that; everyone else has had their go.

Dr McCrea: Surely that is open. If it is similar to what happened before, it allows other groupings to intervene if they have questions.

The Chairman (Mr Wells): Yes. There is nobody on the list, but if anybody wishes to draw that to my attention or that of the clerks, please let us know. The field is very much with the DUP delegation to finish off their questioning.

Mr Morrow: We turn to issues surrounding criminality. Does Sinn Féin believe that the IRA statement of July 2005 is an instruction to its members not to be involved in criminal activity?

Mr Murphy: The statement was a clear instruction to IRA members to be involved in no activities whatsoever. I presume that that covers every conceivable range of activities.

Mr Morrow: Including criminal activities?

Mr Murphy: That depends on whether you want to get into a debate about whether you consider the IRA to be a criminal, a political or a revolutionary organisation — that is a different debate — but the statement instructs its volunteers not to engage in any activity whatsoever.

Mr Morrow: Including criminal activity?

Mr Murphy: I refer you to my previous answer. You may consider the IRA to be a criminal organisation — I do not. However, the instructions are quite clear about all activities.

Mr Morrow: What is Sinn Féin's understanding of the term "criminality" or "criminal activity"?

Mr Murphy: It is hard to give a pat answer; there are many definitions of criminal activity. I tend to think that it is activity that is against the law and has no political motivation whatsoever but is merely intended for the self-gratification or benefit of the individual or individuals carrying out the activity.

Mr Morrow: Theft, robbery, extortion, smuggling, piracy, money laundering — would that be criminal activity?

Mr Murphy: If it was geared towards those ends, I would consider it so, yes.

Dr McCrea: What does that answer mean: "If it was geared towards"? What was the actual wording — "Theft, robbery, extortion, smuggling, piracy, money laundering" will be regarded as criminal activity only if they are geared towards personal gain? What kind of an answer is that from any democrat? Could we therefore have an explanation of what that means?

Mr Murphy: To answer William's question, there are Governments throughout the world, including the Government to which he gives allegiance, who engage in murder, intimidation and setting people up to be murdered and who engage with all sorts of unsavoury elements in order to pursue their own agendas. The Member may consider that to be criminal activity or he may not, because it happens to be carried out in the name of his Government — or any other Government in the world. Governments everywhere have killed, tortured, kidnapped and intimidated people and have robbed, bribed and bullied them. In my view, if activities such as that were carried out for the personal gain of the individuals involved, then I would consider it to be criminal activity.

Other groups may, in many people's views, have legitimate rights to wage campaigns against oppressive

Governments and engage in various means to do that. The Member might consider that criminal, but someone like myself might consider the activities of people that he gives allegiance to — the UDR, the RUC, the British Government and its agencies and armies here — to have engaged in widespread criminal activity against my community.

We can debate all that until the cows come home, but because the Member happens to consider himself a democrat, and because the Government have the legitimate powers of the state invested in them, any activity that they carry out cannot be considered as criminal — from the Member's point of view — but for those in my community on the receiving end of that activity, it is considered to be very criminal.

Dr McCrea: Once again it has to be recorded that that answer is no answer. The DUP specifically asked the question: does Sinn Féin regard theft, robbery, extortion, smuggling, piracy and money laundering as criminal activity? The answer was sidestepped, because the reply was, if it were for personal gain.

The IRA can carry out theft, robbery, extortion, smuggling, piracy and money laundering, but it is not criminal activity. Is that Sinn Féin's position?

Mr Murphy: I have outlined Sinn Féin's position. It might not be the answer that the Member wants, but he is not facing up to the fact that people that he has given allegiance to and associated with have been engaged in criminal activity against my community. If the Member has difficulty facing up to that, that is his view. I am clear about what, as a republican, I would have considered to be revolutionary activity and what I consider to be criminal activity, which is the pursuit for personal gain of any of those things that he outlined. Perhaps the Member has difficulty with that as he happens to thrive on righteousness, but the reality is that the people that he has associated with and the Government that he has given allegiance to and the agencies, armies and militias that he has lauded over the years have engaged in all of the activities that he outlined, and yet he defends their right to never be described as criminal.

There are a lot of grey areas in the conflict that we have emerged from, William, and if you want to get down to definitions of it, we can spend — and I am happy to spend — the next couple of weeks here talking about it. However, you will not get me to accept that the republican movement was a criminal organisation. Too many people died defending their right to be classified as political. The Governments recognised their classification as political when they were released under the terms of the Good Friday Agreement. That is my answer. It might not suit, and you might not like it, but that is the answer.

Dr McCrea: There is a significant point here, Mr Deputy Speaker. I hope that all the parties sitting round the table listened to that answer. The people that we are asked — or supposed to be asked — to put into Government do not believe that theft, robbery, extortion, smuggling, piracy and money laundering are wrong unless it is for personal gain. That is a serious indictment, and it is not a bit of wonder that I constantly state “Sinn Féin/IRA”, because that is the biggest indictment of any so-called political grouping that expects to go into Government. How, therefore, do they expect to be in charge of policing and justice, as they suggest, when they do not believe that any of those things are criminal activity, except it be for personal gain.

How could anyone at this table suggest that that political party, with its links to an organisation that it believes is in no way criminal — the party clearly stated that that organisation was not criminal in any way, shape or form — is fit for Government? Each delegation had better realise that, on the basis of that admission, that party is asking unionists to put those who believe in that kind of lifestyle into power. That is not a democratic lifestyle.

I will therefore ask the question again, but Sinn Féin will not answer. I am not answering questions; I answered questions for four and a half hours. Stop the evasion; stop playing around with words — Sinn Féin is good at that. However, the fact is that Mr McGuinness did not come back to answer any questions, yet he asked practically all the questions before. It speaks volumes that the leadership of that organisation is unable to be here, because it would feel uncomfortable answering some of those questions.

The fact that, even though it is Sinn Féin’s time to be questioned, there are only two members to answer questions shows the disdain and contempt in which they hold this process. In actual fact, it shows that it is not willing to answer the question, so I will ask it again: can any political party in Government — not across the world, but in Northern Ireland — accept that those who are involved in theft, robbery, extortion, smuggling, piracy and money laundering are not criminals? Can any political party accept that as a tenable position for Government?

Mr Murphy: I am not sure whether Mr McCrea’s question was directed at me or at all the political parties.

Dr McCrea: One group is being questioned but is not answering those questions; it is trying to evade the seriousness of this. If that group cannot say that the police should be supported and effectively engaged in bringing to justice those involved in theft, robbery, extortion, smuggling, piracy, money laundering — whether they be IRA or anyone else — and that it is

proper for such persons be brought to justice and that those activities are criminal, irrespective of the organisation that carries them out or whether it is for personal gain, that group is certainly not fit for Government. I am asking a straightforward question.

The Chairman (Mr Wells): Mr Murphy, this is the fourth time that a question of this, or a similar, nature has been put by Mr McCrea. Can you deal with it one last time? We need to move to a different question.

Mr Murphy: I preface my answer with the same remarks I made to Ian Paisley Jnr yesterday, when William McCrea was not here. I note that there are only two members in the DUP delegation today, so we are perhaps treating each other with equal contempt.

The purpose of the DUP questions is not to elucidate, gather information on or address any of the issues about which it claims to be concerned. Rather, the DUP is trying to find further reasons and cobble together answers and bits of answers to further reinforce its members’ personal views and the party’s views and to attempt to reinforce the views of its community that it should not be doing business with Sinn Féin. That has not been the purpose of the other political parties, which have tried to tease out the issues in the parties’ papers and get some understanding of them in order to move this process forward.

Nonetheless, I will continue to answer. I refer William McCrea to my previous answer; I also refer him back to the IRA statement of last July, which instructed IRA volunteers not to engage in any activities whatsoever. I repeat my view that I do not consider the IRA to be a criminal organisation. I repeat my view that people with whom William has associated in the past — and, for all I know, with whom he may still be associated — in the various agencies of the British Army and British Government forces have been engaged in all sorts of activities that would not fall within the definition, as William would see it, of lawful activity.

10.30 am

So if we want to debate the idea of what has been criminal throughout the course of this conflict and what has not, then we can engage in that debate. That is my answer.

Dr McCrea: With the greatest respect, these are important questions. There is no confidence in the unionist community that Sinn Féin/IRA is fit for anything, and certainly Sinn Féin is not fit for Government. There is no confidence there. If it is trying to impress that community, and we are trying to elicit answers, it is on the record and will certainly tell that community whether Sinn Féin is fit for Government or not. I think it is an indictment of any political party that it does not regard those involved in theft, robbery, extortion, smuggling, piracy and money

laundering as criminals. Therefore, I ask one other question: does Sinn Féin believe that the IRA or its members have been involved in any of those activities since last July?

Mr Morrow: Perhaps we should just say that Mr Murphy should not feel under any pressure if the answer is going to embarrass him.

Mr Murphy: You keep speaking behind your hand, and it is very hard to hear what you are saying.

Mr Morrow: I did not have my hand up when I spoke.

Mr Murphy: Go ahead.

Mr Morrow: What I am saying is to assist you. You should not feel under any pressure to answer the question if the answer is going to embarrass you. That is what I said.

Mr Murphy: OK. I can assure the future Lord Morrow that I have been interrogated for many days by many people more adept at their job than he, and I do not feel under any pressure whatsoever.

Dr McCrea: Here we go again.

Mr Murphy: The IRA instructions to the volunteers last July were very clear, and I believe that those instructions have held.

Dr McCrea: Is Sinn Féin saying to us that no member of the IRA has been involved in such activities since July, and that if anyone was, and was proved to have been, that would make him a criminal?

Mr Murphy: Anybody who disobeys the instructions of the IRA of last July, which was to involve himself in no activities whatsoever, moves himself clearly outside the terms of that organisation.

Dr McCrea: Would that make him a criminal?

Mr Murphy: Well, it depends on the activity that you happen to suggest. You are into the realms of speculation and hypothetical situations. If a member of the DUP was engaged in a sexual assault on a council worker, would that make him a criminal? It possibly would, but we are into all sorts of hypothetical situations here. If anyone disobeys the IRA instructions of last year, he moves himself outside the terms of that organisation and will no longer benefit from any political direction that that organisation is giving.

Dr McCrea: Let me give an example: the vodka heist in the Republic of Ireland. If it is found to be that the people who were involved in that heist were members of the Provisional IRA, would Sinn Féin accept that they are criminals?

Mr Murphy: Which heist was this?

Dr McCrea: The vodka heist. It is well known in the Irish Republic. Certainly it was well reported. Of course, again, if you do not want to answer, you can

say that you do not know anything about these things. I suppose you did not know anything yesterday. I am sorry that a death prevented me from being present for that part. I suppose there was no knowledge of “Slab” Murphy or anything else, but let us keep to the vodka heist in the Republic. If the persons involved are found to be members of the Provisional IRA, will Sinn Féin now accept that they are criminals?

Mr Murphy: If that activity was carried out since last July, the persons involved were not acting on behalf of any organisation. They were therefore acting on their own behalf, and therefore they were engaged in criminal activity.

Dr McCrea: Are they criminals?

Mr Murphy: I am surprised that you have difficulty understanding. If the action that you are talking about took place since last July, the people involved were not acting on behalf of the IRA. Therefore they were engaged in criminal activity. Is that clear for you?

Mr Morrow: If they had been acting on behalf of the IRA, would that not have been criminal?

Mr Murphy: They would not have been acting on behalf of the IRA if it took place after last July.

Mr Morrow: Can we move on to the most recent Independent Monitoring Commission (IMC) report? It states that:

“there are indications that some members, including some senior ones, (as distinct from the organisation itself) are still involved in crime, including offences such as fuel laundering, money laundering, extortion, tax evasion and smuggling.”

Do you believe that the IMC got it totally wrong?

Mr Murphy: I have already answered the question on the general nature of the IMC about four times. I have no confidence at all in the IMC and its membership, in the way that it gathers its information, or in the standards of evidence on which it relies to produce that information.

The entire IMC — how it produces reports and who it takes its intelligence from — is completely tainted. I am currently challenging all of that in the courts.

If the IMC report refers to any activity that was carried out by individuals after July of last year, that activity was not done on behalf of the IRA. It would therefore fall outside the terms of that organisation.

Mr Morrow: Setting aside your own personal views about the IMC —

Mr Murphy: When I am asked to comment on something that the IMC has produced, it is very hard to set aside my views on its members and their backgrounds, on the way in which they gather their evidence, on the people who give them that evidence,

and on the standards on which they rely to reproduce that evidence.

Mr Morrow: Very often there are organisations, groups and political parties in whom I do not have a lot of confidence. That does not mean that every utterance they make is wrong. Do you accept that?

Mr Murphy: That may well be the case for you; you are expressing your own personal view. I am expressing a general view about an organisation that carries its own political baggage into all of this. It gathers evidence from sources that are highly suspect, and it reproduces that evidence. It has accepted, in conversations with our legal people, that it applies no normal standards of evidence to any of the information that it gathers, and yet it reproduces that information as fact. Under those conditions, it is very difficult to treat any of the IMC's utterances with any degree of seriousness at all.

Mr Morrow: Mr Deputy Speaker, to get this clear: all utterances from the IMC, as far as Mr Murphy is concerned, are at best suspect, and most likely illogical or wrong.

Mr Murphy: They are certainly tainted, and that makes it very difficult to differentiate between what might be correct and what might be incorrect.

Mr Morrow: Why would they be tainted or wrong, in your opinion?

Mr Murphy: I have just outlined that. The nature of the people involved means that it is not independent. The means by which it gathers evidence and the sources from which it gathers that evidence, and the evidential standards of proof that it applies, all make the reports tainted.

Mr Morrow: Suppose that the IMC was — by accident or by chance — right, would the people mentioned in its reports be criminals? In your estimation, the IMC never gets it right, but what if, for some unknown reason, it got it right for once?

Mr Murphy: I am not saying that it never gets it right; I am saying that its reports are tainted. If anyone is found to have engaged in any activity after July last year, they fall outside the terms of the IRA. They are not engaged in any activity on behalf of the IRA, and, therefore, they enjoy no protection from the political nature of that organisation.

Mr Morrow: I know that you have no confidence in the IMC, and you think that it is all a conspiracy theory. I was a bit surprised that you did not go on to claim that the securocrats were up to their necks in it, because that is the usual theme. However, in its February report, the IMC stated that:

“members and former members of PIRA continue to be heavily involved in serious organised crime,

including counterfeiting and the smuggling of fuel and tobacco.”

I have listened to what you have said. Are you saying that the IMC is wrong on that matter as well?

Mr Murphy: I will repeat the answer, lest you have difficulty in understanding me.

Mr Morrow: Perhaps you could shorten it this time.

Mr Murphy: Let me repeat it to you.

Mr Morrow: Yes or no.

Mr Murphy: Let me repeat it to you again. When such a body, with all of the flaws that I have outlined, gathers evidence on the basis that it has and produces a report, you can only consider that report to be tainted. Therefore to try to differentiate in that report between what may be true or not, or between what may be accurate or not, is a fairly moot exercise because the report, the way that the evidence is gathered, and the way that the evidence is produced and relied upon is entirely tainted. Therefore it is difficult to distinguish what in the report is accurate and what is not.

Mr Morrow: A shortened version of what you are saying is no.

Mr Murphy: I am saying that we cannot rely on IMC reports. I suspect that the day will come, possibly in the near future, when the DUP will no longer rely on IMC reports.

Mr Morrow: Hold on. I do not know why we have to keep reminding you that the DUP is not in the dock today. We were in it the other day; you had your chance then.

Mr Murphy: I do not consider myself to be in the dock. However, that choice of word is an interesting revelation of how you see this process: we are supposed to be analysing one another's position papers and asking one another to explain them. That you consider this a judicial process says a great deal about your attitude towards the Committee.

Mr Morrow: If you were more precise in your answers, less analysing would be needed.

Dr McCrea: Sinn Féin says that we cannot believe anything that the IMC says because the IMC is tainted. Therefore when the IMC says that a significant amount of IRA weapons was decommissioned, we cannot believe it.

Mr Murphy: With due respect to the Reverend McCrea, there is an organisation that all the parties around this table, apart from the DUP, agreed would rule on decommissioning. All parties and the Governments agreed to it. That organisation agreed that the weapons of the IRA have been dealt with to its satisfaction. The two Governments have accepted that the weapons have been dealt with.

Dr McCrea: I —

Mr Murphy: Please let me finish. The IMC had no part to play in the process of decommissioning; it was not involved in the weapons issue at all. Therefore, as with all its other findings, there is little credibility in anything that it has to say on the issue.

Dr McCrea: Let us take that a step further. Most people in this room would accept the IMC as a credible organisation; the two Governments have stated that they believe it to be a credible organisation; and the American Government have stated that it is a credible organisation. Only Sinn Féin does not believe the IMC to be a credible organisation. It expects us to believe that decommissioning has happened because it tells us so — as if the information had come down from on high. Sinn Féin believes that because it dismisses the IMC's credibility, everyone must do the same. However, when a body, such as the Independent International Commission on Decommissioning (IICD), gives credence to what Sinn Féin says, Sinn Féin expects us to believe it.

Accepting the premise on which Sinn Féin is building its argument, would it not be right for the DUP to be suspicious of an organisation that Sinn Féin and the IRA believe to be credible?

Mr Murphy: That is a matter for yourself. You are here to ask me questions, not to offer your own point of view. May I make a prediction: in the future, the DUP will have difficulties with IMC reports, and then it will fall back on its old ploy of consulting its information sources in the PSNI to sustain its objections to going into Government with the rest of us. I would be very careful if I were you, William, of basing too much on the IMC. I predict that, probably in the near future but certainly in the middle future, you will be at odds with IMC reports.

Dr McCrea: With the greatest respect, the DUP has never tied itself to the IMC. The IMC is one of the information bases on which we, and the unionist community, will make our judgement. We do not believe that the IMC speaks out of badness or vindictiveness; we believe that it gives us an honest assessment of matters. We have other sources of information on which to make a judgement, as does the unionist community. We will not be embarrassed by an IMC report, nor will we bow in submission to it. What we will not accept, however, is the Government pretending that the IMC says that all is well when the IMC reports say that all is not well.

Mr Murphy: I am glad that we can find agreement on that.

Mr Kennedy: Mr Murphy, you indicated your fairly unhealthy view of the IMC; you describe it as tainted. Are its views on the IRA and republicans alone tainted,

or are its views on loyalist paramilitaries tainted as well?

10.45 am

Mr Murphy: I am glad that the DUP now shares some of our reservations about the IMC. As I said in my answer to Maurice Morrow, when the people involved — given their lack of independence, their standards of proof and the sources on which they rely — publish a report that they stand over as fact, it is very hard to pick out what may or may not be accurate. We do not rely on IMC reports for any proof on any organisation, whether the IRA or any other organisation or individuals.

Mr Kennedy: For the avoidance of doubt, do you regard the IMC's reports on loyalist activity as tainted?

Mr Murphy: We regard all of the IMC reports and all of their content as tainted. Therefore we are unable to distinguish what might be accurate or not.

Mr Morrow: Can we ask Sinn Féin whether, to the best of its knowledge, the IRA has ever made a statement that later turned out to be untrue?

Mr Murphy: That is probably correct; yes.

Mr Morrow: So you are saying yes?

Mr Murphy: Yes, I am sure that that has happened.

Mr Morrow: Do any instances come to mind?

Mr Murphy: Not off the top of my head, but I know of certain instances —

Mr Morrow: What about any other part of your anatomy?

Mr Murphy: You are the one asking the questions. If you want to ask a question about a specific IRA statement, ask a question about that statement. I know that, on occasions in the past, the IRA has issued statements, followed by further statements with additional evidence, correcting what it previously said. That has happened on a number of occasions. If you have a specific incident in mind, perhaps you would care to put the question.

Mr Morrow: Since you cannot remember a specific one —

Mr Murphy: I can remember plenty of them, but do you want me to list them? If you have a specific one in mind, perhaps you could —

Mr Morrow: No. I asked whether you could remember any, and you said that, off the top of your head, you could not.

Mr Murphy: I can, yes. I said that there had been a number of occasions, and I can remember them.

Mr Morrow: Would a bank robbery carried out on 26 July by IRA members be a crime?

Mr Murphy: If it was after the IRA statement was issued — I cannot recall the date — yes, I would answer in the same way that I did earlier: it would be outside the terms of that organisation.

Mr Morrow: So if it happened after the IRA statement, it is a crime, but if it happened before the IRA statement, it is not a crime. Is that what you are saying?

Mr Murphy: Well, let me explain it for you again. The IRA issued an instruction from the head of the organisation to all of its volunteers.

Mr Morrow: Sorry; say that again.

Mr Murphy: The IRA issued an instruction from the head of the organisation to all of its volunteers not to engage in any activity whatsoever. That is the current order under which it operates. If anyone breaks that order, they will no longer enjoy the political benefits of belonging to that organisation. Therefore anyone in that situation would fall outside the terms of the organisation, and any activities in which they engage would be for their own purpose.

Mr Morrow: Just so that I get it clear, a bank robbery carried out after 26 July by IRA members would be a crime?

Mr Murphy: I will repeat the answer to you again. If anyone engaged in any activity —

Mr Morrow: If you could indulge me —

Mr Murphy: I have been indulging you for some time.

Mr Morrow: That is fair enough, and I hope that you can condescend. Would a bank robbery carried out after 26 July by IRA members be a crime, and would a bank robbery carried out before 26 July by the IRA be a crime, in your opinion? I am asking it that way.

Mr Murphy: If the IRA engaged in any activities before it issued that instruction, I would not consider that to be a crime, no.

Mr Morrow: Right. So the IRA is the sole arbiter of when a crime is a crime?

Mr Murphy: I am giving you my opinion on that.

Dr McCrea: If a political party that wants to ascend to positions in an Executive states that if the IRA says that it is all right, then it is all right? If the IRA — not society, not the courts, not anyone else — says that it is all right, then it is all right? Mr Murphy has said that it is not a crime if the IRA says that it was done in its name, but if it was not done in its name, without its authority, it is a crime.

Mr Deputy Speaker, does Sinn Féin really accept the IRA being the arbiter of, and authority on, what does and does not constitute a crime as a tenable position in any democracy? Mr Murphy must come

clean. Those statements are on the record. There should be no pious words from other political parties to try to cover up what he meant or did not mean. I am sure that Martin McGuinness and Gerry Adams will regret sending him to this Committee to answer questions because Sinn Féin is digging a bigger hole than ever before. If we had forgotten our doubts about Sinn Féin's acceptability to be in Government before this questioning, I can assure you that the record of this meeting will guarantee that that party is totally unacceptable.

I am asking a straightforward question. The IRA states that if something is done without its authority, it is considered a crime. That is what you said, Mr Murphy. If the IRA states that something is done with its authority, it is not considered a crime. Does Sinn Féin believe that that is an acceptable position in any democracy?

Mr Murphy: We do not live in a normal or acceptable democracy. This state to which you hold an allegiance has never been a normal or acceptable democracy. There have been times when you, your followers and your party have challenged the authority of this state. There have been times when you have organised people, in a military fashion, to challenge and threaten the authority of the state. As recently as last summer, your party leader threatened that a spark would be lit that would cause a conflagration and threaten the authority of the Parades Commission, which, whether you like it or not, is a lawful authority of the state.

You are no stranger, William, to threatening and challenging the authority of the state or to forming organisations that have made threats. Those organisations have imported weapons illegally and still hold them; those weapons have never been dealt with under the terms of the Good Friday Agreement or any other terms. You are no stranger to all of that. You cannot sit in a position of moral authority, as you try to do, and define what is, or is not, morally lawful under the terms of the state.

We are trying to emerge from conflict. We do not live in a normal democratic society. The reason that we have the Good Friday Agreement, with all its checks and balances, is a reflection on the fact that we do not live, and never have lived, in a normal democratic society. This society must change, and we are playing our part in trying to ensure that that happens. You are playing your part in trying to ensure that this society goes backwards. That is regrettable. Nonetheless, we will keep at our task to try to create a better future, and not the type of past that you wish to live in.

The Chairman (Mr Wells): Mr Kennedy has indicated that he wishes to enter the discussion.

Dr McCrea: I am certain that Mr Kennedy can come in.

When one realises the seriousness of this issue, Sinn Féin's answer is both pathetic and a joke. The Sinn Féin attitude towards a £20-million bank robbery, if it is carried out in the name of the IRA, is to say: "Bully for you, boys. You can have your pension funds; you can have whatever you like, but it is all right."

The Chairman (Mr Wells): Mr O'Dowd has indicated that he wants to come in on the same point.

Mr Kennedy: During exchanges in the past few minutes, Mr Murphy used a certain phrase on two occasions. If an incident occurred after the publication of the July 2005 IRA statement, Sinn Féin would regard it as criminal activity, and members would no longer enjoy the "political benefits" — I hope that I am quoting him accurately. He has used that phrase — "political benefits" — twice, and it is an interesting phrase. Will Mr Murphy outline the political benefits of, presumably, IRA membership?

Mr Murphy: People involved in IRA activity over the past 30 years, who were arrested for that activity and claimed to be part of that organisation, were considered, at various stages by the Governments of the North and the South, and certainly by the community from which they came, to be political prisoners. People engaged in activity outside the terms of the IRA do not enjoy any of those benefits.

Mr Kennedy: Are you saying that it is political in a broader sense, rather than in the sense of being peculiar to Sinn Féin?

Mr Murphy: It is political in the broad sense in that people have been categorised, classified and released as political prisoners. If they were part of that organisation, their own communities considered them political prisoners; if they were outside that organisation, they were not considered for any of those benefits.

Mr Kennedy: Are we wrong to assume that any political benefits that an IRA member would enjoy might not necessarily be linked to Sinn Féin?

Mr Murphy: No; none whatever.

Mr Kennedy: How else would they benefit politically?

Mr Murphy: I have just outlined how people benefit politically. That was not in reference to Sinn Féin; I was talking about the general situation with regard to how they are treated by both Governments and by their own communities.

Mr Kennedy: Are you also saying that it is neither possible nor desirable from your point of view that IRA membership be dualled with some form of political membership attached to your party?

Mr Murphy: Given that the IRA is a secret organisation, one would not know who its members

are. Sinn Féin is an open political party whose members are paid up and registered. If I am given the lists, I know who the Sinn Féin members are in any given cumann. Therefore the question does not arise.

Mr Kennedy: Does that mean that you do not know any IRA members who are also in Sinn Féin? Is there no dual mandate as far as you are concerned?

Mr Murphy: Given that the IRA is a secret organisation, its membership is a secret.

Mr Kennedy: Are you not aware of dual mandate?

Mr Murphy: No.

The Chairman (Mr Wells): Two procedural points have emerged. First, I would normally allow one question in interventions, but Mr Kennedy got five.

Mr Kennedy: You indulged me, Chairman.

The Chairman (Mr Wells): Members should normally intervene immediately on a point that has arisen.

On a couple of occasions, Committee members have drifted on to issues that could lead them into difficulties. First, there was reference to a Mr Murphy. That is a south Armagh issue that the police and the Assets Recovery Agency (ARA) are investigating. Given those investigations, I would be grateful if members did not mention specific cases in future questions.

The police are investigating the bank robbery, and, indeed, there have been arrests. Therefore I would be grateful to Committee members if they spoke in general, rather than specific, terms about criminality and alleged incidents. That will keep us right.

Mr McNarry: I am not being picky, but are hundreds of unsolved cases not under investigation? How far do you want us to —

The Chairman (Mr Wells): There is no problem in mentioning cases in general terms, but if Committee members start to name specific individuals who are under investigation or specific cases that are before the courts, I will have to call them to order.

Mr McNarry: Before the courts?

The Chairman (Mr Wells): In so far as the Assets Recovery Agency is involved, those cases are quasi-judicial, but there have been arrests in the Northern Bank case. Therefore we cannot go into the specifics of those cases or even name them, in my opinion.

Mr McNarry: That is OK, but the Assets Recovery Agency is usually allowed to take over a case because no proceedings are being taken by the statutory agencies. As those cases are also quite well known, do you not want us to mention any of them?

The Chairman (Mr Wells): Specifically no.

Mr McFarland: I understand that Mr Paisley Jnr trained in the law, and yesterday —

The Chairman (Mr Wells): No; he has a history degree.

Mr McFarland: Does he? Mr Paisley Jnr advised us yesterday that it was a problem when an issue was “before the courts” — I think that he used those words. It might be worth clarifying this with our own legal people. There is a difference between discussing cases that have been passed to the ARA because criminal conviction through the courts is no longer possible and talking about those cases that are before the courts. Clearly, if a case is before the courts there is a problem. My understanding is that if a case is not before the courts there may not be a problem. Could that be clarified?

11.00 am

The Chairman (Mr Wells): There is clear guidance on that in the current Standing Orders. Standing Order 25(c)(i) states:

“in the case of a criminal case in courts of law, including courts martial, from the moment the law is set in motion by a charge being made”.

That applies to the Northern Bank issue.

Standing Order 25(c)(ii) states:

“in the case of a civil case in courts of law, from the time that the case has been set down for trial or otherwise brought before the court, as for example by notice of motion for an injunction”.

I would interpret Standing Order 25(c)(i) as applying to the Northern Bank. The Murphy case would be covered by Standing Order 25(c)(ii).

Mr McNarry: I understand that, Mr Chairman. However, if we move from criminality into the annals of murder, where do the cold cases that are under scrutiny sit? In the meetings that I have attended, we have not talked about victims. It would be difficult to discuss victims without mentioning why they are victims and without referring to specific cases.

The Chairman (Mr Wells): That is a valid point, Mr McNarry, and a very understandable one. The ruling made in the Chamber by the previous Speaker was that, if there was any possibility of any individual case coming before the courts — and with the cold case review procedure, that is a possibility; indeed, cases have come before the courts as a result of that process — Members should exercise extreme caution. I do not wish to restrict Committee members. You are perfectly at liberty to mention global cases of Assets Recovery Agency work. However, if people refer to specific cases, I will have to call them to order. Equally, if they refer to cases that we know are before the courts, I will immediately call them to order. I raise

that point because we are moving into territory where that will arise. I am not being difficult, but Standing Orders are very clear on this issue.

Mr Kennedy got away with it, but I will call people to order if they persist in going down the line of four or five additional questions. Mr O’Dowd has been waiting for a considerable period, so I will ask him to make his point, and then it is straight back to Mr McCrea and Mr Morrow.

Mr O’Dowd: My point is in answer to some of the questions that have been put to some of the Sinn Féin delegation in relation to criminality. The majority of the parties sitting around the table have at one time or another come into conflict with what is known as criminal law, which the state has established. During the civil rights period, the SDLP and Sinn Féin came into conflict with that. The UUP, down through history, and the DUP, through the history of the state, have come into conflict with criminal law. Indeed, Eileen Paisley and Rev Ian Paisley have both served jail terms. I have no doubt that those two individuals do not believe that they are criminals.

Mr Kennedy: Eileen was never in jail.

Mr O’Dowd: I think she was. If I am wrong, I am perfectly happy to correct that.

Mr Kennedy: She may have visited.

Mr O’Dowd: If I am historically inaccurate, I am happy to have that corrected. I would like to have that little bit of history checked.

I doubt that any of those individuals from the SDLP, the UUP or the DUP who ended up behind bars because they stood against authority — whether over the civil rights movement, the Anglo-Irish Agreement or the street protests that took place around Drumcree for a number of years — believe themselves to be criminals. They believed that their political convictions forced them into a conflict that in any other circumstances they would never have come into, and they ended up in front of a judge or behind bars or in police custody. They are still out there, as political people, serving their communities. They do not see their past as criminal; they were forced into a position; they had no choice. We can all tic-tac back and forth across this table about criminality — it will get us nowhere.

I find the unionist approach to criminality very interesting. I take on board the Chairman’s point about not mentioning individual cases, otherwise I could go on all day.

The vast majority of cases with which the Assets Recovery Agency is dealing are happening in loyalist areas. Seventy-five per cent of the assets recovered by the Assets Recovery Agency have come from loyalist Protestant unionist areas. Even with our concerns about what the agency is about and some of the

political manipulation that goes on within it — even with all that weight on its shoulders — when its officers go looking for criminal activity, they find it in unionist Protestant loyalist areas represented by the people across the table.

Yesterday I used the example of Ballymena, a town which is plagued by the abuse of hard drugs peddled not by republicans, but by unionist paramilitaries. The council is controlled by the DUP, at Assembly level the area is controlled by the DUP, and there is a DUP MP, yet all that criminality continues. When I hear unionist politicians complaining about criminality and saying that republicans must do something about it, I want to see what is being done in unionist areas. If they can give us the model of how you end criminality, we will be happy to examine it and see if we can learn from it.

However, if we are going to continue debating criminality all day, we will not get the chance to debate the future. That is what the Preparation for Government Committee is about. It is about debating the future. Conor and I are happy to sit here for the next four or five days answering silly questions, but we will miss the opportunity to talk about creating a new future.

The Chairman (Mr Wells): Mr O'Dowd, I will have to make another procedural point. I did not detect a question —

Mr O'Dowd: With respect, Mr Chairman, I am answering questions. The DUP has already told us that we have no right to ask questions.

The Chairman (Mr Wells): You are all experienced individuals. All you have to say is: "Is it not the case that ...", and away you go. We have had a series of speeches here. Equally, while Mr Kennedy accepted five points, people who continuously try to string five points into one intervention will also be brought to book.

Mr Morrow: I take great exception — although I think it is par for the course — to anything we ask being "silly questions". It is a bit like when unionists go out to celebrate their culture. We are castigated for it. Nationalists are allowed to celebrate their culture, but when unionists go out to do similar, it is a different mission.

Here we have it again from Sinn Féin Members: the DUP is coming up with "silly questions". That is the contempt in which they hold those opposite them.

The Chairman (Mr Wells): I am content that all the questions that have been asked have been entirely in order.

Mr O'Dowd: I can assure the delegates across the table that I do not hold them in contempt, if that clarifies the position for them.

Dr McCrea: There is a vast difference, and surely Sinn Féin sees that. We did not ask about any of those other things. We asked directly about crime. It is not about a person going out and standing in the middle of the road or having a genuine conviction. We are asking about criminal activity: fuel laundering, money laundering, extortion, piracy, smuggling. All of those things are deliberate crimes in any civilised society. What we were told in answer was that if the IRA sanctioned it, it was not a crime, but if the IRA did not sanction it, it was a crime.

Let me put something on the record. I know of no elected representative who thinks that drugs in Ballymena, Newry, Londonderry, Magherafelt or any part of the Province are acceptable or any grouping is acceptable, whether it is done by a paramilitary organisation or not. In fact we have demanded that the police tackle this issue and find the guilty persons, as in my constituency where people were caught with £3 million of drugs at the airport yesterday. That is to be condemned unreservedly. It is criminal activity.

The Chairman (Mr Wells): Please come to your question, Mr McCrea.

Dr McCrea: I have to put it like that because it is so important. Here is a direct question: does Sinn Féin believe that anything the IRA did during the troubles was a crime?

Mr Murphy: The IRA engaged in a lot of illegal activity during the conflict. If you want me to say that I believe that the IRA was a criminal organisation, clearly, I will not say that. It is clear that the IRA, and individuals within it who were in prison, went to extraordinary lengths to prove to world that it was not a criminal organisation, but a highly politically motivated organisation. Perhaps the DUP does not accept that. I will not sit here, regardless of what questions you ask — you may ask me any question that you like — and state that the IRA was a criminal organisation.

Dr McCrea: So the murder of a mother, because she was looked upon as a British agent, was not a crime? Is Sinn Féin saying that when the IRA murdered a mother and hid her body, it was not a crime?

Mr Murphy: I am saying that the IRA was not a criminal organisation.

Dr McCrea: Was it a crime?

Mr Murphy: I am not getting into individual cases on the advice —

Dr McCrea: No. The Chairman, with the greatest respect, spoke about cases that could come before the courts. Was the murder of a mother a crime? I did not identify the mother. Quite honestly, I could identify individuals — make no mistake about it. I have waited

for more than 30 years to hear anything about two of my loved ones, who were 16 and 21 years of age when they were blasted to bits by the IRA. Was that a crime? Who killed them?

Let me keep to the subject of the mother, who was perceived to be friendly towards the security forces. If the IRA murder her and hide her body, is that a crime?

Mr Murphy: I do not know the specific case, but I tell you now that the IRA was not a criminal organisation.

Dr McCrea: So it was not a crime?

Mr Murphy: You can beat your chest about victims, William, but I could bring you lists and lists —

Dr McCrea: Was it a crime?

Mr Murphy: Mr Chairman, am I allowed to answer a question?

The Chairman (Mr Wells): Yes.

Mr Murphy: You can beat your chest about victims, but there are victims on all sides. You try to create a hierarchy of victims within which the people for whom you feel emotionally are somehow at the top, and people on the republican side are somehow not to be considered victims. I can assure you of the pain of people who were shot by members of the forces to which you give allegiance. Those people were murdered, set up to be murdered, and their details were passed on to other illegal organisations to carry out those murders. Their pain is the same as the people for whom you feel pain.

There were a lot of activities and a lot of hurt caused by all sides. I acknowledge that the IRA carried out brutal activity and that it hurt people. Sinn Féin is trying to find a better way out of all that. If you want to revisit the past on every occasion, that is fine. We will discuss it for as long as you like. There was hurt on every side. There are victims who feel as bad on the republican side as those on your side. At the end of the day, the suffering is exactly the same. People who visited that pain on them engaged in the same sort of killing that causes you a problem.

Mr McNarry: You have acknowledged, Conor, the IRA's activity and the hurt that it caused. Accepting that no one should have a monopoly on victimhood, can you tell me how you intend to specifically address the hurt caused to victims of IRA activity? I ask that your answer is not about other activity. Specifically on IRA activity, how does Sinn Féin intend to address the hurt inside my community, particularly that caused by murder?

Mr Murphy: The best way to try to address that is through open engagement and honest discussion. Sinn Féin has published a number of papers about truth and truth recovery processes and is quite happy to debate

that issue. That involves the IRA as much as all the other protagonists in the conflict. That is the best way forward.

There is no easy, one-solution-fits-all scenario, because I have met people on what you might like to classify as the nationalist side, and they have different expectations and desires for the outcome of any process to address their pain. Some want convictions, some want acknowledgement, and there is a range of options in between. There is no particular solution for any particular community, but the best way to try to deal with that is through an open and honest engagement, through dialogue and through some form of truth and reconciliation process to which everyone can subscribe. We have published papers on that, and we are open and willing to discuss them with anyone who is genuinely interested in discussing them with us.

11.15 am

Mr McNarry: Do you see part of that encouraging the IRA to make a statement regarding the hurt that it has caused?

Mr Murphy: The IRA has already made a statement on that, and that has found a degree of hearing in some quarters, but in many other quarters it has probably found no degree of hearing whatsoever.

Mr McNarry: Because it was insufficient.

Mr Murphy: Well, it begs the question as to what sort of words or deeds or gestures from the IRA would be sufficient — rather than people stumbling forward with what they think is sufficient to do the trick — because this thing will not be resolved by any easy gesture or statement from anyone. There is too much hurt in this community for it to be resolved by that. It will not be resolved, but it will be dealt with and eased by genuine dialogue. For me to be prescriptive and say that if the IRA said A, B and C, the people who have been on the receiving end of its campaign would be satisfied would be naive.

The Chairman (Mr Wells): We now go back to the DUP questioning.

Dr McCrea: Once again, we have to establish that the answers given are serious, that the illustration I use of its not being a crime to abduct a mother is a very serious situation.

Mr Morrow: Mr Deputy Speaker, did I pick Mr Murphy up correctly when he said that the IRA statement of last July was an instruction not to be involved in criminal activities?

Mr Murphy: It was not to be involved in any activities whatsoever. I am quoting the words of it. You and I may interpret it differently, and anyone who reads it may have a different interpretation. I do not have the statement to hand, but the actual words as I

recall them were “not to be involved in any activity whatsoever.”

Dr McCrea: Criminal or otherwise?

Mr Murphy: Any activity is any activity.

Dr McCrea: You may have great difficulties with the second part of my question.

Mr Murphy: Let me hear it, and I will decide.

Dr McCrea: Do you accept that having possession of money, which was previously illegally obtained, is a crime?

Mr Murphy: If someone were in possession of something that was considered to be engaged in an activity, then it would be clearly contrary to the IRA’s instructions.

Dr McCrea: So, would it be a crime?

Mr Murphy: Well, however you view it.

Dr McCrea: I do not know where you are coming from here, because you are saying that the IRA is the sole judge of what is a crime. You said that previously.

Mr Murphy: No, we are talking about the outworkings of the IRA statement as I recall, and the IRA has instructed its volunteers not to engage in any activity whatsoever. If anyone breached that direction and became engaged in any activity, should that be in possession of something or engaged in some activity, he would clearly be in breach of that instruction and, therefore, would fall outside the terms of the IRA, as I understand it.

Dr McCrea: Let us assume that that is the case. Would you then urge anyone who had possession or knew of such funds or money or information to give that to the authorities either North or South?

Mr Murphy: I am not aware of anyone who has possession of such things.

Dr McCrea: I am not saying that you are aware of anyone — I am saying if you were.

Mr Murphy: It is a hypothetical question. I would not urge anyone to engage on this side of the border with an organisation in which I have no confidence and with which I would not engage. I would not urge anyone to do anything that I would not do. I am not aware if there are any materials, because, as far as I am concerned, the materials have been dealt with under Gen de Chastelain’s remit. I am not aware of any of the suggestions that you make, and you are back again into the realms of a hypothetical situation, but I would not encourage anyone to give information to any organisation in which I have confidence.

Dr McCrea: Would you see any conflict or difficulty in a political party being in Government that took that stance? We want to be in Government, we

must be in Government, but we are not co-operating with the authorities of law and order while we are in this Government — do you see any difficulties with that?

Mr Murphy: We were in Government when we had that stance.

Mr Morrow: We are talking about the future, not the past.

Mr Murphy: I am not quite sure of the time factor, but the SDLP may well have been in Government before it endorsed the current policing arrangements.

As we said yesterday and over the past couple of days, we envisage a successful outcome on policing matters. We envisage that when the institutions are restored we will be well on the way to resolving the outstanding policing issues and to securing the transfer of policing and justice powers.

Had your party not regrettably scuppered the arrangements in 2004, we could have been beyond that point at this stage. However, that is history; we have to face what is happening now. Nevertheless, we envisage a successful outcome on outstanding policing matters. Therefore I anticipate that those matters will be resolved in a future Administration here.

Mr Morrow: My recollection, and the recollection of most parties that were at Leeds Castle, is that it was Sinn Féin members who walked away. We understood afterwards why they had to walk away — because there was a matter being planned at that time that would have been a serious embarrassment to them — if you could embarrass them.

Dr McCrea: Could we get this right, Mr Chairman? I believe that Sinn Féin Members said this morning that they were in Government while they did not support the police and that that was acceptable in their eyes. They are telling us that, even though policing has not been settled, it would still be acceptable for them to be in Government without supporting the due forces and processes of law and order. Is that a correct understanding of their position?

Mr Murphy: Can I remind William that he engaged with our Ministers when they were in Government and did not support what he considers to be the forces of law and order? There are outstanding matters in relation to policing and justice. We intend to have those resolved; we do not envisage being in Government without those matters being resolved. Our intention is to try to see that happen.

We were in Government at a time when we still could not endorse the policing arrangements as they pertained here and when Patten had still not been fully delivered on. Although DUP Ministers might not have sat in the Executive, they were in the same Government that we were in. DUP Members in the

Chamber interacted with our Government Ministers in the way other Members in the Chamber interacted with them. It was not a problem for them then; I wonder why it has become one now.

Dr McCrea: I am rather confused by this, Mr Chairman, because we have been constantly told — and I think it will be in the record — that the problem with the DUP over the years is that we have not engaged with Sinn Féin; now we are told that we did engage with them. Talk about a muddled mind! However, I suppose that that is as confusing a process as would be appropriate for Sinn Féin/IRA, which does not know whether it is a party or what it is.

Let us take this a step further. Are Sinn Féin Members telling this Committee that they would not instruct their members to call the PSNI if their house was burgled?

Mr Murphy: We do not issue instructions to our members about house burglaries. However, if I were asked to give advice to a party member whose house had been burgled, and if they wished to claim insurance for items burgled from their house or for damage that had been done to their house, I would say that they had no alternative but to report the issue to the PSNI. If I were asked —

Dr McCrea: Oh —

Mr Murphy: May I answer the question without interruption? If I were asked whether I would give information to the PSNI that I did not have to give for insurance purposes, I would answer that, as I do not have confidence in that organisation, I would not give the information. I would not ask anyone to do that which I would not do myself.

Dr McCrea: Therefore it depends on monetary gain. If monetary gain is at issue, you use the police; if not, you abuse them.

Mr Murphy: There is an old saying about unionists: they have often been more loyal to the half-crown than to the Crown; that cap fits both ways.

Mr Morrow: That is rubbish.

Dr McCrea: With the greatest respect, as a party and a group that has drawn more from the public purse than most, Sinn Féin might not be loyal to the Queen, but it certainly loves her head on a £20 note.

The Chairman (Mr Wells): Mr O'Dowd has indicated that he wants to make a brief point.

Mr O'Dowd: Perhaps the DUP could help us in our deliberations on policing.

What quantifies unqualified support for the police or policing arrangements? During the riots in Belfast last September, 150 high velocity rounds were fired at the PSNI and the British Army, and dozens upon dozens of bombs were thrown at them. Hundreds of

officers were injured and millions of pounds' worth of damage was caused across unionist areas of Belfast. After that the DUP, under the instructions of the North and West Belfast Parades Forum, which contains members of the illegal UVF and the illegal UDA, left a district policing partnership. What is unqualified support for the police? What does that mean?

Dr McCrea: As one who is not answering questions today; perhaps I will ask another question. I noticed "the illegal UVF" and "the illegal UDA". Will Sinn Féin now tell us, clearly and without equivocation: is the IRA an illegal organisation?

Mr Murphy: Yes, of course, it is; it always has been. The problem is that you did not have the same degree of concern when the UDA for many years was not an illegal organisation. I never heard of you calling for it to be specified. The IRA has always been an illegal organisation; I have no difficulty with that or with describing it as such. Your query, and the previous 20 or 30 questions, were around whether you considered the IRA was a criminal organisation, which was a different matter.

Dr McCrea: I say that the histories of the two go together, but nevertheless, Sinn Féin says that it does not recognise the police and that it will give no information to the police. Why then do some of its representatives shake hands with the police?

Mr Murphy: I am not aware of any representatives who shake hands with the police.

Dr McCrea: Why then did the chairman of Magherafelt District Council shake hands with a divisional commander of the police?

Mr Murphy: That is a matter for himself. I do not recognise the British Government's authority in this part of their jurisdiction, but I have shaken hands with Tony Blair on many occasions.

Dr McCrea: So you do not recognise British authority. Who does Sinn Féin recognise? It does not recognise the DUP; the other day Martin McGuinness practically told us that it was a horrendous experience to be in the same room as the DUP. So who has the right to exist, other than itself?

Mr Murphy: I assure you, William, that you have a right to exist, and I would be very happy to shake your hand at any time.

Dr McCrea: I can assure you that, as far as the answers that have been given today are concerned, that is certainly a long way off. Nothing that has been said here today shows that Sinn Féin is worthy for Government or any other position.

Those are the usual platitudes of Sinn Féin, and others may be beguiled by them, but I assure you that the DUP will not be beguiled by any of its pious

words. As I pointed out the other day, as a bit of a public exercise it proposed Dr Paisley, whom it has gutted and condemned all these years — and still does — for First Minister. It certainly stuck in its throat; nevertheless none of us fell for that disguise either.

At the last exchange on Friday, the mask fell as regards what it really thought when it came to Mr McGuinness and some of the rest of us.

Setting aside Sinn Féin and the IRA, does Sinn Féin, as a matter of principle, believe that it is reasonable that to be in Government a political party should not be inextricably linked to a paramilitary or criminal organisation such as the IRA? I ask Sinn Féin to answer the question it is asked.

Mr Murphy: I do not consider the IRA to be a criminal organisation; therefore the question has no validity. We have reservations about those with whom we share Government — including yourself, your past, your own activities and associations, the organisations which you have helped to found and the misery which they have visited on members of my community. Nonetheless, we base people's entitlement to be in Government on the mandate they receive from the electorate.

You have received a substantial mandate and we have received a substantial mandate. We recognise and respect your mandate and we only ask that you do the same for ours. We ask that you do not treat the people who vote for Sinn Féin as, somehow, second-class to those who vote for you or any of the other political parties of which you approve. Democracy is not about accepting the voters that you approve of and who meet your standards: democracy is about people having equal rights under the ballot box.

People vote for us and, therefore, we are entitled to be in the Government under the terms of the Good Friday Agreement and under the d'Hondt mechanism, on which we base our entitlement to Government.

We have serious reservations and confidence issues around the DUP and its attitude to the people who vote for us. That was reflected in your previous answer that the community that we represent was more inclined to get public money — as if they were all dole spongers or something like that. That racist attitude permeates the DUP, and we have serious reservations about all of that.

Nonetheless, your mandate entitles you to be in Government and our mandate entitles us to be in Government. It entitles the UUP and the SDLP to be in Government, and we respect that. We operate on that basis.

11.30 am

Mr Morrow: It was Mr Murphy who said that unionists were more loyal to the half-crown than to the Crown. The inference was first of all directed at us.

Mr Murphy: It was in response to the Rev William McCrea saying that we were interested in monetary gain, and I was making a remark that has often been the broad view of the nationalist community. However, the remark that our community were more likely to be in receipt of public moneys is a somewhat racist view; that somehow people in the nationalist community were more likely to be in receipt of benefits and somehow less of a person or a lower standard of community than the community that you represent. That racist view has permeated the thinking and utterances of the DUP since its existence.

Mr Morrow: Is Mr Murphy saying that his remark about my community being more loyal to the half-crown was not racist?

Mr Murphy: No, I do not think that it was racist.

Dr McCrea: No, No. Can I say, Mr Deputy Speaker —

The Chairperson (Mr Wells): Mrs Long has —

Dr McCrea: There is something that I must say before lunch and then I am happy to give way to Mrs Long. I want to put something on the record. There is a certain amount of malice in the answers given because they are personally directed at me — “you, you, you”. I make it abundantly clear that I have never been a member of any illegal organisation — never a member of any illegal organisation. The charge that has been laid against me is one of deliberate malice.

However, I ask a direct question of Mr Murphy, through you, Mr Deputy Speaker: was Mr Murphy ever a member of the Provisional IRA?

Mr Murphy: Yes, I was. When I refer to you, Mr McCrea, you are here representing your party, the DUP —

Dr McCrea: There were times that it was deliberately —

Mr Murphy: Can I finish my response?

You are here representing your party, and there are people who you have associated with who have heaped misery on the nationalist community — particularly the community that John O'Dowd represents. People who you have publicly associated with have heaped misery. It does apply to you personally, but it also applies in a general terms to your party and to the people that you have associated with, the groups that you have helped bring into existence, the weapons that they have brought into this country, and the people that have been killed as a result of those weapons.

If the cap fits, either personally or collectively, then that is a matter for yourself.

Dr McCrea: That is deliberate malice, Mr Deputy Speaker, because the only time that I ever was associated with, or stood on a platform, was at a time when a person was condemned to death and to be murdered for their political beliefs. I did on that occasion, and I do so again, unreservedly condemn the murder of anyone by either the individual person, Billy Wright, or others associated with him.

Therefore, I direct one further question in return. Does Mr Murphy unreservedly condemn the IRA murders of the likes of Robert and Rachel McLernon? Not a hierarchy or anything, but does he unreservedly condemn the IRA murders of the last 30 years?

Mr Murphy: I am not in the business of condemning —

Dr McCrea: Stop equivocating. Do you condemn those murders or not? I have unreservedly condemned murders of members of the Roman Catholic population and the Protestant community. I ask whether you unreservedly condemn the IRA murders. That is a direct question.

Mr Murphy: And I will give you a direct answer. I am not in the business of condemning the IRA; I never have done, and I will not do so now.

Dr McCrea: That says more about —

Mr Murphy: To finish my answer, regardless of your own personal attempt to get out of your association with Billy Wright, your appearance —

Dr McCrea: I have no association whatsoever with Billy Wright.

Mr Murphy: Your appearance on a platform with Billy Wright gave great comfort to him and his organisation; it sent a very strong message to the community —

Dr McCrea: That nobody should be condemned to death for their political beliefs.

Mr Murphy: Can I finish my answer, Mr Speaker? I did not interrupt Mr McCrea.

Your appearance with Billy Wright gave comfort to him and to the organisation of which he was head at the time — an organisation that was murdering not only Catholic people, but also Protestant people in that area. To the community that I represent, your appearance gave a very strong indication of your views.

Dr McCrea: The pious belief of a person who will not condemn any murder shows that they have given succour to the IRA, of which Mr Murphy has admitted membership. I also put on record that the IRA murdered more Roman Catholics in this country than so-called loyalist paramilitaries did.

The Chairman (Mr Wells): Mrs Long has been extremely patient, so I will let her speak and we can return to the DUP's questions.

Mrs Long: It is extremely unusual for Mrs Long to be patient. On this occasion, the debate has moved on, so I will let it proceed.

The Chairman (Mr Wells): Can we try to conclude this particular strand of questioning and move on? We have been dealing with one area for quite a long time.

Mr Morrow: Mr Deputy Speaker, is Sinn Féin aware of anywhere in the world, which is a fairly big place, where a party in Government does not support the police force of that country?

Mr Murphy: I am not aware; I do not have that type of knowledge, but I must say that the DUP often begins, or sets in context, its questions by referring to "normal democracies". We do not live in a normal democracy. We are emerging from a situation where this statelet has always been contested, where the policing service has been used to uphold and protect the constitutional status quo and has been used to murder people, and set people up to be murdered, in my community. We are not in a normal society, so to compare it with any other country is a false comparison.

This is not a normal society. The policing service here was never a normal policing service. The fact that, under the terms of the Good Friday Agreement, policing had to change and there had to be a new beginning to policing acknowledged that there was never a normal policing service here. In our view, we have still not achieved a new beginning to policing. We are well on the way, but outstanding matters remain. I anticipate that we will achieve a new beginning for policing.

To make a comparison between here and anywhere else in the world, wherever you may be thinking of, it must be compared with some other abnormal democracy where policing was used for political purposes to repress one section of the community. If you point out such a society to me, I could perhaps make a valid comparison, but none springs to mind at the moment.

Mr Morrow: I did not prefix my question by referring to normal society. I simply asked a question. Mr Murphy, for reasons best known to himself, prefixed his answer with the term "normal democracy".

I ask Sinn Féin a question that Seán Farren asked of the DUP yesterday: when is enough enough?

You were asked a question yesterday by Ian Paisley Jnr in relation to the Belfast Agreement, and you said that it was to give everybody space; it was not the solution, because the Belfast Agreement was

interpreted by some as a process — I suspect by you as well. For others it was a solution or it was a decision. When is enough enough? Is it only enough when you get your way and have a 32-county, all-Ireland republic? Is that enough? Is that what you call enough?

Mr Murphy: As a political party, we are entitled to strive for our objectives. That is the purpose of political parties. The DUP's political rationale or *raison d'être* is to maintain the Union, and that is a legitimate quest for the DUP. We have a legitimate quest, which is to strive for a united Ireland. We want an agreed Ireland; we want an Ireland in which all of the people of this country can agree to live together. That is our quest.

Should we stop doing that because the DUP does not want us to do it? Should we abandon the idea that we are Irish people? Should we abandon any aspirations that we have to create unity on this island? Should we agree with the notion that the political intervention of Britain in this country over the decades, never mind the centuries, has been good for the people of this island? Why would we abandon all that? That is our belief, and we are entitled to pursue that belief.

We are happy to work with you in this institution and to work with you on creating a better future despite our misgivings about your party and your track record and your intentions for the future. We are quite happy to engage and work for the betterment of all our people.

Enough is enough when people meet their aspirations. You have your aspirations. They are satisfied at the moment because you are constitutionally part of the United Kingdom, but we have an entitlement under the Good Friday Agreement, as has the SDLP, to pursue our aspirations democratically and politically, and that is what we intend to do. Why should we stop that? Would it give more comfort to the DUP if I were to sit here and lie and say that republicans have given up on the aspiration of a united Ireland, but we will achieve it by stealth? Would that give more comfort to unionism?

Unionists always value direct, blunt talking. They give the impression that they value direct talking, that you know exactly where you are coming from with no shilly-shallying about. Well, I will let you know where we are coming from: we want to create a united Ireland. We want to end the Union with Britain. We will devote all our political energies in a peaceful and democratic fashion to doing that. I will not give up on that until such times as I have no political energy left.

That is blunt and direct talking. Unionists, I am told, value blunt and direct talking. That is our aspiration, and Sinn Féin as an organisation and party right across this island, not just in the North, intends to pursue that aspiration with all of its vigour.

Mr Morrow: So, Mr Deputy Speaker, when Bertie Ahern says that, as far as he is concerned, the constitutional position is a settled one, Sinn Féin says that no matter what is settled before 24 November, that is very much an interim position, and Sinn Féin will continue until it has defined that "enough is enough". We now know that.

Mr Murphy: I have to profess some surprise that Maurice Morrow would feel, with all he knows about Sinn Féin, that somehow we would have settled for the constitutional position that we currently find ourselves in. If it is news to him now that Sinn Féin is pursuing a united Ireland and that we will use all our political energy to pursue a united Ireland, I wonder where he has been for the last while. That has always been our position, and, as far as I can see, it will always be our position until such times as we can reach that goal.

Our intention is to work with others to try to convince them of the merit of that goal, to try to work with people in the interim to provide in the best possible way that we can for the people whom we represent collectively in this room. That is our goal, and why that is surprising to you I am at a loss to understand because it has been stated often for as long as Sinn Féin has been a political organisation, and that is 101 years.

11.45 am

Mr Morrow: Mr Murphy may treat me as naive or as far below his standard of ability. That does not hurt me in the slightest.

My community has been on the receiving end of the paramilitary wing of your party. We are under no illusions whatsoever; there are too many tombstones out there that remind us of the capabilities and ruthlessness of your organisation.

If the IRA, tomorrow, instructed its members — contrary to its instructions to cease all activity — that, from a precise date, that instruction no longer stands, would you support it?

Mr Murphy: I and my party have made the argument that there is no longer any rationale for armed struggle. The IRA has accepted that argument, and I do not anticipate that it will change its mind.

We have argued quite clearly for the last period that there is no further rationale for armed struggle, and the IRA has accepted that. You are getting into the realms of a hypothetical situation, but I can assure you that, from my understanding of my community and of republicanism, the war is over. The armed struggle is over. The IRA has said that clearly. That is the fact on the ground as I know it in my community.

It might be some source of comfort to you to always have the enemy on the hill, ready to come over; the enemy at the gate, ready to burst through. That is how

the DUP has sustained its position in unionism for the last 30 years. The enemy has always been at the gate.

Let me tell you clearly that the armed struggle is over. Republicans are going to pursue their aims by political and democratic means. The armed struggle is over. You may wish to tell your community that the enemy is still at the gate, bursting to get in, that its intentions are still of malice to your community.

We have suffered. We have been in many graveyards as well. We know the bitter cost of conflict in this country very well, but I can assure you that the enemy is no longer at the gate. It is now a political enemy that you face.

Mr McFarland: I accept Conor's aspirations, which are perfectly acceptable, to seek a united Ireland by peaceful and democratic means, but does he accept that the only way in which he can achieve a united Ireland that is stable and sustainable is with the agreement and acquiescence of more than one million unionists on this island, who are not going to go anywhere?

Mr Murphy: Given our experience of being corralled into a state against our wishes, I am fully aware that to try to corral and coerce people into a political arrangement against their wishes is not the best way to create stability or a peaceful and prosperous country.

Obviously, the best way to a united Ireland is with the agreement of people from every part of this island on what type of Ireland they wish to see — one that protects all of their rights, identities, aspirations and that protects their future.

I am quite aware of my own experience of the failed experiment of unionism in the North of Ireland, which tried to corral a minority here, to treat them in a certain fashion, to expect them to put up with it, and to have a normal, stable and democratic state. That did not work, so I do not consider that that could work on a 32-county basis.

Dr McCrea: We have heard that the war is over. Can Sinn Féin tell us why guns were stopped from being brought in by the republican movement just this past week?

Mr Murphy: The questions that I have been asked up to this point have been in relation to the IRA. If other organisations or individuals who do not belong to the IRA are attempting to do things, that is a matter for them. We have taken a stand against those people in our community, not just by what we have said publicly, but by what we have done in the community. That stand has probably threatened the lives of very many of our party members. That is perhaps more of a threat than that presented to our party members in recent times by the people that you have supported.

We have taken a stand against those people, and we will continue to take a stand against them and to say, publicly and privately, that they are completely wrong in trying to start or reignite an armed campaign. They have no support in our community; they have no strategy or direction. We have made that clear.

If you are trying to associate those people with the party that I represent, you are a long way off the mark: they probably represent more of a threat to me than to you.

Dr McCrea: I did not know that the bomb that was being made in Lurgan was for Sinn Féin or for the —

Mr O'Dowd: Mr Chairman, can I ask for a ruling? People are in custody and being questioned.

The Chairman (Mr Wells): Mr McCrea, Mr O'Dowd raises a point of order, which I must take.

Mr O'Dowd: People are being questioned about the accusations that William McCrea is making. Two people are in custody in relation to allegations concerning the finding of components of an explosive in Lurgan.

The Chairman (Mr Wells): I have made it very clear, Mr McCrea, that Committee members must be extremely careful in dealing with matters that are before the courts.

Dr McCrea: I accept your ruling. Although the point was made that recent activity was a greater threat to members of Sinn Féin than to my community.

Mr Murphy: I was talking about — go on ahead and finish your question. Sorry.

Dr McCrea: "It is a matter for themselves", we are told; with respect, those are no credentials for a democrat. It is not a matter for themselves if the Continuity IRA or the Real IRA are threatening people. Will Sinn Féin support the security forces in defeating that terrorist threat?

Mr Murphy: I go back to the remarks with which I prefaced all my answers to the DUP's questions. Rather than use answers to elucidate or gain information, the DUP would snatch at answers or half-answers or parts of phrases to justify or reinforce its own view. I said very clearly in my answer that the intent of those organisations probably poses as much — or more — of a threat to people in Sinn Féin that it does to William McCrea.

Dr McCrea: But —

Mr Murphy: Sorry, will you let me answer the question, if you do not mind? That is the general view. For the past day and a half in this engagement, the DUP representatives have cobbled together bits from parts of answers to reinforce their view. No doubt, the DUP representatives will trawl through the Hansard report to pick out bits and pieces to reinforce their own

world view and represent it to their party and community. However, that is a matter for themselves.

I made clear the stance that Sinn Féin has taken, publicly and privately, against dissident organisations, and some people have disagreed strongly with us on that. We have also endeavoured to manage the frustration among our own supporters to ensure that nobody gives support to those organisations, and we have been largely successful in that. Those organisations regard us with even greater contempt than you do, William.

As for giving information to the police, I repeat what I said previously: I do not have confidence that the PSNI would treat such information in a normal policing fashion, and the numerous revelations concerning the intelligence agencies' handling of the Omagh bomb show that attitude to be justified. I have no confidence in the PSNI, and therefore I would not recommend anyone to do that which I would have no confidence in doing myself. I will continue, publicly and privately, as will my party, to confront those who support a renewed armed campaign to try to dissuade them from that course of action.

Dr Farren: Do we finish at 12.00 noon?

The Chairman (Mr Wells): We finish at 12.30 pm.

Dr Farren: A real issue arises from this morning's discussions.

Let us assume — and it may be a big assumption to make — that we were to have our institutions restored along with an inclusive Executive, and the issues around policing and justice were resolved, so that full participation and support — in the form that is generally understood by those words — was forthcoming from all political parties. I wonder, Conor, what would Sinn Féin's attitude be, particularly within the Executive, but generally politically, towards the likelihood that many cold cases could come before the courts — some of them involving loyalist paramilitaries and others from the IRA and, indeed, state agencies? What would Sinn Féin's attitude be towards the pursuit of such cases, given your answers to questions about past acts of criminality and that you accept that some activities might not or would not be deemed criminal and therefore should not be pursued? Would they be pursued? Would there be approval, acquiescence, or indeed, support for the pursuit of those cases?

That is a very real issue that could test all of us, given the attitudes that have been expressed towards particular incidents, some major atrocities, indeed, and others, not involving killings, but bank robberies and other forms of what in a normal situation would be regarded as illegal and criminal.

Mr Murphy: I believe that the cold case review team is concerned only with killings, but besides that, you are outlining a hypothetical scenario.

Dr Farren: With all due respect, I do not think that it is.

Mr Murphy: Please let me finish. You are outlining a scenario in which the Executive has been formed, policing and justice powers have been devolved, and people have a confidence in and an acceptance of the policing arrangements. If policing arrangements are carried forward, then they obviously have the confidence of the parties who signed up to that.

Dr Farren: There are cases that might end up in court involving activities that you and your colleagues, the whole Sinn Féin republican movement, have regarded as non-criminal. Would there be full support for the pursuit of those cases? It might well be that a Sinn Féin MLA could hold a position in a department for policing and justice, or a ministerial portfolio. He would have membership of the policing board, of a district policing partnership (DPP). Would there be campaigns for certain cases not to be proceeded with?

In one sense you can say that I am being hypothetical, but if ongoing investigations are to continue — and I cannot imagine any agreement that they should not — we could well be faced with the scenario that I have outlined. It would be reassuring if you would accept that those matters should be pursued in the normal sense within the policing and judicial systems.

Mr Murphy: Again, this does not just apply to Sinn Féin. It could well apply to your own party.

Dr Farren: I have asked the same question of other parties.

Mr Murphy: I noticed that the current Lord Mayor of Belfast was previously a member of another organisation.

Dr Farren: It is not a question for us. Do not duck the question.

Mr Murphy: You are outlining a scenario again — and I will repeat the answer — in which people have resolved the outstanding policing and justice issues and have given their support to policing arrangements. So that is a situation in which people are confident that those arrangements are carried forward in a professional and accountable manner.

12.00 noon

The Chairman (Mr Wells): It is 12.00 noon. We are due to suspend at 12.30 pm. At that stage, discussions on the Sinn Féin paper will have lasted six and a half hours. We need to move on and attempt to complete discussions by 12.30 pm.

Mr Ford has indicated that he wishes to speak. I am going to ask Mr Morrow to move his questions on.

Mr Ford: I thought that Mr Morrow had moved on, which is why you had gone to Dr Farren.

The Chairman (Mr Wells): We need some continuity. There have been many interjections during the questioning. Could I ask Mr Ford to speak, and I will try to give the DUP a good continuous run to finish off?

Dr McCrea: We are nearly finished.

Mr Ford: I am happy to wait my turn.

The Chairman (Mr Wells): I will allow Mr Morrow and Mr McCrea to finish their questioning.

Mr Morrow: I have listened, Mr Deputy Speaker, to Sinn Féin. One thread runs through everything its members say: it is always someone else's fault; it is never their fault. Mr Murphy said that Sinn Féin's goal is a united Ireland. In response to Mr McFarland, he said that Sinn Féin had no desire to coerce the people of this country into a united Ireland. For the past 30 years, we could be forgiven for misunderstanding that there was an attempt to coerce us.

I ask Mr Murphy whether he would like to comment on something. At the time of partition, the Protestant population in the South of Ireland stood at 12%; today it is 2% to 3%. That situation came about because of marginalisation, humiliation and discrimination, and the Protestant population left. Since partition, your population here has increased and grown to its present strength. It has doubled, at least, since partition. You never felt that this "statelet", as you call it, which has been festooned in discrimination, was so bad that you would do what the Protestants did in the South — get out. You never felt that you were so badly done by that you wanted to cross the border and live in the promised land. How do you think that Protestants feel when you say that you have no desire to coerce us into a united Ireland?

You also said that you could not, or would not, support the PSNI. Do you accept, whether you like them or not — you have told us often enough that you do not like them, but you told us the same thing about the RUC, the British Army and the UDR; you just do not like —

Dr McCrea: And the DUP too.

Mr Morrow: We always suspected that you did not like us. I do not know how we drew that conclusion, but we did suspect that. We suspect that you despise the very ground on which we stand.

Bearing in mind that the PSNI is the most monitored police force in the world, what more does it have to do to enable you to endorse the force? Is it yet another case of the RUC not being acceptable and the PSNI

not being acceptable and that we must have a force that is acceptable to your organisation?

Mr Murphy: I do not despise the ground on which you stand, unless Tyrone is playing Armagh, when I have some difficulty.

We can travel through the mists of time, but I never considered the promised land to be on the other side of the border, even though I live only five or six miles from it. Partition has failed both states on this island. The Northern state failed because it did not deliver what unionists wanted, and the Southern state did not deliver what, for me as an Irish republican, my grandfather wanted when he fought in the war of independence. Both states delivered the "carnival of reaction" that James Connolly predicted. There was a reactionary Catholic Southern state and a reactionary Protestant Northern state. Each did a disservice to those who lived in their confines. That is why republicans want to create an entirely new country on this island. We have never held up the 26 counties as a model of good practice.

There are a variety of views on the demographic changes that Maurice Morrow outlined, and I have heard Southern Protestants offer a completely different view from his. However, that is an argument for another day.

As for policing, we happen to be sticklers for agreements; you may condemn us for that if you wish. However, when people promise a new beginning to policing, we like to see it. The Patten Report brought in a series of proposals and Peter Mandelson messed them up, but we would like to hold the British Government to the proposals in that report. There are outstanding issues on policing. I do not have them here chapter and verse, but we would happily provide you with a copy — we have printed and published them, talked about them and made them available. We have said clearly that we would like satisfaction on those issues.

We never get as personal as hating individuals or organisations, because that is a waste of emotion and energy; but, given our historical experience, we are trying to change things for the better. We are trying to create a policing service that is responsive and responsible to our community and to your community. That is our objective, and I think that we will be successful. However, there are outstanding issues, and I will make them available if you wish to read them.

Dr McCrea: We have been told that anything that was done under the IRA's instructions over the past 30 years — murder, extortion, counterfeiting or smuggling — was not criminal.

Let us accept the scenario that Dr Farren put forward and say that under a restored Executive it was found that leading members of Sinn Féin — possibly

even MLAs — had been involved in those cold cases and were brought before the courts to be charged with criminal activity, whether murder or one of the other crimes that I mentioned. Would Sinn Féin support the Administration in taking those cases forward?

Mr Murphy: I will repeat the answer that I gave to Seán Farren. You describe a situation in which the outstanding policing issues have been resolved and when people have confidence in the handling of policing and judicial matters. If people have confidence in how those matters are handled, they will have confidence in how they are handled. If we are digging into the past, the same scenario may arise for the DUP, the Ulster Unionist Party and the SDLP. However, people will have to have confidence in how policing and judicial matters are handled.

Dr McCrea: Sinn Féin has told us that it does not believe that those activities were criminal, as they were done under IRA instruction. Therefore whether Sinn Féin accepts the police or not is not the problem. The problem is those actions that were carried out under IRA instruction. Mr Murphy is clearly stating that if people involved in such cases were to be investigated and charged, Sinn Féin would support them.

Mr Murphy: As I said, if we have confidence in the arrangements, we will have confidence in the arrangements. You have to remember that the British Government — your own Government — decided that anyone who was convicted before 1998 was considered a political prisoner and was released under the terms of the Good Friday Agreement. I have no doubt that if the situation that you outlined pertained to a DUP member, they would be as likely as anyone else to invoke the 1998 early-release scheme.

Dr McCrea: Once again, we have heard no answers. Earlier, it was stated that those involved in such cases were not criminals. How could they be charged with a crime if they are not criminals? We are used to hearing no answers and nothing but gobbledegook. However, the minutes will reveal what Conor Murphy said to this Committee. Let us therefore find out. We have dealt with the Executive set-up.

There is a threat from the Real IRA and the Continuity IRA. Will Sinn Féin support the forces of law and order in crushing the terrorist threat from the Real IRA and the Continuity IRA or whatever other grouping is out there?

Mr Murphy: If Sinn Féin has confidence in the policing arrangements, it will give them whatever support they need. The situation pertains currently that we do not have confidence in the policing arrangements. If we get to that stage, then I would imagine that we would have confidence that the police are accountable, free from political intervention and responsive to the community. I would also envisage in

that situation — and I know that you like to play up the threat of the enemy at the gate — where we are able to make political progress, we would have gone a long way to ending the likelihood of any campaign from any armed group, whether a dissident micro-republican group or a loyalist group. That is a challenge for us; it is a challenge for me and a challenge for you. If we have confidence in the policing arrangements, we will have confidence in the policing arrangements for handling those matters.

Dr McCrea: Certainly, the answers that we have received do not, in my opinion, hasten that day, because there is no confidence in Sinn Féin and the answers that it has given today.

Mr Murphy: We did not expect that you would get any, to be honest.

The Chairman (Mr Wells): Mr McNarry, who has not much of an opportunity, has indicated that he would like to come in on this point.

Mr McNarry: This is a follow-up to what William and, earlier, Seán Farren said. I am unhappy with the response, so I would like to try it another way, Chairman.

Conor, if as a result of investigations into cold cases, members of the IRA are sentenced, in your book are they exempt from the ramifications you outlined were activated by the IRA's July statement?

Mr Murphy: My understanding is that if the actions with which they were charged and sentenced were beyond July 2005 —

Mr McNarry: They are not; we are talking about the cold case review.

Mr Murphy: Then I presume that anyone made subject to the law as a result of the cold case review, providing it is prior to 1998, would have the same provisions applied as anyone else sentenced before 1998.

Mr McNarry: I am asking where you think they sit within the IRA statement.

Mr Murphy: The IRA statement is in relation to its own volunteers, post whatever date in July the statement was made. The cold case review that you are talking about probably goes from that right back to the early 1970s.

Mr McNarry: If in that intervening period — and I know it is hypothetical, but it is important — Sinn Féin had not accepted policing, but the courts had accepted through the process of law and order that certain people were guilty and found them guilty of a crime committed during the time covered by the cold case review, where does the statement from the IRA sit in relation to that?

Mr Murphy: I am struggling to understand that logic. The IRA statement related to the activities of volunteers beyond a point last July. If anybody is convicted out of the cold case review it is obviously at a time previous to last July, probably right back in the 1970s or the 1980s, perhaps in the 1990s. If he was part of the IRA, he would benefit from the same arrangements as anyone else who was part of the IRA prior to 1998 in relation to activities before 1998 — that is, the early-release scheme under the Good Friday Agreement.

The Chairman (Mr Wells): You have obviously been watching Mr Kennedy very carefully and picked up the tricks of the trade. There were actually three interventions there with Mr McNarry. Mr McFarland, you can have one minute.

12.15 pm

Mr McFarland: I have one question, and it is key to a number of issues here. As Conor has said, offences committed in the period up until April 1998 are covered by the Belfast Agreement. Republicans after last July fall outside the cover of the republican movement. What happens to a republican who has been involved in activity, of whatever sort, after April 1998, where they are not covered by the Belfast Agreement get-out-of-jail-free card, but not after last July, and therefore it was sanctioned IRA activity, but not covered by the Belfast Agreement? How do you see yourselves and your followers dealing with a cold case review that finds that a senior republican has committed a crime, is before the courts and will spend life in jail, because there is no get-out-of-jail card here? How do you deal with that?

Mr Murphy: I am not aware of any cold case review cases post-1998. As far as I am aware, there are not —

Dr Farren: Or any case.

Mr McFarland: The cold case reviews are right up to the moment. They are reviewing all cases up to when the review started last year. The Historical Enquiries Team (HET) covers all the way back.

Mr Murphy: I am not aware of any post-1998, I have to say.

Mr McNarry: We are not allowed to mention them, unfortunately.

Mr McFarland: Suppose there are cases. Suppose you have a case from after 1998, so it is not covered by the get-out-of-jail-free card, and it is sanctioned activity because it is before July of last year. How do you see yourselves dealing with that if you are in Government and supporting the police?

Mr Murphy: Again, as I have said, if we have confidence in the policing and judicial arrangements, then we will have confidence in those arrangements to

deal with those matters. That is simply the way it will be. I am not aware of any such cases, so we are getting into a hypothetical situation about what might or might not happen. There are currently people in jail serving their sentences for offences post-1998. If we have confidence in policing and judicial arrangements and are back in an Executive here, then that will be the case. We will have confidence in them and in all the current processes.

The Chairman (Mr Wells): I am now going to allow the DUP an opportunity to finish its questions uninterrupted, and then Mr Ford.

Dr McCrea: To be fair to Mr Ford, I do not want to deny him his chance. To say it as quickly as I possibly can, there has been a statement from Sinn Féin at this Committee that it did not expect us to get confidence out of today. If there is no confidence, how does Sinn Féin expect us to move forward? Certainly the answers Sinn Féin has given were not given in order to give confidence to the unionist community at all. They have been evasive and empty and have only given credibility, succour and encouragement to republicans who have done things in the past with the cover that they were done in the name of the IRA. It will give great succour to them. I am sure that the unionist community will find no succour from that whatsoever.

I would have thought that the purpose of the answer session was to at least try to give some confidence to the community that there is a way forward, because if there is not that confidence then there will be no way forward. Mr Murphy's response is most revealing.

As for this reliance on the get-out clause, families who have had their loved ones murdered, whether on the nationalist or unionist side, want justice. They will be sickened to know that there is a reliance on this get-out clause, hoping that it covers all the cases that will cause the IRA some discomfort. I really feel that that in itself has been most revealing.

Here is a direct question: since the war is over, when will the IRA's structures be demolished?

Mr Murphy: I will preface my answer in the same way as William McCrea, and I repeat what I said at the start of this question, and have said several times since: my clear understanding — and nothing has been said to change it — is that the DUP did not enter this examination of Sinn Féin's issues paper, which is what we are here to discuss, with a view to getting information to satisfy some of its concerns. Rather, its aim was to pick through our answers to reinforce the view that it already holds, and to strengthen and reinforce that view among its supporters.

That is what the DUP has been about since it came to this Committee. This is not, and never has been, a genuine attempt to engage with Sinn Féin and the other political parties and to move forward in preparing for

Government. Rather, it is an attempt to list obstacles, to reinforce and build them as high as possible; and where obstacles cannot be found, the DUP will invent them. That has been the DUP's approach, and that was why I said that I did not expect that it would gain any confidence from our answers.

Mr McCrea posed a question on the continuing existence of the IRA. I am not sure on what date the IRA was formed; I presume that it was formed in the early part of last century, and it has been in existence ever since. At times, that has exercised unionists; at other times, it has not. Unionist Governments have engaged in early release schemes for IRA prisoners before. In the 1940s, 1950s and 1960s, they released IRA prisoners when they considered that the IRA no longer posed any threat.

The IRA will go out of existence when it decides that it is time to do so. I have stated clearly that the armed struggle is over and the issue of IRA weapons has been dealt with to the satisfaction of the commission set up to deal with it, the two Governments and most political parties. The future intention of the IRA is clear. Its instructions to its volunteers are clear. That, for me, represents an enormous opportunity to make progress.

Others will somehow try to find opportunities to frustrate progress. If they do not find them within the IRA, they will look to dissident organisations to try to find them, because they thrive on the enemy at the gate. That is how they have sustained their political careers and their political platform for the last 30 or 40 years, but that will not serve their community well in the future.

This state is a failed political entity. Partition has failed both states on this island. If we want to create a better future for our community in this part of the island, and for the community across the island, we should seize opportunities, not try to find the negative in any opportunity presented to us.

Mr Morrow: I think that the DUP has said this before, but from start to finish, we have heard from Sinn Féin that it is always, always someone else's fault: the Brits, the DUP, the PSNI, the Army, or securocrats. Is there anything, but anything — no matter how minute — that Sinn Féin could do that might give a signal to the unionist community that it is for real?

Mr Murphy: It is not always everybody else's fault. Republicans are as responsible for the conflict as everyone else who took part. We do not absolve ourselves of any responsibility. Republicans took actions that caused hurt, and we accept responsibility for those actions. It is not everyone else's fault apart from ours. That is a childish way to broach things. A complex political and historical problem has caused

conflict in this country. It is the responsibility of anyone who wants to provide leadership to try to work their way out of that.

I would go with you to an Orange Order hall in Dungannon or Tyrone, or any other hall or gathering that you arranged, and talk to your community.

Last summer, I shared a platform with Arlene Foster in West Belfast, and I invited unionists to Camlough in South Armagh, where I live, to speak to people in my community and express their view of how things can move forward. Invite me to speak on a platform in your constituency, Magherafelt or South Antrim, and I will talk to members of your community. If that does not give them confidence, then at least we will have tried. At least a wider audience could hear what Sinn Féin has to say, rather than the filtered version of events, the snatches out of Hansard that you, William McCrea or other Members of the DUP may present to them.

I am willing to speak to any audience in any DUP constituency, to answer any questions and explain and articulate our perspective on where we want to go in this country. Most people feel that dialogue is a clearer way of trying to resolve our problems than simply presenting each other's view and the worst that we can find in each other to our own communities.

We make provision and arrangements wherever we can for unionists to come to our community. I sat in Pilot's Row in the Bogside in Derry when Gregory Campbell spoke to republicans, and I have sat with Arlene Foster in West Belfast. I have invited unionists to speak on platforms in South Armagh, and they have done so. Let us get some of that engagement in the unionist community, and then we will see what happens. Perhaps it will not generate anything, but it is certainly worth trying.

Dr McCrea: There is nothing globally that Sinn Féin could do to send a message out to the unionist community.

Mr Murphy: I am offering you an opportunity.

Dr McCrea: We have not had a straight answer in six and a half hours, so I doubt that we ever will get one.

Mr O'Dowd: It is worth trying surely.

The Chairman (Mr Wells): Mr Ford has been waiting patiently. We will leave him to ask the final question. He has seven minutes.

Mr Ford: I will not take seven minutes, but Conor Murphy might take seven minutes to respond. We have spent several hours establishing the lack of confidence between Sinn Féin and the DUP. Sinn Féin Members have made it clear that they object to the IMC, its personnel, its methods, even its very existence, so I do

not wish to revisit those points except to state that the Alliance Party proposed the body which has become the IMC because we believed that it had the opportunity to provide confidence, and it is starting to do that.

Given that the bulk of questioning that Sinn Féin has been subjected to over the past couple of days has been from the DUP, does Sinn Féin accept that there are people in this community — and they are not all unionists — who have genuine concerns about the continuation of paramilitary activity since the signing of the agreement in April 1998? Those people sought to work with Sinn Féin and to move the process forward; they accept that decommissioning has occurred and that time had to be allowed for change to occur and for paramilitarism to come to an end, yet they have a nagging concern that there is still a level of paramilitary activity.

Sinn Féin talked about other parties' links with violence, and it specifically exempted the Alliance Party this morning but, in fairness, that probably ought to apply to the bulk of the SDLP and even to a few decent people who still vote Ulster Unionist. Do you accept that there are people who are genuinely seeking to move the process on but who, at the moment, are not confident that all paramilitary activity has ceased? I say "all paramilitary" conscious of the fact that that I can ask you about only one particular paramilitary group. How can Sinn Féin provide reassurance to those people, if it believes that other people are here almost seeking not to be reassured?

Mr Murphy: That is a useful distinction. I would caution you against falling into the two-party problem trap, which Alliance seems to readily jump into on every occasion, that the problem is a confidence issue between the DUP and Sinn Féin. There are lots of confidence issues between all the parties.

Mr Ford: I was merely highlighting the confidence that has failed to be shown over the past few hours of this discussion.

Mr Murphy: That is fair enough, but there are a lot of confidence issues between all the parties.

Mr McNarry: For the record, if Mr Ford failed to pick that up, and to reassure him of our position, the Ulster Unionists do not have great confidence in what we have heard either.

12.30 pm

Mr Murphy: I accept that you do not want to be out-DUPed by the DUP, but that is fair enough.

In answering David Ford's question, I address you as well. There are people who do have genuine issues and I accept that. The best way is through genuine dialogue, which will help to address those concerns. You rightly point out that the DUP approach, rather than trying genuinely to address those concerns and have some degree of confidence grow from that — because we have issues of concern with other parties, agencies and organisations — has been to try to find further reasons for a lack of engagement and to try to reinforce the world view that we have already heard. This is probably the first lengthy exchange that we have had across a Committee room with members of the DUP. I had hoped that it would have been a positive experience.

Perhaps somewhere in it there will be nuggets that they can cling to that might help them to change their view on issues. However, I suspect that their purpose in this exercise was not to prepare for the restoration of Government but to try to find further obstacles to the return of devolution — I am afraid that that has been reinforced by the nature, not just of the questioning, but of the commentary that went with it.

While all parties have genuine concerns, the best way to address them — as we have been doing since 1998 and before — is through bilateral meetings and open dialogue with all the other political parties.

You are quite right; there are some who do not wish their concerns to be addressed because their very reason for existence is based on those concerns being sustained.

The Chairman (Mr Wells): You have two minutes, Mr Ford.

Mr Ford: Mr Murphy appears to imply that if devolution of justice occurs Sinn Féin would have confidence in the police service. Until we reach that point, who is responsible for dealing with any criminal activity on the part of IRA members that might have come to light since the statement of July last year?

Mr Murphy: The people who are responsible for dealing with any matters of bringing people before the courts are those in the current policing and judicial system. We must be able to go to our party with confidence that we can work with the arrangement and we must ensure that they have confidence as well. Then we will have to convince the community who support us that there is sufficient in the policing arrangements to allow us to have confidence in them. When we reach that stage, the outstanding policing matters will be resolved.

The Chairman (Mr Wells): We will adjourn the meeting until noon on Monday. There will be lunch, and we will hear details from the SDLP's paper, which, I understand, Mr Farren will take the lead on. Mr Molloy will be in the Chair.

Adjourned at 12.33 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Monday 26 June 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Francie Molloy

Mr John Dallat

Mrs Diane Dodds

Dr Seán Farren

Mr David Ford

Ms Michelle Gildernew

Mr Danny Kennedy

Mr Kieran McCarthy

Rev Dr William McCrea

Dr Alasdair McDonnell

Mr Alan McFarland

Mr Martin McGuinness

Mr David McNarry

Mr Maurice Morrow

Mr John O'Dowd

Mr Ian Paisley Jnr

Observing: Mr Jim Wells

The Committee met at 12.08 pm.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): I welcome Committee members to this morning's meeting. I have some information about apologies and deputies.

The Committee Clerk: David McNarry is deputising for Michael McGimpsey; John O'Dowd is here in place of Conor Murphy; John Dallat is deputising for Mark Durkan, and Kieran McCarthy is here in place of Naomi Long. David Ford is at a funeral, but will be here in about an hour.

Mr McCarthy: That is correct, Mr Chairman.

Mr Molloy: The other issue is about Hansard. Members will have received a copy of Hansard, and there was some discussion about the length of time it took to come back. We are trying to get it back as quickly as possible, and to get a turnaround of 24 hours. If members have corrections, they should contact Hansard directly so that the matter can be dealt with. OK. That covers the Hansard of 21 June.

Mr Kennedy: Mr Chairman, are you saying that members with a concern about something that was said or interpreted should deal directly with Hansard within 24 hours of publication?

The Chairman (Mr Molloy): Yes. If we allowed any longer we would be in recess before the corrected version came through.

This morning we will continue with the presentations.

Mr Paisley Jnr: Will we deal with the minutes?

The Chairman (Mr Molloy): We will take the presentations first and then deal with the minutes.

Mr Paisley Jnr: But there are inaccuracies in the minutes.

Dr Farren: The minutes are on the agenda.

The Chairman (Mr Molloy): The minutes are item 4 on the agenda. As happened at last week's meeting, we will go directly into the presentations and then come back to the minutes. Any inaccuracies, or questions on the minutes, will be addressed at that stage. OK?

Mr Paisley Jnr: I have another question. At Wednesday's meeting I raised an issue regarding a slander that was made against me by Sinn Féin representative Martin McGuinness. I note that he was not at the meeting on Wednesday. With regard to those slanderous comments, I asked the Chairman who was present — Mr Wells — if Martin McGuinness would be in a position to withdraw them if he returned to the Committee meeting. As I have said before, there is no evidence to back up the content of those slanderous comments. If there is evidence that a "determined effort" was made to kill him in the last two weeks, and that certain people in this room were part of that effort, then I would like to hear it. If there is no evidence to back up that slander I would like the remarks to be withdrawn. As the Member is here he can take the opportunity to do that now.

The Chairman (Mr Molloy): Martin, I give you the opportunity to respond.

Mr M McGuinness: I was not here on Wednesday, so I do not know what discussion was held on the matter. I have just been given a copy of Hansard, and I would prefer to look at that before I make any comment.

The Chairman (Mr Molloy): We move on to the SDLP presentation, which will be made by Seán Farren.

Dr Farren: The SDLP submitted a fairly slim submission initially, and I will explain and expand on the points that were made in that submission. Therefore Members may want to refer to it as the basic document, and then regard my comments as a gloss or an elaboration on the background and the issues that are raised in it.

It will come as no surprise that the SDLP regards the Good Friday/Belfast Agreement as the essential basis of the work of this Committee and of all that has to be done in order to restore its institutions. We would argue that the agreement allowed us to work together — albeit not in perfect harmony — during the brief period of its implementation between December 1999 and October 2002. Sometimes when I listen to

commentators, I am forced to reflect that I cannot think that there is a single Administration — be it one party or be it a coalition — that ever works in perfect harmony. I suppose that it can be said that some work in greater harmony than others and some in lesser harmony. However, bearing in mind the background from which we came in order to create the Executive and the institutions, we do a disservice to ourselves when we attempt to suggest that there was absolutely no harmony or positivity in any of the institution's working relationships in that brief period. I ask myself whether it could have been otherwise, given the nature of the background.

We did work together in ways that at least began to demonstrate that together we can tackle an economic, social and cultural agenda in ways beneficial to the electorate. We also began to address similar issues on an all-Ireland basis through the creation of the North/South Ministerial Council and had begun to do likewise — admittedly, to a lesser extent — on an east-west basis through the British-Irish Council.

Comments are made to suggest that the North/South Ministerial Council and some of the bodies created from it have been cumbersome and ineffective in their operation. However, if one considers their background and the fact that they were started from almost a greenfield-type situation, then one will see that their achievements have been considerable.

12.15 pm

I draw Members' attention to the work of InterTradeIreland. Its Acumen programme has contributed significantly to the development of marketing expertise. Networking between companies North and South, again under the auspices of InterTradeIreland, has led to increased business, and other programmes have assisted in technology transfer. None of that was happening before InterTradeIreland was established, and I do not think that any of those initiatives could have been expected to be established or grow and achieve what they have achieved were it not for the institutional support of InterTradeIreland.

I also draw attention to the work of Tourism Ireland, which came under some severe criticism last week. There has been significant growth in the number of overseas visitors, because Tourism Ireland is able to market the whole of the island in a very effective and productive way, availing of a greater number of offices in international market places than was available to the Northern Ireland Tourist Board (NITB) when it was functioning in this respect on its own. Therefore, we need to see the positives in those institutions and seek to build on them, but if there is a degree of over-bureaucracy associated with them, or if they are inefficient and ineffective, we need to weed that out. The point that I am making is that in the short time that

we did operate, significant progress was made with respect to matters in Northern Ireland and in the whole island.

We had begun to promote matters on an east-west basis through the auspices of the British-Irish Council. For various reasons — and I do not think that unwillingness was one of them — that was to a lesser extent, but progress was being made there too.

Also, matters relating to police reform — the creation of new policing arrangements through the establishment of the PSNI, new recruitment procedures, the Policing Board and the district policing partnerships (DPPs) — showed that progress could be made towards a more acceptable form of policing. In addition, we should bear in mind that some progress was also made on the human rights agenda, the equality agenda and on cultural matters in relation to language and other aspects of our different cultural traditions.

I know that people will be quick to criticise and point to gaps — and I can acknowledge the gaps and the fact that some criticism may be due with respect to what was done or not done under the various initiatives — but there is much that was positive. Indeed, in so far as it has been possible since suspension to promote the work related to those issues, it continues to have a number of positive dimensions to it.

We acknowledge that the progress made on those and other matters was not even. However, in the SDLP's view, the failure to sustain the Executive cannot be directly attributed to weaknesses in the institutions established under the agreement, but rather to a failure to honour commitments, which, if they had been honoured at the time, would have helped to build the necessary confidence to create sufficient trust among the parties in the Executive and thereby to sustain the Executive and the other institutions. That is why the first item mentioned in the SDLP's submission is the need to demonstrate understandings and undertakings that would serve to maximise confidence in the restoration of the institutions and their subsequent stability.

We say that because we do not believe and do not accept that new pre-conditions can be introduced at this stage. If it is shown that the failures to honour commitments that resulted in the suspension of the agreement have now been addressed, then there should be no further impediments to restoring our political institutions. These commitments were in respect of the decommissioning of paramilitary arms and the cessation of all forms of paramilitary activity, including paramilitary-directed criminality.

Reports from the Independent International Commission on Decommissioning (IICD) and from the Independent Monitoring Commission (IMC) are the key sources to which the SDLP believes we need to

turn for guidance on whether such commitments have been honoured. However, they are not the sole sources. For example, the SDLP would take particular account of what the Garda Síochána had to say — in recent years it has frequently been in a position to attribute various incidents and activities to paramilitaries, when it has had the information necessary to do so.

As we prepare for devolution it is also essential that we develop confidence that partnership within government will be honoured. I refer back to a discussion that we had with the DUP in particular last week. While I acknowledge that recent developments in some councils have been positive, the experience of SDLP councillors in a number of DUP-dominated councils had been other than positive up until now — and even now the positive steps that we have recorded recently have not been taken in some councils. I am not simply referring to the allocation of office within these councils, but also to the general attitude and the attempted actions — prevented only by reference to the threat of legal action under equality legislation — against organisations associated with the nationalist tradition; in particular, the Gaelic Athletic Association (GAA).

We could go back over the history of that, but, in future, we need to seek assurances that, for the good of us all, we will have clear, forthright and determined commitments to work in partnership; in government, if we succeed in restoring the institutions, or in whatever form of authority we find ourselves representing the people, and in councils, in whatever form they will take — although they are not an immediate issue of concern. However, we must reassure one another that we are committed to partnership. I take the point that it is not a one-way street; if we are to have a partnership all sides must make commitments and honour obligations to one another.

My comments should not be taken to mean that the SDLP, in the light of its experience of working the institutions of the Good Friday Agreement, does not recognise and accept that other issues — aside from those essential issues that led to suspension and which must be addressed before restoration is achieved — should not also be addressed or that priorities for the restored institutions should not be identified, discussed and, where possible, agreed on.

In the course of the review of the operation of the Good Friday Agreement, the SDLP identified and discussed issues with Government and with all the other parties round this table. In one way or another, we engaged with them on review matters so that, if the institutions are restored, they will operate more efficiently, more effectively, will be more accountable and will have a greater sense of collective commitment and responsibility. Matters relating to the pledge of office, the ministerial code, etc all need to be

addressed, and there are also issues surrounding the operation of the North/South Ministerial Council and the British-Irish Council.

The SDLP is happy to table details of our proposals as the business of this Committee progresses. However, it is important to appreciate that, certainly from our perspective, we do not regard it as necessary to have all such matters firmly resolved before restoration. Nor do we regard the recommendations contained in the so-called proposals for a comprehensive agreement in December 2004 as acceptable outcomes to the review that was being conducted up until then. I have stressed before, on behalf of the SDLP, that whatever conclusions people thought had been arrived at on review matters, they were not arrived at in an inclusive way. Certainly, the SDLP never agreed to them and has very serious objections to many of the proposals, not least because they include, for example, a recommendation for the automatic exclusion from office of parties that do not assent to the proposed membership of the Executive.

There are other proposals relating to the procedures of the North/South Ministerial Council, for example, to which we also take exception. Those have led us to reject the set of proposals as a useful basis for discussion within this Committee or in any respect with regard to the restoration of the institutions. However, we are happy to table our proposals and to review and engage with those of other parties, whenever and wherever that can happen.

The next matter, listed in our initial submission, is the question of the devolution of justice and policing, which will present us all with serious challenges in respect of the powers that are to be devolved, the portfolio structures into which they should be devolved and the general manner in which an Executive would discharge responsibility for those powers. It is also a key confidence-building issue and one on which there should be no further prevarication as far as the position of any party is concerned. The SDLP is particularly concerned about the attitude and approach of Sinn Féin. A police service, and there will probably be general agreement on this point, must be accepted as an independent service subject to clear operational criteria and ultimately accountable to the society it serves through its representatives

It is critical to have a clear understanding of the parties' approaches to this whole area, and, therefore, it is important that the issue be addressed in ways that will provide the necessary reassurances and confidence.

12.30 pm

Finally, we have referred to issues in a general sense that could be part of a Programme for Government, or, as some put it, priorities for Government. That should

not mean a set of issues that necessarily have to be fully debated and agreed as a condition for restoration; but it would be helpful if some progress could be made, especially on such cross-cutting issues as economic regeneration, matters relating to victims, and how we create conditions for a shared reconciled society. We all have a contribution to make, and if we can achieve progress on how those matters should be tackled, it would be helpful and positive in moving the agenda forward to ensure restoration.

There is a considerable degree of interest and support for us in tackling economic regeneration. We need to see how we can move forward and tackle that issue. As I said last week, the business community, the trade union community, and the voluntary and community sectors, would be gravely disappointed if we continued to fail to create the mechanism whereby we could begin to get our teeth into this whole question. We must address economic regeneration with a considerable degree of urgency and recognise that there is support for that. However, that support would wane into disillusionment and complete disinterest if we were to fail to take up this responsibility.

That is a gloss; as I said, my remarks are intended as an elaboration on the main points in our earlier submission. I am happy to take questions or hear comments.

The Chairman (Mr Molloy): If Members are content, we will proceed in a similar way to before: the party that starts off questioning will continue its line of questioning, and we will then move on to the next party.

Can I have the first line of questioning?

Mr McFarland: In the absence of anyone else wishing to, Chairman, I will start. Can I tease out the issue of extending North/South areas of co-operation? During the first Assembly it was agreed that there would be six cross-border bodies and six areas of further co-operation with a view to expanding those. However, the essential logic behind them was that they would be in areas of mutual benefit and that they would not be brought in simply for political reasons. Therefore there was a logic to them — they were beneficial to both sides of the border and so, logically, they were sensible areas for co-operation.

During the talks at the comprehensive agreement stage, there was a sense that the SDLP was bashing on and trying to rapidly expand such bodies into a large number of areas. Some of them looked as though they might have been there for political reasons rather than for logical, common-interest reasons. Will Dr Farren expand on how he sees that whole area of the expansion of cross-border bodies and areas of co-operation developing?

Dr Farren: In general, we should not be doctrinaire about the establishment of North/South bodies or

whatever other forms of mechanism for co-operation might suggest themselves to us. After all, we fully subscribe to the phrase in the Good Friday Agreement:

“where there is a mutual cross-border and all-island benefit”.

As long as we can make a clear — one could say, business-type — case that such bodies deserve to be established, they should be established. Certainly, given the period of time in which the bodies have been in operation, and allowing for the fact that they have been on a care-and-maintenance basis during suspension, it would not be inappropriate to conduct a review. If there are bodies that have, as it were, reached the end of their usefulness, they could be replaced. If there are other bodies that seem to be worth establishing, they should be established.

It would be true to say that not all the bodies have worked with the same level of efficiency and effectiveness; they have not all made the impact that would make them household names to people North and South. However, most of them have achieved a positive outcome. The Foyle, Carlingford and Irish Lights Commission is in difficulties because of the east-west nature of the statutes in which it works, and because it could not be made to function within the terms of a North/South body, there is a clear need to replace it. However, that difficulty was realised and acknowledged soon after the commission was established. Therefore, if we can make a justifiable case for something else, the gap to be filled is there.

The SDLP is anxious that greater forms of co-operation be created and developed, particularly with respect to research and development. Across the island, there are nine universities, each with limited research capacity. The emphasis on R&D as an essential ingredient to economic regeneration is widely acknowledged. Although our Northern Ireland universities are UK universities — I know the situation with some degree of familiarity from my professional background — they do not have the same close relationship with other universities in Britain as those universities have with each other. That is simply because of the remove at which they are located. Therefore, it makes a great deal of sense for them to pool some of their research expertise, not only with universities in the South, but with universities wherever it is appropriate to do so.

There is, however, a particular pertinence about a case for North/South co-operation in that area. We have seen it to some extent with the development of spatial planning through US involvement from Harvard University with the University of Ulster, the University of Galway and the Athlone Institute of Technology. Also, we have seen it through work that Alasdair is familiar with in cancer research.

There are other areas in which there is considerable scope. At a function the other evening, I spoke with representatives of Bombardier, and only recently, a conference was held here — the first of its kind — which brought together people conducting research in avionics across the country.

People from Bombardier told me how surprised they were at the extent to which there is research in some aspects of avionics in the South — for instance, research work into composites for aircraft construction. They want to exploit that.

People hit on those things accidentally. Why not have a much more strategic approach or this kind of co-operation? That would be part of the case that we would make.

My answer, in short, is not a doctrinaire approach, but one that is essentially guided by the need to ensure that we mobilise and exploit the capacity of what exists on the island, North and South, to the mutual benefit of people in both parts of the country.

Mr McNarry: Seán, you mentioned economic regeneration, which we are all interested in. When asked about this matter, Sinn Féin, interestingly, stated a figure of £10 billion over 10 years as a contribution from both London and Dublin. I wonder whether you have a figure in mind for dealing with economic regeneration in the broadest sense, which would be a contribution from London and Dublin. Do you have a proportion in mind? Would that be an equal contribution from both Governments?

Dr Farren: Since one party has said £10 billion, why do I not say £20 billion? I am not interested in a headline-grabbing figure. I think that it is far better and more effective if we make the case for what we need to do, how we would do it and the resources that we need with which to do it.

Economic regeneration is not essentially linked to having finance available to us. It is linked to having plans that we can implement with some assurance that they are going to achieve the goals of creating the kinds of employment that we need, creating the kinds of enterprises that will make that employment available in our society and that will enable us to reach targets of achievement that are much greater than we have at present in terms of productivity, general gross national product (GNP) and gross domestic product (GDP).

If we are not able to indicate what those plans are likely to be, whatever price tag we put to them is meaningless. Built into that, we must have a clear idea of the kind of investment that we need to make in order to tackle disadvantage in our society, in order to address the infrastructural deficit and in order to create a more modern health and educational estate, together with the facilities that they require. If all that adds up to £10 billion, I will go for £10 billion. If all that adds

up to £20 billion, I will go for £20 billion. It is not the price; it is the plan that is essential.

I must say that I read with a certain amount of cynicism the sums that are mentioned when I do not see what lies behind those sums.

Mr McNarry: The coalition that you talked about working within was enforced, although your party voluntarily entered into that. Do you see the Assembly wedded in perpetuity to an enforced coalition, or would you envisage a time when parties would be able to form a coalition voluntarily and that they would be free to do so? Do you envisage that time soon, or do you see it on the long finger?

12.45 pm

Dr Farren: There is a statue at the top end of O'Connell Street — many Members may have passed it — of an Irish patriot, Charles Stewart Parnell. He had close Ulster connections, for those interested in any background to the man. The inscription on the plinth behind the statue begins:

"No man"

— and I suppose, were he alive today, he would be obliged to say "no woman" as well —

"has a right to fix the boundary of the march of a nation."

I quote that to emphasise that the SDLP regards the Good Friday Agreement as it views any constitutional framework or settlement: a living thing that is capable of evolution and development according to circumstances and according to the agreement and consensus that can be reached. Whatever changes may be made to the agreement will be made because those engaged in it have agreed to them.

I am not saying that our march will take us in one particular direction or directions. However, if the Good Friday Agreement is not the basis upon which we can grow as we work together and make whatever changes we think necessary, it is not the agreement that I think it is. I hope that the SDLP's stance shows that we are open-minded about where the future lies. Any movement towards that future must be by consensus; that is the essential requirement of the Good Friday Agreement.

Mr McNarry: I accept that, and I find the frankness of your answer refreshing. Would the agreement be worked out between the parties or would you wish the electorate to indicate a clear preference about how it would like parties to enter into a voluntary coalition?

Dr Farren: The parties would have to come to some sort of agreement on what form of Administration they would be prepared to accept, since they will have to work it. The agreement gives parties the right not to enter — or to opt out of — arrangements if they find

that it would be better for them to adopt that position. You will recall that the SDLP raised the issue about whether it would serve in an Administration under certain imposed procedures, such as those that emerged from the proposals for a comprehensive agreement. We stated our position directly to the two Prime Ministers and subsequently made it known in public.

That is one way in which a different composition could be arrived at in forming an Administration. I am not sure how you could clearly interpret the wishes of the electorate if such matters were put before it. The electorate would need clear guidelines on how it should state its preferences, and such guidelines could only come from an inter-party consultation of some form or other, so the matter would end up before the parties anyway.

Mr McNarry: Putting the matter before the electorate might be in a manifesto that sought a mandate for such a move.

Dr Farren: We are getting very hypothetical about things now.

Mr McNarry: Different things emerge from the manifesto about the things you stand for surely.

Dr Farren: Oh yes. If you put it into your manifesto, you will get your support for it. If we do not put it into our manifesto there will not be support for it from the people who vote for us.

Mr McNarry: You will not know.

Dr Farren: No, exactly; but a manifesto consists of a whole lot of recommendations. It has to be a single, clear-cut issue if you are to get any useful guidelines. What do people vote for on a party's manifesto? Some vote for what a party says on education; others vote for what it says on the constitution; others vote for what it says about something else and so on. We all quote our manifestos, but, to a certain extent, we are not very clear about what the electorate has always supported in those manifestos as opposed to something else.

Mr McNarry: My final point is this: I am sure we all welcome the peaceful passing of two recent walks in Belfast, and I am sure we recognise that a lot of credit must go to the organisers and to the protestors for achieving that. Would you say that it would be helpful to the political process should the recent example of the protestors be followed in all cases?

Dr Farren: Not being familiar with the situation and not having been there, I am not sure that I want to comment directly on that. If any of my colleagues have any closer knowledge of it, I am sure they will. My approach is that if people are protesting, they should protest peacefully, and if they are marching, marches should be conducted in a peaceful and respectful way. Where supporters are supporting a march, the onus is

on them too. We have had too many examples of all three not being conducted in peaceful ways.

Mr McNarry: I am just posing the question in the light of the efforts and the achievement that have clearly been made. If it can be done peacefully, then can that not be replicated elsewhere and is it not clear that the manner in which people approach a protest is key to the outcome of a walk? Recognising the old adage that it takes two to tango, nevertheless if a walk is based on the knowledge when starting off that violence against it is unlikely, that is clearly helpful for the process in which we are all engaged here.

Dr McDonnell: What particular attribute of the behaviour of the protestors were you referring to?

Mr McNarry: The peaceful attribute.

Dr McDonnell: In this case there was dialogue even though it was somewhat indirect, and it appears to have largely worked. It did not work to everyone's absolute satisfaction, but it worked substantially. My view, and the broader view of the SDLP, is that if there was some degree of honest and honourable dialogue, a lot could be achieved, and the difficulty appears to be in obtaining and maintaining that dialogue in an atmosphere of mutual respect. I feel that that could achieve quite a bit in most contentious situations.

Mr McNarry: I accept that you from your side of the table call it a march.

Dr McDonnell: Yes, or a parade. Terms are used, sometimes not —

Mr McNarry: In a sense, that is a bit emotive. As one who goes on a walk, I enjoy the walk.

Dr McDonnell: Chairman, I withdraw the term, and to accommodate David's sensitivities I will refer to it as a parade or a walk.

Mr McNarry: I am grateful for that, Chairman. A bit of progress has been made this morning already.

Mr M McGuinness: On a point of information, what walkers' club to which you are aligned are you speaking about?

Mr McNarry: The Walker club, as I know it, is the Apprentice Boys. *[Laughter.]*

Mr M McGuinness: I thought they were ramblers or something. *[Laughter.]*

Mr McNarry: With some of the detours they have been asked to take, Mr Chairman, you would think they were ramblers. *[Laughter.]*

Mr M McGuinness: Very good.

Dr McDonnell: Chairman, now that we have established that it was a walk and not a march, for the record and for completion, that benign interpretation can often be somersaulted and interpreted with some

difficulty by those who feel they are being walked all over. The interpretation is the thing.

Mr McNarry: Yes, I think so. Generally I could not for the life of me see how anybody could become so passionately involved in violence over a walk, but I can when the connotation comes up that it is a march or a parade and therefore sounds adversarial to those who cannot come out as spectators.

What is interesting about this is that when we come to a certain time of the year, reasons are offered for politics to close down: not because of the walking season, but because of the marching season. Therefore, I would have hoped that from your side of the table, you would encourage those whom you can to try to maintain what we have established over recent weeks in terms of their protest. I know there is an onus of responsibility on people on my side of the table as well.

Seán mentioned the tourist industry. We could rid society of the trap that it has fallen into, the notion that the summer season is coming so we have to close down a lot of things. If we can get over that mentality — and I am asking you to share in that — it augurs well not only for the political process we are all involved in, but for all aspects of society.

Dr McDonnell: Chairman, I have no difficulty in agreeing broadly with the sentiments expressed. David referred to Sean's comment on tourism. July is normally the peak of the year from that perspective. It is tragic that, because of contention, controversy and worse around the walking season, in our case July is the slump month of the year. I can reflect on Belfast more than anywhere else: the city almost closes down for the month of July. A lot of economic benefit is sacrificed to the walking and the contention and difficulty that arise from it. The sooner we get solutions and resolutions to the contention, the better. For our part, when the opportunity has arisen we have worked extremely hard to do just that, and we will continue, where we have influence to bring to bear, to try to ensure that the difficulties are resolved and reconciled.

Mr Kennedy: In the course of his presentation, Dr Farren said that he would not accept any "new preconditions", which was, I think, the term he used. What examples would he use to describe those?

1.00 pm

Dr Farren: There were many examples of new preconditions in the parties' presentations last week. The DUP submitted preconditions. The Alliance Party focused its preconditions on what I would broadly describe as review issues such as d'Hondt, collective responsibility and the ministerial code. The SDLP recognises that some of those issues need to be addressed, but they do not need to be signed, sealed and delivered before restoration. Those issues did not cause the collapse of the Executive.

The DUP put matters such as parades and equality into the mix. The DUP may have a case about the parades issue that needs to be addressed, but this is not a forum for addressing that issue; it may have a case about the allocation of funds, but this is not a forum for addressing that issue either. Coming closer to issues that need, at least, to be considered, the DUP put the question of fifty-fifty recruitment to the police into a paragraph on policing as if it were, to them, a precondition to be resolved before restoration.

We must get real about our tasks, and the SDLP has tried to tease those out in its questioning of other parties. What do the other parties really believe are the essential matters that need to be addressed and resolved? Those issues need to be addressed, if not resolved, and we need to be confident that they will be resolved expeditiously after restoration.

Had the institutions been up and running, we would have been in review mode and would have resolved — or not resolved, as the case may be — some of the concerns raised about matters under review. However, those issues would not have stopped the institutions from functioning, because there is a provision for ongoing review. To say that those issues are now preconditions lengthens the agenda in a way that makes restoration less, rather than more, likely.

Mr Kennedy: Is the SDLP leaving open the prospect of some changes being made to the workings of the Belfast Agreement, but it is not open to introducing, in Dr Farren's terms, preconditions to the Belfast Agreement?

Dr Farren: The review process has been under way for some time — in fact, for many years. Indeed, some aspects of the review were being conducted, if Mr Kennedy recalls, while the institutions were still functioning. Among those matters was the designation issue — if I may call it that — and the position that the Alliance Party adopted in order to ensure that the institutions could continue to function. Any party is free to suggest proposals on those matters, and I have instanced just a few of them.

We can address the questions of collective responsibility, accountability and efficiency, and whatever those terms might mean. However, they are not preconditions in the sense that, without their being resolved, restoration could not be achieved. We could progress those matters until 24 November, if restoration is to be achieved then, and continue to address them if they remain unresolved. Those matters concern the operation of the institutions established under the Good Friday Agreement; they do not concern the achievement of restoration.

Mr Kennedy: Likewise, would issues of interest to the SDLP, such as an increase in North/South co-

operation and the number of North/South bodies, also fall into that category?

Dr Farren: Of course.

Mr Kennedy: They are not preconditions either?

Dr Farren: Well, they are essentially review matters. The one gap that we would expect to be resolved is the Foyle, Carlingford and Irish Lights Commission situation; we have, in a sense, five and a half institutions, rather than the six institutions of a North/South kind that we had agreed. So there is a gap to be filled. Whether we arrive at agreement in respect of changes to any of those, or whether we arrive at agreement in respect of additional bodies, has to be a matter that we negotiate and agree to together. That is the way it was envisaged in the agreement.

I neglected to bring a copy of the agreement with me; we should have one handy so that we can refer precisely to what is in it. It refers to additional bodies being created with the agreement of the Assembly and the Oireachtas in the South. That is the way it is supposed to work. It is the way we accept. We are not going to accept one bit and not others.

Mr Kennedy: Yes, but just to be absolutely clear: you are not making a precondition out of your desire to increase the number of bodies?

Dr Farren: No, I did not say that. I made myself very clear with respect to what are the issues at the heart of suspension and what are the other issues to be resolved that are, in that sense, only desirable.

The Chairman (Mr Molloy): There is a copy of the agreement here if anyone wants to read it.

Dr Farren: Thanks very much.

Mr Kennedy: Here is one we made earlier.

The Chairman (Mr Molloy): Several of them.

Dr Farren: OK, fine, thanks.

Dr McDonnell: Chairman, I think it is worth going back to this issue. Any improvements or additions that the SDLP is seeking are improvements that will be of mutual benefit to the people of the whole island, North and South. Obviously we are particularly interested in benefits for the North.

Mr Kennedy: But your main focus is to get the institutions up and running rather than see them delayed as a result of a wrangle over an increased number of bodies. Is that a fair reflection of your view?

Dr Farren: If we said anything to make you believe otherwise, then we should not have; but I do not think we did.

Mr Kennedy: There is another issue that has been touched on by others. Can you foresee any circumstances wherein the SDLP would enter an Executive as part of

a voluntary coalition, not including one or more of the parties represented in this room?

Dr Farren: That is not how the inclusive principle in the Good Friday Agreement is to be understood. If parties absent or exclude themselves — withdraw from, or do not make themselves available for nomination to, an Executive — that is entirely a matter for them. But if they are entitled to, and want to exercise their right to so do, then, as the Good Friday Agreement says, they are entitled to whatever the formula allocates to them within the Executive. We are not departing from that.

We ask ourselves: why have we got an inclusive proposal within the Good Friday Agreement? Last week several attempts were made to suggest that we are an aberration and that, therefore, we should move closer to what is normal practice in the formation of other coalitions. I would not describe us as an aberration.

We are coming out of a long period of conflict, division and political instability. We must shore up and create a sense of common ownership, or ownership all round, of the new institutions — something that we have never had in Northern Ireland's long history since 1921. We have never had any common sense of ownership of representative public institutions, and we must create that.

We must move forward inclusively, otherwise we risk sacrificing that sense of common ownership whereby a firm basis in society can be laid for the operation of these institutions. Exclusion has not worked in the past, and in the immediate aftermath of conflict where we are trying to get this common sense of ownership, it will not work if we try something else at this time.

The case has to be understood in those terms. Appealing to the practice in the South or in England, Scotland, Wales or anywhere else only ignores that very clear reality, and it is not part of the game plan for getting us moving forward.

The Chairman (Mr Molloy): I remind Committee Members to switch off their mobile phones because they interfere with the recording equipment. If the phones are switched on or are close to the microphones they actually interfere with the signal going out of here.

Mr Kennedy: So the SDLP's view is that parties would effectively only exclude themselves; the SDLP will not be excluding anybody. Is that what you are saying?

Dr Farren: I am making the case for the inclusive principle contained in the Good Friday Agreement. It is essential at this point that we strive to our utmost to re-establish all the institutions on that same basis. Otherwise I do not believe that our political institutions will have stability, and they will find it difficult — if

not impossible — to gain the allegiance of the electorate represented by the main political parties in particular.

If that is what we want — and I think it is essential — then any attempt to sidestep it will prove unhelpful, useless and, in the short term, never mind the longer term, unworkable.

Dr McCrea: I thank Seán for making the presentation on behalf of the SDLP and leaving himself open to questions. It is appropriate that he has done that, unlike others who appear for cross-examination of other parties but, when it comes to presenting their own case, run away and leave others to do the presentation. Some of the scrutiny of their self-examination would have been essential to have on the record. However, that did not happen that way, but at least Seán made his presentation. I am sure he will not be surprised to know that we have a number of questions for him.

Let us go straight to the situation as it is. Seán, do you accept, and does the SDLP accept, that the unionist community has a problem with the Belfast Agreement?

Dr Farren: Just as I would accept that any party with a mandate says that it has a problem with something, then I accept that the unionist community has difficulties with the way in which things have proceeded — or not proceeded — since the Good Friday Agreement was adopted and endorsed.

If, however, you are suggesting that those difficulties are inherent to the agreement, that would have to be more clearly demonstrated to me than it has been hitherto, because I do not accept that that is the case. However, I do accept that difficulties have arisen out of the implementation or non-implementation or, more accurately, the non-honouring, of commitments made with respect to the agreement.

1.15 pm

Dr McCrea: Do you accept that there are many in the unionist community who believe that the Belfast Agreement is fundamentally flawed and, therefore, in their eyes it is not the basis for a stable democracy in Northern Ireland?

Dr Farren: I have almost answered that question in what I have just said. It is probably an attractive proposition, when one finds difficulties with the way in which something operates, to say that the thing itself is inherently flawed and that, therefore, we need to throw out the whole apple cart, together with the apples, and start afresh. However, that is not the position that the SDLP adopts towards the agreement.

We believe that the agreement is essentially the instrument that we need to address the problems, the crises and the conflict that we have been through.

Changes may need to be made to its operation and commitments may need to be honoured, if they have not yet been honoured, to ensure that the institutions created under the Agreement can work. However, I have often made the point that if we were to start again, we would end up very close, if not in an identical position, to where we arrived at on Good Friday in 1998.

Dr McCrea: If the people of Northern Ireland were offered the opportunity to vote in a referendum on the Belfast Agreement today, would you be confident that it would gain the support of the unionist community?

Dr Farren: As there have been operational difficulties with the agreement and with the commitments made under it, people might be inclined to agree with what they would be told by their representatives: that we should start again. Quite a few people would probably respond positively to that message. Some of those who gave their support to the agreement in 1998 would not give it today, or certainly not with the same degree of enthusiasm.

Again, what you are trying to suggest is that we start from scratch, but we do not have time to do that. The two Governments have made it clear that the Good Friday Agreement is the basis upon which we must move forward. I am convinced that it is the basis upon which we must move forward, and we must seek our accommodation within the terms and principles of that agreement, recognising that there have been difficulties with some aspects of its operation. I have been through that argument several times.

There are also commitments that should have been honoured but were not honoured in time to sustain the institutions. However, I am certainly not conceding that the Belfast Agreement is not the kind of agreement that we need in order to move forward.

Dr McCrea: Irrespective of how anyone could convince the electorate, remember that the basis of our democracy is the ballot box — so test it at the ballot box. Surely the basis of the Belfast Agreement was that it would have the support of a majority of unionists and a majority of nationalists? Seán, if you are not sure that, if put to the test, the agreement would be supported by a majority of unionists, then how can you suggest that they should be forced to establish a government when they do not believe the premise on which it has been built — other than to force them to do it, which is the opposite of democracy.

Dr Farren: William, through the Chair, I take it that the purpose of us being here is to try to work through the issues that need to be worked through to ensure the restoration of our institutions. I am confident that if we can do so people will endorse the outcome of that. Putting the Belfast Agreement to the people today to see whether or not they agree with it would be a

needless and unhelpful exercise. I am not going to go down the road of engaging in a debate on that because, politically, it is not the road that we should be going down. Why should I go down that road if I do not believe that I should?

Dr McCrea: While you may regard it as needless and unhelpful, surely the purpose of our Committee is to scope the issues? Whether you feel that it is needless or unhelpful, do you not accept that a large proportion of the people, and a majority of unionists, do not believe that it would be needless and unhelpful — rather they believe that the foundation of any devolved government should be fundamentally correct?

Dr Farren: I take it that we have a responsibility to identify the issues that we all believe need to be addressed to ensure that our institutions can be restored. We must ensure that if we do reach an agreement on how to resolve those issues we can confidently progress and meet whatever test we put to the electorate. That is my answer. The principles and the key institutions and procedures of the Good Friday Agreement provide us with the means of moving forward, subject to addressing the issues and making progress on matters regarding the operation of the institutions. That is our remit, and that is what we should be about.

Dr McDonnell: As the SDLP and many others would see it, the Belfast Agreement was endorsed in 1998. It was supported by the two Governments and supported in referendums North and South of this island. We recognise that the DUP have — and had — some difficulty with it. You can second-guess public opinion, or speculate as to what it might be, but the referendums were held in 1998, and nothing we can do changes that.

Dr McCrea: So you are saying —

Dr McDonnell: Sorry, let me finish.

Dr McCrea: Sorry, I did not realise that you had not finished.

Dr McDonnell: We can move on from there, but we cannot, with all due respect, move back in time. Our party is keen to move on, and to probe, to listen to and to accommodate, where possible, the views, not just of the wider unionist population, but of the DUP as a political party.

However, the SDLP does not believe that those views can be accommodated by attempting to find a reverse mode that takes us back through the last 10 years. This Committee, and our efforts here in general, are about finding a forward pathway and a forward gear that takes us through whatever modifications are required to the function of the agreement in order to accommodate. However, we do not see any way in

which we can reverse and rewrite, undo or airbrush history.

Dr McCrea: Let me get this right: you are saying that when the UK went into the EU, for example —

Dr McDonnell: No, sorry, Chairman. I was not talking about the EU.

Dr McCrea: Sorry. I am asking the question, so I will allow you to answer. The tables were turned before, but now —

Dr McDonnell: I am answering your question: I was not talking about the European Union.

Dr McCrea: Please, just allow me. You are saying that it is impossible, for example, for a Conservative Government to take the United Kingdom out of the EU.

Dr McDonnell: Chairman, I thank Dr McCrea for making my point for me, because although many of those involved in politics across the UK may huff and puff about the European Union, I do not believe that, in practical terms, the day will ever dawn when Britain, or British Governments, will be foolish enough to withdraw from the European Union. They realise that the game is to make the best of the situation, to move forward and to attempt to remedy whatever flaws they find in the European Union from within, rather than adopting a dog-in-the-manger position from outside. Because the penalties for that are ridicule and all sorts, and that would make for bad politics.

Dr McCrea: Although I accept your great knowledge and your right to think —

Dr McDonnell: Chairman, the sarcasm is blinding.

Dr McCrea: No. I did not ask you to think. I asked you, could they, in a democracy, decide to come out of the EU if they wanted?

Dr McDonnell: Chairman, I am finding it difficult to answer, because when I give an honest answer to the best of my ability, I am bombarded with sarcasm and condescension.

They possibly could, but the practicalities of implementing or effecting that would be so far-reaching that, before they went down that road of trying to get out, they and the public would realise the folly, and they would reverse.

In our case, quite honestly, if we are pushing that far, the problem with the Belfast Agreement, and any failure that one might accept was associated with it, was a failure to properly and fully implement the agreement, rather than any inherent failure. With all due respect, Chairman, I will always allow unionists to think for themselves, but there were far more benefits within that agreement than the DUP perceived and far more opportunities, if they had worked at them. Therefore, my humble thesis is that the failure that Dr

McCrea is trying to imply and to attribute to the Belfast Agreement, or the Good Friday Agreement, was a failure to implement and work it, rather than an inherent failure in the agreement.

Dr McCrea: So, what you are saying, Alasdair, is simply this: that the people should not be allowed to vote on it just in case. No, you acknowledge that the unionist community would not support it, so you just deny them the right to vote.

Dr McDonnell: Chair, we are extrapolating and nit-picking and taking angles. Dr McCrea is free to interpret: his angle has been that this is only about the unionist people. Fortunately, or unfortunately for him, other people are involved. Some are nationalists and others are neither unionists nor nationalists. Quite frankly, other people must be taken into the equation. People in the south of this island, in the Republic, and people in Britain have an interest here. With all due respect, we cannot set up some sort of political cocoon here that ignores the rest of the world.

Democracy allows us to regulate our affairs, but those affairs must be regulated in harmony with our neighbours and those with whom we are associated politically in one way or another. For unionists that means the greater part of Britain; for some of us it means the rest of the island.

1.30 pm

Dr McCrea: With the greatest respect, that was a long way of saying that, no, you do not want them tested at the ballot box. You know what the result will be, since there is no confidence in the unionist community. You are clearly stating that you do not want to put it to the electorate. That is all right; that can go on the record.

Dr McDonnell: I have never refused to recognise the results of a ballot box, but —

Dr McCrea: Would you agree then —

Dr McDonnell: Chairman, if I may finish. I agree that the DUP has worked very hard for eight years to wreck the Belfast Agreement — the Good Friday Agreement — the agreement that the rest of us worked hard to put in place, and I agree that it is entitled, if it so wishes, to continue its wrecking expedition. However, it is not entitled to dress that wrecking expedition up as progress or creativity or to dress it in clothes that would allow its expedition to be construed as other than what it is: a wrecking expedition.

After having wrecked the agreement for eight years, the challenge for the DUP is how to square the circle and move on. I do not want to deny the ballot box. There were always ballot boxes. We could extrapolate as far back as 1933 when Hitler seized power in Germany, which allowed him to manipulate events to wreck the continent of Europe.

We must be realistic and face up to the facts, and the fact is that we are where we are. Perhaps some Members would prefer that we were not starting off here, but we are; we have to work with what we have.

Dr McCrea: Therefore partition is a reality and it cannot change. That is what you are saying. That is an interesting —

Dr McDonnell: Mr Chairman —

Dr McCrea: Sorry, with the greatest respect, I have not finished —

Dr McDonnell: Mr McCrea —

Dr McCrea: Please, you must not get worked up. As a doctor you should know that it is not good for your heart.

Dr McDonnell: I am not getting worked up. We were discussing Europe, among other things, and then someone moved on to partition. I have no difficulty in defining the SDLP's attitude to partition: we do not like it, we would prefer another system of Government on this island, and we will work for a modification of the present system of Government. The reality is that we are stuck with partition and we work within it whether we like it or not.

I ask Mr McCrea to work within the Belfast Agreement as he refers to it — I call it the Good Friday Agreement — until such times as he can modify it. Nothing could be simpler. He gave me the perfect example of what I was trying to say to him for the past five minutes. The SDLP does not like partition and would prefer a different system. However, we will work as constructively and democratically as we are allowed to within that system, and we beg him and the DUP to get on board and work within the agreement until he is able to persuade others to change it.

Mr Morrow: Will you accept partition and live with it?

Dr McDonnell: The SDLP accepts it for now; we tolerate it.

Mr Morrow: What is the “for now” bit?

Dr McDonnell: We will tolerate it. There will be opportunities in future for dealing with it.

Mr Morrow: Does the SDLP see the Belfast Agreement as a vehicle? Is it a settlement or a process?

Dr Farren: I refer to the quotation from Parnell. There is a statue in O'Connell Street in Dublin on which is the quotation:

“No man has a right to fix the boundary of the march of a nation.”

Things can evolve and change, and we will all bring our hopes and aspirations for the changes that we seek within the institutions that we are trying to get up and running again. If we can do that, we will. If we cannot,

we will bring them to whichever other fora are provided to allow us to do so.

The DUP has its aspirations, and we have our aspirations. However, that should not stop us working together. Therefore, I am not going to deny that my aspirations include the creation of a united Ireland. It would be dishonest of me to say otherwise. As long as I do not seek to impose my aspiration or to force or coerce anyone, either directly or indirectly, into that situation, what difficulty does that present to the DUP or to anyone else in working with me? I certainly disavow any of those methods, as I have done throughout my three decades in politics. I do not believe that such methods will ever achieve the objective. They are a futile and inherently immoral political approach to adopt.

Therefore, on the basis of such an honest expression of my aspirations and my willingness to work within the institutions, such as we can agree them here, I do not think that I pose any difficulty or threat to the DUP working with me or me with its members. That is the basis on which all honest and open politics should proceed.

I refer to the question that led to this set of exchanges. I read with interest the DUP's submission. Apart from a rather fleeting reference — I hope that that is not a deprecating way to describe it — to its belief that the arrangements created under the Belfast Agreement do not provide for a stable Government, all other matters that the DUP referred to, and it should be borne in mind that this is the very last one that is listed, could well be addressed and resolved within the context of the Good Friday Agreement.

The first issue is paramilitarism. The SDLP believes that that needs to be resolved; commitments were made that were not honoured in time.

Mr Morrow: Has that issue been resolved? You said that it can be —

Dr Farren: Let me finish my point, and I will come back to that. I am making a different point.

Mr Morrow: The rest of us, no matter what party we are members of, have subjected ourselves to cross-examination —

The Chairman (Mr Molloy): Let Seán finish his point.

Dr Farren: I did not think that there was any limit on the amount of time that is available to us.

Mr Morrow: I know that we are here to 5.00 pm, but, honestly —

Dr McDonnell: This is guerrilla warfare.

Dr Farren: I am all right, Alasdair.

Dr McDonnell: My colleague is entitled to finish his comments.

The Chairman (Mr Molloy): Let him finish.

Dr Farren: I have been as open and honest as I possibly can in my answers, and I will answer every question put to me if I am allowed to complete the answer to Mr McCrea's earlier question on the nature of the Belfast Agreement.

I was simply pointing out that the list of issues in the DUP's submission begins with paramilitarism. It then lists criminality; decommissioning; policing and criminal justice; parades; equality and human rights issues; a financial package for Northern Ireland; and accountability of institutions. The last issue listed, with only a brief and fleeting reference that is not explained — it does not even say that the DUP rejects the Belfast Agreement — is the stability of the institutions.

Now, in light of the DUP's submission, I believe that —

Dr McCrea: Can I give the Committee a point of information?

Dr Farren: — the answer that I gave about identifying and resolving the issues that are in the way of restoration reflects what this Committee is about. The path that Mr McCrea was trying to lead me down was extraneous to his party's submission, unless, of course, his party's submission was incomplete. Obviously, he, rather than me, would have to take responsibility for that.

1.45 pm

Dr McCrea: On a point of information, I accept that Dr Farren was answering the questions as we put them to him. I do not doubt that at all. I am not saying that I was satisfied with his answers, but that is a different issue.

Nevertheless, we all said that this was not a comprehensive paper. We made comments when we were presenting our paper — we will be judged on those as well. I have copies of the presentation, and I made matters abundantly clear when I said:

"The attempts to resurrect the failed structures of the past, and to fudge once again the crucial issues that bedevil the IRA and Sinn Féin, will not work.

It is a prerequisite that the Belfast Agreement needs to be changed. That needs to be done through primary legislation."

In the next paragraph, we went on to say:

"The Democratic Unionist Party received an overwhelming mandate on the basis of change to the Belfast Agreement and an absolute commitment to exclusively peaceful and democratic means by any party wishing to be in Government."

I then expanded on those answers. I gave myself four and a half hours of questions, and I would have been happy to answer any others on that. However, as you know, we have now moved on to questions to the SDLP, not questions from the SDLP. That is why we are dealing with that now.

Mr Morrow: To get a clear definition, do you see the Belfast Agreement as a settlement?

Dr Farren: I see the Belfast Agreement as the settlement at which we arrived in 1998. As I have said in response to several questions, I regard the Belfast Agreement — the Good Friday Agreement — as a living agreement, in the sense that, as we grow and work together, and learn from the experience of working together, we can agree whatever changes, if any, we believe might be beneficial, within the context of the principles that that agreement set out.

Mr Morrow: That is slightly different to what you said earlier.

Dr Farren: If I did not make myself clear earlier, I apologise.

Mr Morrow: You said that unionists had no right to change it — that the Belfast Agreement was an agreement, and that was that, and that we were the bad boys for seeking change, and making it a failed agreement, and all the rest.

We did not have to make it a failed agreement. It was a transparent, failed agreement. Do you accept that if there is to be a way forward in Northern Ireland, any institutions, whether inside or outside the Belfast Agreement, must have the majority support of both communities?

Dr Farren: It must have a sufficient degree of support to enable those institutions to become stable, in order to set down roots, and in order for both communities to work together in a spirit of partnership. Those are the essential criteria that we must try to meet.

We are here because of failures with respect to commitments that were entered into, and not honoured. Therefore, we must resolve the issues that we agree are impeding the way to restoration. With respect to other matters to do with the operation of the agreement, many need to be addressed and can be addressed. Some of those could well be addressed before restoration; if not, then they could be remitted to the institutions after restoration. That is the clear position of the SDLP.

Mr Morrow: If there had to be changes to the North/South bodies, if unionists were not participating in them and not prepared to work them, could those be changed as things trundle along into another disaster like we had last time?

Dr Farren: We need to know what it is that people are seeking by way of change. For perhaps far too long, we have been indulging in generalities, and have therefore been unable to give clear meaning as to what we are seeking. Therefore, we get tied up in those generalities in an unhelpful way.

When you hear me say that certain matters need not be resolved until after restoration, you may think that I simply want to shove them into the long grass and forget about them. That is not the position that I am adopting; it is certainly not the position that the SDLP is adopting. We want the matters that can be resolved to be resolved. Frankly, however, we do not have time to resolve all the matters concerning the operation of the institutions. We need wider consultations.

After all, some matters involve the two Governments, yet they are not represented round this table, even though it would be helpful to know their views. The agreement was, in part, an international agreement. Therefore, if you want to renege on some or all of it, you would have to make the case not just to us but also to others. We need to get on with the business of identifying the issues and how we can resolve the essential ones before restoration; we can have a clear timetable for resolving other issues after restoration if necessary.

The Chairman (Mr Molloy): Ian Paisley.

Mr Paisley Jnr: Thank you, Mr Deputy Speaker. Seán, you invoked the memory of Charles Stewart Parnell; he is an interesting character for a member of the SDLP to choose from the pantheon of nationalist leadership. He was, as I am sure you know, implicated in the Phoenix Park murders; he was involved in what was commonly described as “felon setting” in the nineteenth century; and his political career was brought to an abrupt and scandalous end by his affair with Kitty O’Shea. No doubt, we find that he, like all our heroes, had feet of clay.

In the onward march of the Irish nation that you describe, would you accept — and I think that you do — the legitimacy of Northern Ireland as a state? The SDLP accepts the legitimacy of the Police Service of Northern Ireland and of the Court Service. However, it is clear from the toing and froing in the Committee last week that Sinn Féin does not accept the legitimacy of the state nor of the police, and it would not recommend the Court Service. Is that a huge obstacle to progress?

Dr Farren: I am sure that anyone whom I quoted, whether from British or Irish history or from the history of any other nation, could prove controversial. I could quote St Paul and talk about the persecution that he wreaked on Christians before his conversion on the road to Damascus to show that he, too, had feet of clay. No doubt, anyone who was familiar with Parnell’s biography would know that he had feet of

clay — like all of us round this table, were we humble enough to admit it. I quoted him to highlight the point that he made in the quotation, not to trawl through his biography or to invite a commentary on any other aspect of his political career. You have pushed things out of my mind by such questions.

The SDLP accepts, as the Good Friday Agreement indicates, the status of Northern Ireland, and it accepts the conditions under which any change to its constitutional status might be effected. That is sufficient answer to the points that you make. It is up to Sinn Féin, or any other party, to answer for how it regards —

Mr Paisley Jnr: I accept that it is up to others to answer for their own position. However, do you accept that a party that wants to be a major party in Government but which views the state as illegitimate, does not recommend the police and dismisses the courts as unacceptable is a quantum obstacle for us to address? Nevertheless, we must address it if we are to resolve our difficulties.

Dr Farren: I am sure that Sinn Féin will correct me if what I am going to say now is incorrect from its point of view. I accept, acknowledge and recognise that Sinn Féin was a party to the Good Friday Agreement and, therefore, that it accepts the obligations and commitments that it entered into under the agreement. That is all that I have to say on that matter.

Mr Paisley Jnr: The SDLP submission referred to the problems of sectarianism and division in our community. Could we digress for a moment to discuss some practical areas? You will know that for the past 33 years the SDLP has been the major controlling faction in Down District Council. Can you tell us why you think that no Democratic Unionist Party councillor has been fit to share power with on that council? I am talking about the top two posts.

Dr Farren: This answer is not a cop-out; it is simply stating my ignorance of the details of the operation of power sharing in Down District Council. I am not familiar with the council, but I do know that representatives of the unionist community have been involved at various levels and, I think, even to the highest level in it. Margaret Ritchie answered charges made against her council when she last attended this Committee; she has been a member of the council for over 20 years and was able to answer in more detail than I am. Perhaps you were not here.

I think it is unhelpful for us to keep stoking up the history of these matters. The point that I was making was that we needed reassurances for the future, because we cannot rewrite the past. I also said that power-sharing partnerships might not always have operated in the best possible ways, but that people work within the parameters set by the conditions and circumstances in which they find themselves. As

members of the SDLP, and knowing the general discussions that had taken place on the issue of partnership down through the years, we attempted to put into effect, in whatever circumstances we found ourselves, what seemed to be the best possible approach to realising partnership.

Circumstances varied from council to council. By pointing to one council and comparing it to another, you may well find that we were remiss and that we were not operating to the same principles and procedures in all of the councils. However, circumstances and partnership evolved over the years, not according to any overall strategy but as a matter of principle. Efforts were made to work out that principle in the circumstances in which one found oneself.

The SDLP has certainly stood by the notion of partnership right from the reorganisation of local government in 1972. Our record in that regard is one of which we can be very proud. I think that it has been exemplary in many respects, with due regard to the problems that can arise in particular councils.

You represent the same constituency that I do, and you know yourself that your colleagues in Ballymoney Borough Council have operated in the past — though not in recent years — a more positive approach towards the involvement of my colleagues, indeed to the point where I have heard some of them say that they would get a better deal out of the DUP than they would out of the UUP.

However, that is certainly not the tune they would be humming when it comes to Ballymena Borough Council, where the very reverse is the case. It was only under the influence of a UUP-majority council that an SDLP councillor was nominated to the post of deputy mayor, very much against the opposition of the DUP. The DUP is now the dominant party in that council, and it has almost excluded even the UUP, where possible, from any co-responsibility or sharing of responsibility. My colleague John Dallat reminds me that the DUP abstained when an SDLP councillor was nominated for the post of mayor in Coleraine.

We have a lot to point at should we want to score points against one another. However, the main point is the reassurances that can be given with respect to the future, as we cannot rewrite the past.

Mr Paisley Jnr: You indicate that this was perhaps an unhelpful discussion. I certainly accept that it is possibly very unhelpful to the SDLP's position, because although you are talking the talk of partnership, the facts in Down District Council have shown 33 years of exclusion of partnership — especially if partnership should mean the Democratic Unionist Party. In Down District Council there is nothing to describe as exemplary practice as far as the representatives of unionism are concerned.

To speak bluntly, Seán, I view your answer as a cop-out in that regard. The areas of great nationalist bias that you mention are Ballymena and Coleraine. If you were to look at press reports, you would probably throw Lisburn and Castlereagh into the equation.

Dr Farren: Yes.

Mr Paisley Jnr: That appears to be an SDLP trend. However, figures in those areas of great nationalist subjection prove that the nationalist population is growing; the nationalist electorate has increased and is not being subjugated whatsoever. In areas such as Strabane, Newry, Londonderry and Magherafelt, on the other hand, the unionist population is being excluded and driven down — and out — in numbers as an electorate and a community. That cannot be dismissed as simply being a rising sectarian headcount, because the Roman Catholic birth rate has also fallen in all those areas.

It may be easy to talk the talk of partnership and to point the finger at Protestant Ballymena or unionist Ballymoney, but on the other side of the equation the picture is not as pretty or as rosy as you suggest.

Mr Dallat: Mr Chairman, perhaps Mr Paisley would take some information about power sharing. His submission today is based on a statement made by Gregory Campbell over the weekend.

At present in Coleraine Borough Council the SDLP has the chairmanship of one committee. For the past two years, we had no participation in power sharing at all. The only external body that the SDLP was allowed to be involved in was the Northern Ireland Housing Council, and I was removed from that this year and replaced by Dessie Stewart. In 33 years, the SDLP has never had representation on the education and library board, the health boards or any other boards. This is a very poor example of power sharing.

The one electoral ward highlighted by the DUP in Coleraine in which the Catholic population has increased is Coleraine Central. The reason for that is that 200 attacks on Catholic families in other parts of the town caused the population to cluster in that particular area.

Mr Paisley Jnr: Although that was a point of information and may have been of some succour to the SDLP, the offices that have been given to the SDLP in Coleraine Borough Council significantly outweigh anything that has been given to the Democratic Unionist Party in 33 years in Down District Council. My point is that unionists have given more than nationalists have in areas in which they dominate.

2.00 pm

Dr Farren: I was tempted to do what I had cautioned against, which was to revisit the past and take our eyes off the future. Returning to the

fundamental point, we need reassurances because, however good or bad we have been at trying to be inclusive and to involve each other's community through its representatives, we have not yet succeeded in convincing each other that we really mean what we say, however sincere we are in our own convictions. Therefore, the reassurances must essentially be about the future and putting mechanisms in place, in so far as we can, that will ensure that we can convince each other that, by working together, we can create a proper spirit of partnership.

The debate has perhaps been helpful in that it has posed a challenge to us — a challenge that is very much underlined by the point that Ian Paisley Jnr made. It cannot be denied that, in certain parts of Northern Ireland, the demographic composition has changed and that some, and perhaps much, of that change has been a result of pressures that we have applied to one another.

In my constituency — Ian Paisley Jnr and other Members can relate to this — even where there has been little or no conflict, a concentration of one side has resulted in some villages almost changing their complexion as regards religious affiliation, if I may put it like that. That is particularly so in villages that are mixed in ratios of 60:40 or 70:30, with the 60% and 70% on the increase and the 30% and 40% on the decreased. That has happened on both sides of the community.

Twenty years ago, I canvassed certain areas because they were mixed. Now, apart from a quick leaflet drop to show that I was there, I can honestly put my hand on my heart and say that I no longer canvass those areas. The resources at my disposal are not enough to devote the time, and I do not believe in deathbed conversions, in that no one will change from being a supporter of the DUP to a supporter of the SDLP, or Seán Farren in particular, in the last two weeks of an election campaign. We can all see that happening, and that is regrettable.

In some areas, the pressures have been direct, where there has been a high level of paramilitary activity, whether that emanates from a loyalist or a republican source. It has also been indirect, where issues around parades or walks — or however we describe them — have made people feel uncomfortable. The display of flags indicates ownership of places. That makes those who do not feel part of that place, or who do not have any allegiance to the flag on display, very uncomfortable, with the result that they leave that area.

We all share responsibility for that, and there is no point in one side blaming the other and not accepting responsibility for at least indirectly contributing in some way. That needs to be addressed when we talk about a shared future. Will our future be two separate futures or a shared future? Will there be some element

of co-ownership of the institutions so that there can be co-ownership of the places where we live, or will we condemn ourselves to perpetual segregation on an almost South African apartheid basis?

Is that the future that we envisage? It is certainly not what I envisage. Whatever the problems are, they must be addressed, and we need to come up with strategies to tackle them.

Mr Paisley Jnr: I would agree with everything that you have said about villages changing character. It is probably a pattern that can be seen across Ulster. I can certainly identify with Dunloy and Rasharkin, which have changed considerably, and I am sure that you could identify with other areas. Even in the north end of Ballymena there has been deliberate putting-up of flags by republicans and dissidents trying to paint a particular picture there, and it does not help — you are absolutely right. I am sure that we could point to all sorts of things.

On the issue of co-ownership, I am sure that you would agree that for it to work the one thing that we require is trust. The Belfast Agreement, which you have quoted from, indicates that the majority of both sections of the community — the majority of unionists and the majority of nationalists — must agree. It is pretty clear that the majority of the majority community do not agree with the Belfast Agreement anymore. Let us not discuss whether they ever did. I have not heard anything yet from any of the presentations about how you propose to win the support of the majority of the unionist community for a failed agreement that failed to build on trust?

Alasdair was very straightforward when he said today that there has been a failure to implement the Belfast Agreement. That failure, with all due respect, was not the fault of the Democratic Unionist Party.

Dr McDonnell: It was.

Mr Paisley Jnr: The Democratic Unionist Party did not vote for the agreement. It worked against the agreement, and, as you rightly said, has been determined to undermine the agreement. The failure to implement the Belfast Agreement, which I assume you were really pointing at, was by those parties who were signatories to it. First of all, I would like to know if you accept that the failure to implement the Belfast Agreement was the fault of the parties who were its principal signatories. If so, how would you persuade them to identify the obstacles that were not overcome the last time, and how on earth would they address them this time? The same obstacles seem to be there; they are the obstacles that we have identified in our paper. They appear to be the obstacles that other parties were very concerned about over the past eight years.

Dr Farren: If we were clear about the issues to be addressed, we could get down to the business of addressing them. However, in general, the DUP submission contains many issues that are not unimportant but are marginal to the agreement itself.

Mr Paisley Jnr: But Seán, they were enough to wreck it.

Dr Farren: Pardon?

Mr Paisley Jnr: They were enough to stop it working.

Dr Farren: Issues around parades? Issues around inequality?

Mr Paisley Jnr: All of the issues, including the absence of trust, and all of the issues that have been identified as obstacles have been significant enough, collectively, to wreck the implementation and operation of the Belfast Agreement.

Dr Farren: We are either into a realistic exercise here, or we are simply going to engage in exchanges that do not seem to get us anywhere fast. If we are going to work towards restoration, we need to have a clear sense of what has to be addressed and whether those issues are essential to full restoration — I keep coming back to this point — or whether they are issues that might not have to be fully addressed before restoration takes place and could be put on a timetable for after restoration.

We are not getting close to that, and yet, if we are talking about trust, we need something that we did not have while the institutions were working, which is full confidence that commitments were being honoured. Quite obviously, if we find ourselves in a position where any party around this table, or indeed the two Governments, makes commitments that are essential to the effective restoration of the institutions, they have to be seen to honour them. Only in honouring commitments can one begin to build confidence.

It is out of confidence that we have in each other that trust comes. Trust, as most people now recognise it, is not the ingredient that one starts with. If I make a contract with somebody to do a job for me, I make a down payment, perhaps, because the person has signed the contract for the job. However, what confidence do I have that he will do the job until he starts to do it? When the job is complete, he receives the balance of the payment.

We are not that different. We are signing a contract with each other, a contract that contains commitments that are based on certain principles that we have agreed are essential to the full implementation of that contract. Therefore we have every right to expect that all parties will honour the commitments immediately — if that is what the agreement says — or within prescribed timetable if that is what is set out. It was the clear

failure to do that that led to the breakdown that caused suspension.

Mr Paisley Jnr: May I fast-forward to 24 November? Let us imagine that all parties are ready to form an Executive, but on 23 November the SDLP discovers that one of the parties entitled to be in government continues to be engaged in criminal and/or terrorist paramilitary activity. Would the SDLP consider forming an Executive without that one party?

Dr Farren: I attempted to answer that question earlier. The problems created by something of that magnitude would throw many issues back into the melting pot, and they would have to be addressed. However, I will not give a definitive answer to the Member's question in the terms in which he is seeking it. If any party fails to honour commitments, and that failure is attributable to the party in such a way that shows it to be at fault, then, of course, there is a major problem. There was a major problem in 2002 when we failed, after several hesitant starts, to achieve full decommissioning. It was the increasing lack of confidence that progress would ever be made on that issue — which all sides considered to be fundamental — that led to the current suspension.

Mr Paisley Jnr: If you have a contract or a deal — irrespective of having trust — and someone breaks the deal in good faith or bad faith, I would assume that there would be a penalty for such an action. The penalty would surely be the scenario that I have outlined to you: if it was discovered on 23 November that one of the parties to the contract was not fully doing what it was supposed to do, it would be excluded, and we could count on your support, if it was required, to ensure that that party was excluded, and we could move on until that party became ready, grown up and mature enough to be part of an Administration.

Dr Farren: Ian, I do not think that the issue would be as easily resolved as that, because we are not working for failure; we are working for success. Therefore to start anticipating all possible contingencies only begins to create an expectation that someone might prefer one contingency to another — and perhaps over what we all would regard as the best possible outcome. So let us go forward.

Mr Paisley Jnr: I am going on form, Seán; I am not going on semantics.

Dr Farren: The circumstances now are that all parties are around the table, and there is the prospect of the two Governments becoming involved. You absented yourself for a considerable time in the negotiations in 1997 leading up to the Good Friday Agreement. You dipped one toe in and you kept another toe out in the operation of the agreement; you used the operation of the institutions to your advantage

in a manner that I would describe as dishonest. However, leaving that aside —

Mr Paisley Jnr: Thank you.

Dr Farren: At the risk of someone jumping in to say why it was not dishonest, that was the attitude and approach that the DUP adopted. We are all round the table here. Let us make the best of this opportunity to get the best solution. If we do not get the best solution, we will have to address the problems that arise from that. It would be foolhardy in any negotiations to start to draw up a list of contingent possibilities, because they would then become the more attractive approach to some. That is certainly not an avenue that the SDLP is going to go down.

2.15 pm

Mr Paisley Jnr: I agree that it would be foolhardy, but surely you accept the philosophy of “fool me once, shame on you; fool me twice, shame on me”. There are things that one learns from history and from past political events where people may have been fooled, conned or taken in big style, as some people once described it. It is important that we get this issue resolved. Democrats and the unionist parties need to know where the SDLP stands on this crucial issue. If one of the parties defaults, do we move on without it, or will it be ultra-cautious again and try to get that party back on board? At what point does the SDLP take the crossing of the Rubicon to be a point of no return?

Dr Farren: However attractive the DUP might find the idea of my enunciating another approach, I am not going to do so, no matter how often you ask the question. I am here working with my colleagues, and the party generally, to successfully resolve the issues that are blocking the restoration of the institutions. That is the objective, and we will work hard to reach that point. If we do not succeed, that is when whatever possibilities, if any, are open to the parties here to address. I will not go any further than that.

Dr McCrea: A resolution of the issues involves facing the issues, so there is no point in us running away from any of the issues. If they are an impediment, we have to face them and deal with them. That is how one endeavours to at least seek a resolution. I want to ask you a straightforward question, Seán. What do you think brought down the Executive?

Dr Farren: As the SDLP sees it, the fundamental failure that brought down the Executive was the failure to honour, within the timeframe laid down by the Good Friday Agreement, the commitment to full decommissioning of all paramilitary weapons, as that section of the Good Friday Agreement required. Several efforts had been made, before and after the establishment of the Executive and other institutions, to make progress on the issue. Progress was insufficient

and not likely to be sufficient in the manner in which it was being made at the time. Progress of a considerable kind has been made since, but I am focusing on the issues that led to suspension. There were significant contributing factors, not least the continuing campaign to destabilise the institutions that were conducted by the DUP.

Dr McCrea: We knew you would have blamed us somewhere.

Mr Morrow: We have been waiting for that.

The Chairman (Mr Molloy): No interruptions, please.

Dr Farren: In a way it was dishonest. I would have had far more respect for the DUP had it decided from the outset of the Good Friday Agreement, which it had not been party to negotiating, that it was such a terrible agreement that the only honest way to behave was to stay outside the institutions and become an opposition, rather than take ministerial posts where they were half-in and half-out.

That would have been an honest way forward, and the way that any party of integrity should have taken. However, your party failed to take that route, and instead worked within the institutions, in all kinds of ways, to destabilise them. How could greater confidence be expected to grow in the unionist community when your party's approach to participation in the institutions was as dishonest as it was?

I regard decommissioning as the fundamental factor, although I am perhaps not in a position to make a judgement as to how possible it was. I have often felt that if some degree of decommissioning had taken place in the immediate aftermath of the referendum in 1998 — on all sides, both loyalist and IRA — decommissioning could quickly have become a less significant issue because people would have seen what it was really intended to be — a sign that the campaigns were over. Everybody accepts and recognises that just as whatever crowd down in Lurgan and elsewhere have been trying to do in recent days, getting weapons is not that difficult if one is determined to get them. However, it would have been a sign of, as the agreement says, a:

“commitment to exclusively democratic and peaceful means of resolving differences”.

However, the failure to move seems to have been wilful, and some of the things that were said — “not a bullet, not an ounce” was the often-quoted phrase from some spokesperson — contributed to the impression that decommissioning was not going to happen. Of course, even when it was attempted and steps were taken to see if it could happen, they were not enough, and that brought about the inevitable collapse. Obviously, incidents intervened to determine when precisely the

collapse would take place, but, unfortunately, it was on the cards much earlier than that.

Dr McCrea: I acknowledge your acceptance of the success of our tactics. At least it is encouraging to know that when one has a good tactic, one should look at it carefully. As regards blame, when I asked you what you thought had brought down the agreement, your response was really that it was the DUP, because it was successful in its tactics.

I notice a greater flow of the terminology of condemnation when it comes to the DUP rather than Sinn Féin. You are very cautious in your words. When you read Hansard, you will find that you mentioned dishonesty and lack of integrity, but you will notice that Sinn Féin is not mentioned in there — it is all directed towards the DUP. That says more about you, because your party should be the last party to go on about dishonesty and integrity. Was it not your Deputy First Minister who was in position and then out of position; he was like your boy in ‘Dallas’ in the shower and came back into the Deputy First Minister’s post again. Dishonesty and integrity would certainly not be terms that you should think of.

May I ask you to reflect on whether any blame was attached to the SDLP for that? You mentioned that when you enter into a contract, you expect people to meet their commitments under that contract. Are there not penalty clauses in a contract too? Seán, was there not a penalty clause for those who did not divvy up to the contract, for those who signed, and were completely committed to, the agreement? They should have been moving the agreement forward, and yet they failed to do so. They did not give up their weapons and all the rest. Was there not a penalty clause that they could be voted out of position? Did the SDLP carry out what it had promised to do should such a thing happen? Did it exercise the penalty clause?

Dr Farren: First, there is no clear penalty clause in the procedures of the Assembly or the Executive that the SDLP could have exercised. One thing that the SDLP might acknowledge about the Good Friday Agreement is that there was a clear expectation that commitments on decommissioning would be honoured. However loose the terminology in the section of the agreement that deals with decommissioning, those of us who were there recognised the positions of the different parties. If we are being honest, we have to acknowledge that there was a clear expectation that decommissioning would be delivered sooner rather than later, or at least that the process would start.

Let us remember that the first significant steps — and they turned out to be not that significant — were not taken until after the agreement was approved and the institutions established at the end of November

1999. The first engagement between Gen de Chastelain and representatives of the republican movement, in particular, could hardly be described as an engagement, as far as I can recollect. The clear understanding or expectation that decommissioning would happen was, unfortunately, not recognised. I have no hesitation in saying that those who were responsible for that failure stand indicted for the responsibility that it carries, because it ultimately brought down the institutions.

Significant attempts were made under various auspices to try to progress the matter. The parties in the Executive accepted steps and initiatives that they hoped would be successful, and time was allowed to test that. They were not successful, and we ran out of time. Perhaps it is an understatement to say that that was regrettable. It was a calamity as far as the SDLP was concerned, because it undermined, for the time being, the hopes, the expectations and some of the progress that we were beginning to make by working together. I do not intend my comments about your dishonesty to be seen as any more critical than my comments about the republican and loyalist movements' failure on decommissioning.

In fact, if you read the newspapers of that time, you will find not only comments in press releases, but opinion pieces that I wrote on behalf of the party clearly expressing the SDLP's criticism of those who had failed on decommissioning. Although the member may choose to use some of my words to show that I am less critical of some than others, that is certainly not my position.

2.30 pm

Dr McCrea: Is the SDLP satisfied that the Provisional IRA has decommissioned all its weapons and ammunition?

Dr Farren: The SDLP does not have any sources or resources to verify that one way or the other. It relies on what Gen de Chastelain and his colleagues reported and what the two Governments believe took place when the final act of decommissioning was said to have happened. The SDLP accepts what the decommissioning body said and believes that that body has integrity and no ulterior motive. The decommissioning body is there to report as factually as it possibly can on what transpired. Knowing, and having met, the members of that body over the years, I fully accept their integrity.

Matters of concern have arisen since the establishment of the decommissioning body, particularly the highlighting of the degree of paramilitary involvement in criminality. The decommissioning body was not charged to deal that, so the Independent Monitoring Commission (IMC) was established. That, and other sources, became the means or mechanism for ongoing reporting on the levels of paramilitary involvement in

criminality and the levels of any ongoing paramilitary activity. We must place some degree of trust and confidence in what the IMC reports.

As I said in our presentation, the SDLP has other sources to which it can turn. The views of the Garda Síochána are well placed, and it has no ulterior political motive. It is in a position to indicate what is happening. Where else can we turn to see evidence of ongoing paramilitary activity?

Dr McCrea: There is a discrepancy. Dr Farren said that his evidence came from two sources: the decommissioning body, which the two Governments accept, and the gardaí.

On 9 June, a gardaí spokesman made a statement about the discovery of 10,000 bullets. He is quoted as confirming that they clearly belonged to the Provisional IRA. At the end of his statement, he said that:

"there is a lot of stuff still out there unaccounted for".

Are you satisfied that the IRA has decommissioned all its weapons and ammunition? The decommissioning body stated that the weapons that it saw were decommissioned — although nobody else has proof of it, but let us accept that. However, Dr Farren's other source is the Garda Síochána, which has clearly stated that there is a lot of stuff still out there unaccounted for.

What confidence does that give to any community that all the Provisional IRA's weapons and ammunition have been decommissioned? How could you suggest that all of that was decommissioned?

Dr Farren: I do not have any clear answer to the last part of your question, other than to accept the word of the agencies that were established to make the judgement that you are seeking. I think — and this is a personal comment that many other people could make as well — that having come through a conflict, we can go back over the decades. Ulster Volunteer Force (UVF) rifles from 1912 and 1913 could well be discovered in working order in somebody's thatch somewhere across the length and breadth of the North, and perhaps elsewhere as well. Would that be evidence that that body was still active because it had armed itself at that particular time? Pikes from 1798 have been found, and, indeed, all kinds of weaponry have been found going back over many centuries.

Dr McCrea: Perhaps, to assist you, Seán —

Dr Farren: Perhaps I am being a bit facetious in order to make a point. I was never involved. I never wanted to be involved and, except for what I read in books, I have absolutely no knowledge of the ways and means of a paramilitary organisation. Therefore, all I can offer is my observation of the situation. Just as they are still digging up bombs from the Second World

War in cities in Britain, there may well be pipes stuffed with all kinds of ammunition and weaponry here, which have long since fallen off somebody's inventory or never were on anyone's inventory. Really, though, I am not sure —

Mr Morrow: Well, then it would be helpful —

Dr Farren: I am not sure that —

Mr Morrow: I want to fast-forward the discussion from 1798 to —

Dr McDonnell: To go back to 1690?

Mr Morrow: We did not take the discussion back to that date. I hope that you noted who did.

Does the SDLP have any views on who murdered Denis Donaldson? That murder did not happen that long ago.

Dr Farren: No.

Mr Morrow: You have no views on that at all?

Dr McCrea: I wish to stay on the subject of weaponry. The two supposedly independent witnesses — at least one of them, Fr Alex Reid, was very open — acknowledged that no modern weaponry was decommissioned. Those are not weapons from way back. We can forget about weapons from the 1700s; we can forget about the 1800s and even the early 1900s. We should concentrate on recent times because it was suggested that no modern weapons were decommissioned. Therefore, with regard to all the weapons that are known to have been brought in recently — the guns from Florida, and so on — we have been told that none of those were decommissioned. Therefore, how can the SDLP be sure that the IRA has decommissioned all of its weapons and ammunition?

Dr Farren: I do not know, and how can you be sure, if I can put the question back to you? However, since you are asking me the questions, I can only answer.

The serious point that I was making with my historical allusions was that weapons from any period, if they are still in working order, can be as destructive as the most modern weapons. Perhaps Fr Alex Reid has knowledge about weaponry that I do not have, but I am not in a position to distinguish between modern and not modern weapons. Armies are probably still using weapons that were manufactured in the 1950s and 1960s.

Indeed, I have read that the US still has battleships in operation that were commissioned during the Second World War. However, I am referring to the destructive capacity of those weapons, not their modernity or their age.

Dr McCrea: I would need to be convinced because I represent those people who would probably be the recipients — as we have been in the past — of the effectiveness of those weapons. Therefore, it is important that we be convinced.

Is the SDLP satisfied that the IRA has ended all paramilitary activity?

Dr Farren: That is a question on which I can make only a non-definitive comment. In so far as I can judge, it seems that there is no desire — and certainly no appetite — in the communities for a return to violence. Therefore, any intent that might exist, however latent, does not have any support at present.

Dr McCrea: Mr McCartney was murdered after the ceasefire. There is much debate and speculation by all parties, not just the unionist parties, concerning Mr McCartney's murder. Are you clearly stating that the IRA had no part in the McCartney murder?

The Chairman (Mr Molloy): I would underline that a court case is ongoing.

Dr Farren: I am not sure how I can usefully answer that question because it could imply — you would have to tell me whether this is the case — that that was part of a concerted campaign. It does not seem to me to have been part of a concerted campaign. The judicial proceedings will reveal — or not reveal — whether the people involved had some association with a paramilitary organisation. Therefore, until that happens, I am not in a position in this forum to offer any definitive answer to your question.

It seems to me that people who were associated with the republican movement had some involvement, in some form or fashion, in the incidents that took place. However, I cannot go over and beyond that. I rely on newspaper reports that are already in the public domain.

The Chairman (Mr Molloy): I remind members that this is sub judice because a case is ongoing. Members must be careful.

Dr McCrea: Is there a case on Mr Donaldson?

Mr Morrow: No, there is no case.

Dr McCrea: Mr Donaldson — Denis Donaldson, as he would be known in this place — was murdered. Is it acceptable to say that when a person murders someone, all he or she has to say is that it was not carried out with the official sanction of the leadership? Do you accept that kind of cop-out?

Dr Farren: Are we talking in general terms? I could only answer that question in general terms, and not with respect to any particular incident.

There are all kinds of speculation in the press. I have absolutely no knowledge about who may have been responsible for the murder of Mr Donaldson.

Dr McCrea: He is dead, anyhow.

Dr Farren: William, I am not going to enter into that issue in this particular context. If we are having a casual conversation outside, we can discuss all kinds of speculation that has appeared in the press on this or any other issue. If you want to formulate the other part of your question more clearly, I will try to answer it, with respect to people being under, or not under, direction from the leadership, but I cannot and will not comment on an individual case.

Mr Morrow: One thing is very noticeable in all your answers today. You are afraid to name the elephant in the room, unless that elephant is the DUP. You are quite vociferous, direct and deliberate in naming the DUP as being dishonest, belligerent or not up to the mark. However, when it comes to Sinn Féin/IRA or to what would be termed the nationalist side of the community, you seem very reluctant to give direct answers. Do you have a problem with that, or are you selective in your condemnation?

Dr Farren: I have no such problem.

Mr Morrow: You seem to have.

Dr Farren: The Hansard report will show —

Mr Morrow: It will.

Dr Farren: — that I have referred directly to Sinn Féin; that I have mentioned the IRA and the UVF and loyalist paramilitaries; and that I have used the general term “paramilitaries” to cover all paramilitaries. If you want to write my script for me —

Mr Morrow: No, I do not.

Dr Farren: — in your terms, you are welcome to have a go. I will answer the questions in the terms that seem appropriate to me. I have no difficulty whatsoever in pointing out shortcomings when I see them. I have done so.

Mr Morrow: You have not done that.

Dr Farren: When is enough enough?

Mr Morrow: That is my view, and I am entitled to it.

Dr Farren: Is the DUP going to put words into my mouth continuously —

Mr Morrow: I am not putting words into your mouth.

The Chairman (Mr Molloy): Gentlemen, you must speak one at a time, otherwise the Hansard reporters will hear nothing.

Mr Morrow: We hear nothing but weasel words all the time.

2.45 pm

Dr Farren: To describe what I say as “weasel words”, as Mr Morrow does, is very unhelpful to what

I regard as the essential nature of the way forward. I am trying not to be confrontational for most of the time; however, when I feel that it is necessary to confront the issues, I will confront them and will name names.

Mr Morrow: But not today.

Dr Farren: I must say that I deeply resent that. You are trying to suggest that I am not prepared to call a spade a spade where necessary.

The Chairman (Mr Molloy): Dr Farren has been asked questions, and I must let him answer.

Mr Morrow: He is being evasive.

The Chairman (Mr Molloy): Members may answer questions in the way that they want.

Mr Morrow: That is all right; he is allowed to answer in that way.

Dr McDonnell: There must be some protection for my colleague, who has been honest, open and frank.

Mr Morrow: And transparent.

Dr McDonnell: And transparent, as Mr Morrow says, in all that he has said over the past hour or more. It is important that that be recognised. There is no point in badgering one another; it gets us nowhere.

The Chairman (Mr Molloy): When a question has been asked, all we can do is expect an answer. However, people may answer the question in whatever way they see fit.

Mr Morrow: That is fair enough, but we are allowed to have our view.

Dr McCrea: I understand Alasdair’s very protective attitude to his colleague, but I did not hear that same call for protection when some of us were accused of being complicit in murder over the past two weeks. I heard no protests from the SDLP on that; in fact, there was dead silence. I am glad that protection of Committee members is now an issue. Let us go on from there —

Dr McDonnell: I must answer that. I was not in the room when those comments were made, but I can assure you that if Dr McCrea is attacked on another occasion, I will jump to his defence.

Dr McCrea: That is very reassuring. Is the SDLP satisfied that the IRA has ended all its criminal activity, provisionally? The last IMC report states that IRA members, and former members, continue to be heavily involved in serious organised crime, including counterfeiting and the smuggling of fuel and tobacco.

Dr Farren: We are very concerned about the involvement of any paramilitary organisation, including the IRA, in criminality. Evidence that such involvement is continuing creates huge difficulties for the exercise in which we are engaged. That is why we

stress the need for clear understandings and undertakings to be made on all the key issues that stand in the way of restoration. If a paramilitary organisation that is in any way associated with a political party continues in criminal activity, issues will have to be addressed.

Dr McCrea: Yes, but I asked specifically whether the SDLP is satisfied that the Provisional IRA has ended all its criminal activity. If it has not, and the last two IMC reports say that it has not, should Sinn Féin be permitted into an Executive? The two Governments and the two Prime Ministers, the President of the United States and the international community say that the IRA and Sinn Féin are inextricably linked.

Dr Farren: I return to the point that I have made several times about working to create the conditions in which it will be possible to have restoration on an inclusive basis as far as the formation of the Executive is concerned: that is the task with which we are charged; that is the task to which we should address ourselves, and we have to assume that the conditions can be created. If the conditions essential for restoration cannot be achieved by the 24 November deadline — and we have been involved in this exercise for only three weeks — we will be faced with a new scenario, and the Governments have indicated, in general terms, the direction in which that scenario is likely to take us.

Dr McCrea: Seán, are you suggesting that we wait? The last two IMC reports stated that the IRA is still up to its neck in criminality — fuel laundering, money laundering, extortion, tax evasion and smuggling. We may get an IMC report that says that that is not happening, but, as you know, the IRA has a wonderful way of turning violence off and on when it suits, as we have seen with parades. Therefore, if an IMC report says that IRA criminality has ceased, does the SDLP expect unionists to accept that as the final word? Because IRA activity is not going on at a particular moment, does that mean that it has ended?

Dr Farren: Time will tell whether that turns out to be the case, but we must have some guidance from an authoritative source on the ongoing situation. Politically, we are charged with trying to create, so far as we can, the conditions whereby restoration can be achieved. Some of those conditions will be directly under our control and influence; others may not. Where particular activities impinge on our business, the responsibility lies with those who are behind them either to take note of their effect and do something about them or not. If the leaders of paramilitary organisations — and there are paramilitary organisations on both sides, and in saying that I also accept the particular responsibility for those who are associated with Sinn Féin — choose to continue their involvement with criminality, they must realise the impact that that will have on the political process.

Our task here is to do what we can. We can say that these are the conditions, and this is how we address them to ensure that they are met. If others choose to behave in ways that undermine those conditions, responsibility for the political effects of their behaviour rests on them. I acknowledge your doubts and suspicions, and those of your colleagues, William; nevertheless, let us use the time available to apply our influence and power to create those conditions.

If others undermine us, well, they undermine us — but they had better know that they are undermining us.

Dr McCrea: Does the SDLP believe that support for the police, the forces of law and order, and the justice system should be a condition of entry into government or a term of a Pledge of Office?

Dr Farren: Yes, a Pledge of Office must make it clear that all parties to an Executive support all the institutions that are under, or are likely to come under, the Executive's control. I imagine that that includes all policing and justice systems.

I do not believe that the issue has to be made a precondition in the strict sense of the word. However, we do have to have clear undertakings and understandings with regard to what steps Sinn Féin — the only party to withhold support from the policing arrangements — will take to ensure that that deficit is made good.

Devolution of policing and justice is an essential part of making our new political arrangements a success. We must have wholehearted support for, and commitment to, the police and hold them fully to account. The SDLP has taken that step, not to give blind support to the police but, as politicians, to ensure accountability of the policing service. That is the step we want to see everyone taking. There should be no question of some existing attitudes towards the police being allowed to persist longer than is necessary. Certain attitudes are evident in many places and are cultivated directly by supporters of Sinn Féin to ensure that the police are given the worst possible name and reputation.

Dr McCrea: But it is a fact that none of your colleagues, or anyone associated with the SDLP, has been shooting the police for the last 30 years.

Dr Farren: We never were.

Dr McCrea: I acknowledge that. Therefore, it will take more than undertakings and understandings when it comes to a party that was connected with an organisation that has been shooting and blowing up the police for the past 30 years.

Dr Farren: We need to recognise that we require those understandings and undertakings. If their nature is not to your satisfaction, you will be able to say so

when they are being provided. Let us see what they are before shooting them down.

Dr McCrea: What objections does the SDLP have to the institutional aspects of the comprehensive agreement?

Dr Farren: I instanced some of those earlier. One objection is the mechanism whereby any party that did not assent to the full membership of the Executive would be excluded immediately. After all, Executive members are nominated by their parties; they are not subject to any kind of veto, direct or indirect, by other parties. Therefore, the proposal that any party would be excluded because it did not agree to the members nominated by other parties is ridiculous one and runs contrary to the spirit of inclusivity. It should not be accepted.

I understand that your colleagues may have been reconsidering that proposal, among others, in the comprehensive agreement since it was published. I do not have the full document in front of me, but that is one of the most concerning proposals it contains.

Dr McCrea: If the institutional aspects of the comprehensive agreement were legislated for, would the SDLP take its place in government?

3.00 pm

Dr Farren: I have said repeatedly that the SDLP rejected many of the proposals. There are some to which we would not strongly object and some to which we would not object at all. However, as a package, the SDLP does not accept the comprehensive agreement as a basis on which to achieve restoration. If, however, the DUP or any other party suggests proposals, some of which are contained in the so-called comprehensive agreement, we are, of course, here to consider them and try to resolve any outstanding difficulties that we have with them. The suggestion by Mr Hanson in a recent debate that, because of its mandate, the DUP's demands had to be met without recognition of the other parties' positions seems to be an outrageous position for any democrat to adopt.

Dr McCrea: Is the SDLP prepared to consider alternatives other than the structures of the Belfast Agreement?

Dr Farren: I am not sure what the member meant by "structures".

Dr McCrea: There are plenty of structures in the Belfast Agreement.

Dr Farren: You are asking the question; you tell me.

Dr McCrea: And I want you to answer me. Are you willing to consider other alternatives?

Dr Farren: William, if I do not understand the question, I can hardly be expected to answer it. I do not understand what you mean by "structures". If you

were to spell out some proposals, I might be in a position to take note of them.

Dr McCrea: Is the SDLP willing to consider alternatives to the Belfast Agreement? Does that help?

Dr Farren: Introducing the SDLP presentation this morning, I said that the SDLP regards the Good Friday Agreement/Belfast Agreement as the basis on which we need to move forward. We stand by that position. If the new arrangements or modifications that the DUP wants are spelled out, the SDLP is prepared to consider those. We must be prepared; it is not a gratuitous preparedness. Among other things, we are here to consider the difficulties that prevent restoration.

In so far as I understand them, and even though the SDLP did not agree with many of them, the DUP's proposals were essentially cast within the context of the Belfast Agreement/Good Friday Agreement. However, after that late-night meeting in Leeds Castle, the DUP never responded to the SDLP's recommendations. I also underline that many of those issues are review issues and do not relate to the fundamental difficulties that prevent the restoration of the institutions.

Dr McCrea: What issues does the SDLP believe need to be addressed under the review of the operations of the Belfast Agreement?

Dr Farren: I outlined some issues that we need to discuss, such as: ensuring greater collective responsibility, accountability and efficiency; procedures with respect to the North/South Ministerial Council; the ministerial code; the Pledge of Office; and so on. That should not be taken as a complete list. The SDLP prepared papers on those issues, many of which we exchanged with the DUP. If you talk to your colleagues Nigel Dodds or Peter Robinson, you could ask them whether they have any recollection of or, indeed, retain copies of our proposals.

Dr McCrea: We have copies, so do not worry. We exchange copies of all those things.

The Chairman (Mr Molloy): It is after 3.00 pm, and there are still a number of members who have to put their questions.

Dr McCrea: I have one more question for Seán. If the SDLP were satisfied that the IRA — the Provisionals — continued to engage in paramilitary and criminal activity, would it consider forming an Executive without Sinn Féin?

Dr Farren: Again, this is a question that has been asked in various ways throughout the last hour, and my point about the inclusive principle stands as the response. If the Member wants me to rearticulate what I mean by that, I will, but I think he will find that the answer is adequately covered in responses to himself or his colleague — I think it was Ian who raised the question. David or Danny raised a similar point. So the

answer is there. However, I am prepared to go back over the issue if the Member wishes.

Dr McCrea: That is OK.

The Chairman (Mr Molloy): We will take a 15-minute comfort break at this stage, and we will resume the questioning when we come back.

Mr Morrow: That will start with me?

The Chairman (Mr Molloy): Yes.

The Committee was suspended at 3.06 pm.

On resuming —

3.24 pm

Mr Morrow: There is a widespread perception in unionism that the SDLP really does not want a Stormont settlement, that its long-term aspiration is a united Ireland, and that anything short of that would contradict what its former leader Mr Hume said at one time, which was that it was “a united Ireland or nothing.” How would the SDLP answer that allegation?

Dr Farren: I wonder where the basis for that perception lies. That comment from Mr Hume was a response to a question that he was posed following the incidents on Bloody Sunday in Derry. He had been asked what people in Derry were saying. He was reflecting a sentiment that was being expressed on the streets, not necessarily his own particular view at the time.

Let us fast-forward to the present. I do not think that you can find any statement by the SDLP, at the time of the agreement in 1998 or since, which says other than that as far as the future is concerned it is for the people of Northern Ireland to determine the constitutional status of Northern Ireland if they are called upon to do so.

Equally, as far as a united Ireland is concerned, the SDLP regards the institutions and the principles of the Good Friday Agreement as institutions and principles that are eminently transferable to a changed constitutional status such as would arrive after a referendum that determined that the future of Northern Ireland should be within an all-Ireland context. The protections and guarantees, and indeed the institutions, would persist into that new arrangement.

Arriving at such a situation would be the product of working together and the partnership that would be created between our two main communities, transferred through to the electorate. It would, therefore, be a process whereby people were ultimately persuaded of the value — not just the desirability but the value — and the case for constitutional change. A change towards a united Ireland constitutional status would be the product of the Good Friday Agreement.

In that sense, I do not think that the SDLP regards the Good Friday Agreement as simply a transition to

be left behind. As I said earlier in response to other questions regarding changes to the operation of the Good Friday Agreement within our current constitutional status within the UK, the agreement provides us with what could be loosely described as a living constitutional framework. It is open to all to influence its future direction, provided that we do so on the basis of clear democratic principles and peaceful means — as they would not be democratic if they were not peaceful.

The quotation from Parnell that I gave earlier in the meeting is again apt:

“No man has a right to fix the boundary of the march of a nation.”

Europe was mentioned earlier. Members may be familiar with European history in the immediate post-war period of the early 1950s and the agreements that were entered into over important, but relatively trivial, matters such as the supply of coal and steel between France and Germany. Those agreements developed into today’s European Union; William, states are knocking down doors to join the EU rather than to leave. Even within living memory, situations can change if people want them to change and if there is democratic assent to the proposed changes. Although our situation pales by scale in comparison to the European situation, nonetheless that situation could act as a role model as to how the democratic process can work to achieve almost unimaginable kinds of change in a relatively short period of time.

I am not saying that that is how the situation would develop here; I am simply saying that democracy and peaceful means should be allowed to take their course. You never know where we might end up.

3.30 pm

Mr Morrow: Mr Deputy Speaker, is there anything that the SDLP could say or do that might further convince unionists that it is for real as far as the devolution debate is concerned, or does the SDLP feel that it has done it all?

Dr Farren: Maurice, that is demonstrated by the way in which we addressed our different tasks in the Executive, the Assembly and the North/South Ministerial Council during the short time in which we had an opportunity to display our goodwill. Perhaps he does not wish to personalise the issue, but if he can point to anything that I did as a Minister, or that any of my SDLP colleagues did — or, indeed, Sinn Féin colleagues, whom he would see as being more inimical to unionist interests than he is suggesting that the SDLP is — I would try to take account of what he says.

Like other colleagues in the Executive, I had the privilege of visiting many different parts of Northern Ireland and talking to communities in east Belfast, north Down, south Down, south Fermanagh, mid-

Ulster, west Tyrone, Derry and in Larne in my own constituency. In every location, I was impressed by the warmth of the reception that I received and the goodwill that was expressed to me and my colleagues for what we were trying to do. At no time — unless the usual political issues were being discussed about whether we should adopt this or that scheme — did I meet any opposition or hostility. That gives me hope and convinces me that if we can get back to a position — I should not say “back” because I have been resisting going backwards all afternoon — if we could progress to a position where the inclusive institutions are working again, that commitment could be demonstrated even more.

I hope that that would convince the sceptics in the Member’s own electorate about my bona fides. We must all meet that test, whether it is in our own community or in the other community. Let us hope that we do that.

Mr Morrow: Mr Deputy Speaker, Mr Farren is right; we must all meet tests. The DUP does not have to meet the test of whether it thinks that there should be devolution; the DUP has met that test.

The Member stated that when he was a Minister, he travelled the length and breadth of this country, into unionist and nationalist areas, and he felt warmly received. I am sure that he was totally bewildered as to why councils such as Down District Council could never find it in their hearts to be as warm towards the unionist community. However, I know that the Member is not responsible for that.

Having said that, Dr Farren posed the question to us, and I will pose the same question to him: when is enough enough?

Dr Farren: I posed the question to Mr Morrow in a particular context and with reference to a particular issue. We posed a general question, so if the Member needs to specify what —

Mr Morrow: The nationalist community.

Dr Farren: Sorry?

Mr Morrow: I am asking Dr Farren, as a representative of the nationalist community: when is enough enough?

Dr Farren: Enough of what?

Mr Morrow: When do the demands stop and people start to work? We hear about people fighting and dying for Ireland, but we do not hear about many of them working for Ireland. Would it not be far better if work took over from demands?

Dr Farren: I cannot answer for those who claim that they were fighting for Ireland, because “fighting”, in the military sense, was never part of my agenda, for reasons that I have —

Mr Morrow: That is probably why you are still alive. You do not get my drift. Go ahead.

Dr Farren: I am not really sure how I can answer the question, except to repeat what I said a moment ago. However, I shall not repeat all that I said or demonstrate ways in which I proved my bona fides as a politician. I say the same about the way in which Alasdair and John worked. Indeed, all our party colleagues in the Assembly wanted to demonstrate their bona fides, both to their electorate and to the entire electorate. The concerns and issues that we dealt with extended to those that people on all sides of our community considered important.

Mr McNarry: I wanted to ask this question earlier, Mr Chairman, but obviously we have changed how questions are to be taken today. To return to Seán’s detailed response to Willie on the Executive’s collapse — if Seán can remember what he said — what is the SDLP’s interpretation of the Secretary of State’s powers of exclusion? Was he disappointed that the then Secretary of State turned down requests to exclude? Does he agree that the default mechanisms proved inadequate and that, if we are to move forward, default mechanisms must be improved if they are to be effective?

Dr Farren: Much needs to be improved, and we may need to deal with exclusion methods — if parties want to discuss them. I understand where David McNarry and the UUP and our colleagues from the DUP are coming from when they express some scepticism. To ask for sanctions or exclusion seems to be a way of dealing with the concerns that lie behind their scepticism.

Yes, it may be necessary to look at sanctions, which would apply to whomsoever; however, my point, which I have made several times, is that our main role in Committee is to find a way to deal with the issues. If we cannot do that, all the sanctions in the world will not help us. I have said several times that I believe that inclusivity is a necessity and that we need to try to ensure that we can move forward together. We should not be tempted down the track of looking at sanctions too much at this point, because that would take us away from the main issues.

If we do not, other scenarios present themselves to us. However, we are not at that point. We have been given a challenge; let us meet that challenge and see whether we can come up with the necessary and essential answers to it before 24 November.

Mr McNarry: Mr Chairman, I want you to understand that, perhaps more than any other party, we do have justifications, having been through what we have been through and considering the manner in which we have been cheated and let down. We are probably rightly justified in raising the issue of

sanctions and, perhaps, in seeking improvements in sanctions if this Assembly is to be restored.

The detail of confidence that my colleagues in the DUP have laboured on this morning is a reality. We have lived with that and had our confidence beaten down. The sanctions that we believed were there proved not to be there. So if I ask for sanctions next time, it is not on the basis that we have got it correct and that there would be no need for them. The unfortunate reality is that we need the protection of sanctions. That is what I am asking you to accept and, perhaps, support, if it came to that.

If we had had that Russian referee who officiated at the game between Portugal and Holland last night and broke the World Cup record for issuing yellow and red cards, we would have had this sorted out a long time ago.

Mr Morrow: You would have run out of red cards.

Dr Farren: We might all be expelled. Sent off.

Mr McNarry: It was the failure to issue red cards when the public and the electorate expected them to be shown. That was out of our hands and yours, but it was in the hands of the Secretary of State for Northern Ireland. We were probably criticised for believing it, but we had no reason not to until it happened. We all thought that the Secretary of State would dish out the red cards, but he did not. He left this place in a terrible situation.

I have raised the issue of sanctions because it is important. I understood that the SDLP was privy to requests for exclusion. That is why I asked about being disappointed when exclusion did not materialise.

Dr Farren: If David's party has proposals around issues of concern, let us hear what they are. I do not have precise details — or, at least, they are not coming back to me with a great deal of precision — but I can recall an exchange between Mark Durkan and the Prime Minister on this during which no clear assurance was given as to where the British Government stood on the matter that he has been talking about. Therefore, we need a wider forum in which to discuss any such concerns.

Fundamentally, the kind of mindset that concerns us, and which seeks to have apparently strong sanctions set in statute and then invoked, sets us on a different line of thinking altogether with regard to the exercise that we are engaged in here.

As I said earlier, it begins to set up contingencies down which some parties might feel it more attractive to go than the road which we should be on and which we have been charged with being on: that is, to see how we can find a way to restore the institutions on the inclusive basis that they operated on before.

3.45 pm

Therefore, at this stage, that is as clear an answer and a guideline as we require. Nothing that I have said prevents parties making their own proposals. However, I am not tempted by or attracted to the big-stick approach forcing us to lay conditions in order to work together. There is no need to have big sticks behind our backs with which to beat each other.

Mr McNarry: It was not just that, Chairman. Dr Farren, you made much in your earlier responses about a contract. You said that you may put down a deposit, but you would not know whether the work was going to be done until it started. I am sure that somewhere in that contract you would have some sanction to protect yourself. It seems to me that unless all the parties are clear and at one on the necessity for safeguards against a possible default, we should say so or we should say that we are not. If there is dissension on this issue — something that you seem to be uncomfortable with, judging by your answer — it needs to be looked at and worked on for the future.

If people think that they can be in breach of a contract that they hold with the SDLP and not be sanctioned because you have no power to sanction them, they will try to do what they have previously got away with — be in breach of anything that they feel is of no use to them. That is where the thing becomes unhinged. Perhaps you would be interested in safeguarding the integrity of what you have agreed to.

Dr Farren: I am not opposed, in principle, to the concept of safeguards. We need safeguards, and that is one of the issues that must be addressed in the attempts to complete the review of the operation of the Good Friday Agreement. Parties will have views on what safeguards are the most effective. The notion of built-in safeguards is inherent in any contract. I am not trying to duck the issue, but I will not give precise views on the nature of safeguards that might be required, because we have not yet got into that discussion.

This part of the exercise is to identify and agree the issues that must be addressed, resolved and progressed to a point where restoration can take place. We also need to engage with the two Governments on many of the issues, because they will have to be party to the final outcome. We will not jump all the hurdles at once; let us tackle the issues that have to be addressed.

Mr McNarry: You said that the basis of these discussions or negotiations is the Belfast Agreement. Do you agree that the safeguards within that agreement proved inadequate and that therefore there is validity in seeking to improve them?

Dr Farren: Strand one of the Good Friday Agreement contains five safeguards. Perhaps not all of them cover all the issues that we have to address.

Mr McNarry: With respect, there are no safeguards in there that would have covered people cheating, going back on their word, reneging on promises and bringing the Government down.

The Chairman (Mr Molloy): A question has been asked, so let Seán answer it.

Dr Farren: I said that if parties had proposals with respect to safeguards in the context of reviewing the operation of the Good Friday Agreement, we would not be in a position to — nor would we want to — impose any prohibition on making such proposals. It is impossible; we could not do it, so we would have to listen to you whether or not we agreed with you. At the end of the day, it would be a matter for how we conduct our discussions here or wherever.

Mr M McGuinness: I have a couple of questions for Seán, and I want to thank him for his presentation and his answers.

First, I take exception to the comment from the DUP vis-à-vis Sinn Féin/IRA. I regard it as a malicious and vindictive comment, which has no place in the debate and discussion in which we are currently engaged.

I would also like the Chair to make a ruling on the DUP assertion that this Committee is about the ability of one party to interrogate an individual who represents another party. My understanding of this process is that parties make submissions, and other parties then question the parties on their submissions. That remark by William McCrea was totally and absolutely out of order.

If DUP Members want the opportunity to question an individual — particularly an individual such as myself who was not here at a time last week when they now say that I ran away — I am sure that such an opportunity can be provided. Certainly I can arrange to be here, if you feel so much in need of that facility. However, I would like a ruling on whether or not this is about the DUP having the right to interrogate an individual member of a party or about a party making a submission and other parties being able to question that party.

The Chairman (Mr Molloy): Basically, the parties make submissions and the questions then come across in different ways, as interrogation or as questions being put in a fairly strong way. Each party has done the same type of thing to other individuals.

Mr Morrow: Exactly, he was not here for it.

Dr McCrea: He ran away.

The Chairman (Mr Molloy): Certainly, if Members have bigger issues, then Hansard is one way of checking that. The main thing is that the parties make the submission, and it is then open to the other parties to cross-examine them.

Mr M McGuinness: With respect, I think you misunderstand what I am saying — clearly, the DUP misunderstands what I am saying. Hansard will show that earlier today William McCrea made a contribution to this meeting in which he talked about the DUP having questions to ask. I believe that he was specifically referring to me and to the fact that I was away on other business, and he indicated that he had not the opportunity to question me. He was not talking about the ability to question Sinn Féin; he was talking about the ability to question me as an individual. I would like a ruling as to whether this is about parties making submissions and being questioned on the basis of their submissions as opposed to the right of parties to question an individual.

The Chairman (Mr Molloy): My understanding is — and we can check with Hansard — that parties make their submission and are cross-examined by the other parties on that submission; it is not about the individual who is making the submission. Individuals have represented parties at different times and at different stages. Sometimes meetings ran on and people changed over. I know that some Members wanted to ask questions this morning, but we have adopted a mechanism whereby when a party starts to ask questions, we continue on with that party. However, it is not about the individual being cross-examined; it is about the party's submission.

Mr M McGuinness: That is clear, so the DUP's remarks were out of order.

I have a number of questions for the SDLP. The SDLP says that the Committee will play a key role in building the confidence necessary to achieve a full return to government. I want to talk about that for a moment, and I also want to ask the DUP to explain specifically what it means in relation to east-west matters.

I am increasingly of the view that the Committee is in some sort of Alice-in-Wonderland scenario or never-never land in relation to its work, which was supposed to be about preparing for Government. Increasingly, we find ourselves listening to DUP contributions at these meetings. Alasdair McDonnell, for example, described the DUP as wreckers in relation to the Good Friday Agreement, and I do not disagree with him at all.

The DUP talked about the Good Friday Agreement being finished —

Mr Morrow: True.

Mr M McGuinness: The DUP talked about the Good Friday Agreement being finished. It says that it has failed, that it has no support, and it talks about changing the agreement. Maurice Morrow has just said that that is true, so I am not misrepresenting what has been said.

That makes it all the more pertinent that we establish whether we are engaged in a time-wasting exercise or whether we are working towards re-establishing the institutions on or before the deadline of 24 November. I am seeking the SDLP's assessment of whether we are dealing with people in the DUP who are seriously engaged with the Ulster Unionist Party, the Alliance Party, the SDLP and Sinn Féin to try to get these institutions up and running. At some stage, the pro-agreement parties must decide whether we are involved in real work or merely sitting through gruelling session after session of nonsense that takes us nowhere.

That question is for the SDLP, but it is asked in the context of the DUP's submission to this Committee. At no stage does that submission mention wrecking the Good Friday Agreement, that the Good Friday Agreement is finished or that the Good Friday Agreement has failed. In fact, the submission describes the Governments' proposals — and these are my words — for the comprehensive agreement that never was. The submission states that the comprehensive agreement set out a mechanism to deal with the accountability of the institutions and how essential it is that such proposals — and I assume that it means the proposals in the comprehensive agreement — are implemented.

Is the SDLP as confused as Sinn Féin and some of the other parties in the room are on where the DUP stands in relation to those matters? At some stage, those parties that are making a genuine effort to try to restore the institutions must make an assessment and decide whether we are involved in real work. From today's contributions, I get no sense whatsoever that we are involved with a political party, namely the DUP, that has any intention of really engaging, not only with Sinn Féin but with all the other parties, vis-à-vis the Good Friday Agreement institutions.

Essentially, I am asking the SDLP for its assessment of where it thinks all this is going.

Dr Farren: Through the Chair, I thank Martin for his question. In brief, it is too early to make that assessment.

This is the first time in my experience, and I think that it has to be the first time in everybody's experience, that we have all the main parties around one table. Whether they have all come here with the same purpose is a different matter. However, we are all here.

4.00 pm

We have engaged in almost two weeks of procedural wrangle — out of which we have been extricated — and have engaged in exchanges, for better or for worse, since last Tuesday. If, like ourselves, you are committed fully to the Good Friday Agreement — and I have no good reason to believe that you are not — and you believe that it is the best way forward, providing the best context in which we can relate to

each other in the North and build relationships between the North and the South, and allows us through the British-Irish Council to further improve relationships and developments on an east-west basis, we have a clear obligation to pursue this to the point where we have exhausted ourselves, and we have not reached that point yet.

The prize is too great to begin to make the kind of assessment that you are suggesting. I would be disappointed if I thought that you wanted to make a very early assessment along the lines suggested. I do not know what would be gained by making such an assessment, which would lead to your exit from the process at this stage, and, therefore, I do not share the assumptions. I believe that however negative the messages exchanged across the table are, this is the beginning of an engagement that could end at first base and never get beyond it, or it could have the potential to get us beyond it. That is why it is worth persisting, and we have been given until 24 November. However, it should become clear long before then whether we can agree on something positive.

We have met for one week only — in effect three meetings — and I would not recommend to my colleagues that we pull stumps at this point.

Mr M McGuinness: I never mentioned the word “exit”. I was seeking the SDLP's assessment as to whether we are facing a DUP delegation that is seriously engaging in the work of this Committee to restore the institutions of the Good Friday Agreement. I cited my questions on the contributions made by the DUP representatives, which appeared to me — on the face of it — to be totally hostile to the restoration of those institutions.

The British Prime Minister and the Taoiseach arrive on Thursday, and we then move speedily into the summer period. We will be in a situation where, whatever the good intentions of everybody, many people will go off on holiday and there will be very little opportunity for any sort of engagement. It is incredible that we could expect to come back to all this in September, and to find that the DUP has suddenly, over the summer, had the Damascus-type conversion that Paul had, and come back with a new spirit of the need to engage with the rest of us to restore the institutions.

This is a matter of urgency, and if the DUP is seriously contemplating engaging with the rest of us to restore the institutions, it would be much better doing it sooner rather than later.

Dr Farren: I do not disagree with your last point. I have been involved in several engagements or initiatives over the past 15 years or so, beginning with the Brooke-Mayhew talks in the early 1990s. During that time I did not see the issues, or attitudes towards

them, change; but I recognise that we have come a long way from the days of majority rule, which go back earlier than the Prior Assembly. I have seen the change to an acceptance that some form of partnership is needed. Today's agenda is different: in the past, the North/South dimension was to be, at best, an arms-length, almost inconsequential exercise, and equality and human rights did not need to be addressed because, in the eyes of some, there were no issues to be addressed. Considerable progress has been made.

We have engaged in this exercise to hear one another out. Although what we have heard and what has been implied and said could lead us to make negative judgements, it is necessary for us to conclude this part of the exercise and determine where we go from here. Therefore I will not rush to judge whether any party's contribution in the Committee is an indicator of future progress or not.

I want to make progress. I know what the prize is. I hope that we can share the same concept of the prize and that we will work together to achieve it. Therefore I am afraid that I have to leave my judgements, and those of the SDLP, on the DUP to one side for the moment.

Mr M McGuinness: What about east-west issues?

Dr Farren: What is the particular question on east-west issues?

Mr M McGuinness: In your contribution you stated that there are east-west matters that need to be discussed.

Dr Farren: I was making the case that there could be a more enhanced, effective basis to the manner in which the east-west body — the British-Irish Council — would operate. The SDLP has proposals in its review submissions to ensure a more effective basis for that institution. Essentially, that is all that we have at the moment. I do not want to go into the agendas that the body might have, although we are prepared to be indicative about those as well. I was referring to an issue that many had pointed out: the need for a more effective structure and operation for the British-Irish Council, nothing more or less than that.

Mr Ford: I apologise to Seán and to the SDLP delegation for my absence earlier. I was at a funeral. Therefore I shall restrict myself to two or three questions on points that arose during the cross-questioning.

Seán said that we could not resolve everything in the time available until November.

He also talked about remitting some problems to the institutions upon restoration. What problems does he feel that we must deal with at this stage, and what problems could be remitted to the institutions subsequently?

Dr Farren: The essential issues are those that arose around why we have been suspended. Those relate to the question of paramilitarism. A very significant issue that has emerged since the agreement was reached in 1998 is that of paramilitary involvement in criminality. Reassurances and undertakings on that question are necessary.

After that, the issues that could be dealt with, and that might be resolved, or that might have to be remitted to the institutions if not resolved, are those that relate to the review. As members know, the review concerns the operation of the institutions under the agreement. Obviously, any party is free to suggest areas in which they see the need to improve the operation of the institutions. That agenda could be fairly lengthy, depending on what the parties want to see reviewed. However, it could be short, as it may be possible to resolve the issues.

I am not saying that we should not resolve those issues, if we can. However, they are not preconditions — as I understand that term, in this context — to restoring the institutions.

Mr Ford: I am not quite sure what Dr Farren's understanding of "the review" is. We have made it quite clear, from our point of view, that the review has not happened, despite a meeting being held. Other parties seem to think that the so-called comprehensive agreement was something to do with the review.

If he is saying that there are issues that are related to the review that have yet to be resolved, how do we determine what they are? What needs to be done by 24 November?

Dr Farren: In theory, given what I have said, none of the issues that comes under the heading of "the review", whatever that means to parties, must be resolved before then, because it was not those issues that led to suspension in the first place.

If Mr Ford is under any misapprehensions as to how we regard the question of whether the review was concluded, I said several times — in making our presentation, in questions to other parties, and in responding to questions from other parties — that we do not regard the review as having been completed.

A form of review took place, in the sense that parties met the then Secretary of State, or the Minister who had responsibility for political development, from time to time. We discussed issues concerning the review, and, from time to time, we talked to political parties around this table about our concerns and about our proposals to deal with those concerns. However, I have no recollection of a review having been formally completed, and, certainly, with respect to what is in the so-called proposals for a comprehensive agreement, I do not think that that so-called agreement means that the matter is closed.

Mr Ford: In the context of his party's paper on collective responsibility, Dr Farren referred in an earlier answer to greater collectivity. He has explained his concerns about aspects of the comprehensive agreement that would involve the validation of the entire Executive by a vote of the Assembly. Can he tell me of any other democracy in which the executive is not required to be validated by the legislature in some form or another?

Dr Farren: I did not express any opposition to the Assembly's endorsement of the Executive. I expressed the opposition of our party, or any other party, to the nominees from those other parties that would make up the Executive. That is what is required.

4.15 pm

We need to be careful about the way in which we regard the right of the parties to nominate, or otherwise, to an Executive and not to try to circumscribe that in the manner in which the comprehensive agreement tries to.

Mr Ford: Therefore you do not see the question of validating the Executive as any part of increasing collectivity?

Dr Farren: I am not sure that it necessarily would have that effect. Collectivity relates to how the Executive would deal with matters on a day-to-day basis so that we could achieve the highest degree of agreement around the Executive table for what was being proposed. Not only that, but the subsequent support for what the Executive would agree would obviate some of the difficulties that we encountered when Ministers did not enjoy the support of their colleagues. Indeed, sometimes Members actively — and, on a few occasions, passively — influenced their colleagues to vote against proposals that came from a Minister from another party.

We have to achieve greater cohesion in our Executive while at the same time not completely denying or undermining the right, particularly of Committees, to play a role in policy-making or in making alternative suggestions. I am not proposing definitive solutions to those matters; I am giving pointers to the kind of issues that we need to address and, to a certain extent, why we need to address them.

Mr Ford: I appreciate the point. Thank you.

The Chairman (Mr Molloy): Do Committee members have any further questions for the SDLP? If not, we will come to the end of its submission. We were to move to the UUPAG's submission, but we are unlikely to start that at this time of the evening. Therefore, since we have no meeting tomorrow, I propose that we start the UUPAG's submission on Wednesday morning at 10.00 am.

Can we propose the minutes of 20, 21 and 22 June for agreement?

Mr Kennedy: I have a question not so much about the minutes, but about the Hansard report. It would be helpful if, at the outset of each session, an attendance list could be provided. Is that possible? I know that such a list is provided in the minutes and that we can read through it, but, for ease of reference, it is desirable to have one in the Hansard report.

The Chairman (Mr Molloy): That could be arranged.

Mr M McGuinness: Do we know, at this stage, exactly what the Committee will be dealing with on Wednesday, apart from the Ulster Unionist Party's submission?

The Chairman (Mr Molloy): No. I was going to ask about future work when we have finished with the UUPAG submission.

Mr McFarland: Mr Chairman, it is unclear how long our submission will take, as it depends on the questioning. However, at some stage on Wednesday, we would need to have a discussion about where we go, having heard one another's submissions. At that stage, the way forward will need some mapping. There was a suggestion that we would produce an interim report for debate in the Assembly, although it was not clear whether all the parties were comfortable with having a debate in the Assembly on those issues. That is the sort of discussion that, presumably, the Committee will have to have when our questioning is finished.

The Chairman (Mr Molloy): We had started to deal with the minutes.

Mr McFarland: Sorry.

The Chairman (Mr Molloy): Before we get bogged down in the next stage, we should agree the minutes so that we can deal with the issues as we come to them.

Can we deal with the minutes of 23 June?

Mr M McGuinness: Are those the minutes that we were given today in the white envelope?

The Chairman (Mr Molloy): No, that is the Hansard report.

Mr O'Dowd: I am sorry, Mr Chairman, but I was not given a copy of the minutes. I was given the Hansard report, but no minutes. Thank you.

The Chairman (Mr Molloy): Has everyone else got the minutes?

Mr Kennedy: Just to confirm, is that the one that is headed 'Minutes of the Meeting of Tuesday 13 June.'?

Dr Farren: It was a continuous meeting.

Mr Kennedy: Tuesday 20 June, 21 and 22 June?

The Chairman (Mr Molloy): Tuesday 20 June, 21 and 22 June. It ran as one meeting right through. Do members want a minute or two to read through them?

Mr Kennedy: It is really just a record of those present, who left and who came back.

The Chairman (Mr Molloy): OK, so do members agree the minutes? OK. Then we move to the matters arising. There is the letter dated 20 June from the Clerk to the Assembly.

The Committee Clerk: This was about the minutes of the earlier meeting that the Committee was unable to agree. We wrote to the Clerk asking about the procedures for minutes. That letter was copied to members last week, although I suspect that many of you will not have that letter with you.

I have a copy of the minutes that were in contention. The Clerk has written back and has basically said that it is for the Committee to determine its procedures and that includes what it wants to have included in the minutes. It is a matter of whatever consensus you wish to reach. We have since started to use Hansard, so the issue should not arise again. The issue is that on the day members wished to have some matters recorded but could not agree a text. The Committee has to agree a text or else we do not agree the minutes, and those minutes are never published.

Mr Ford: On a technical issue, Mr Chairman, surely we have agreed the minutes already except for three paragraphs.

The Chairman (Mr Molloy): Those are highlighted in bold, and we have to agree them or not agree them.

Mr M McGuinness: Which minutes are we talking about?

The Chairman (Mr Molloy): The minutes of 16 June. The section of the minutes up to “Mr McGimpsey rejoined the meeting at 4.47pm” has been agreed.

Mr M McGuinness: What was agreed and what was not?

The Chairman (Mr Molloy): Up until “Mr McGimpsey rejoined the meeting at 4.47 pm” — that was agreed, and then the Chairman proposed that the rest be agreed.

Mr M McGuinness: So we are talking about from “Mr McGuinness” on?

The Committee Clerk: Do you see “Mr McGimpsey rejoined the meeting at 4.47 pm”?

Mr M McGuinness: Yes.

The Committee Clerk: Everything to that point was cleared. Then, from “Mr McGuinness” and over the page down to “The Chairperson pointed out to members that the meeting was not being taped.” has not been agreed.

The Chairman (Mr Molloy): We have passed it back and forward to the Clerks and the Speaker, and basically everyone has said that it is up to this Committee to decide how it deals with it. We need consensus, and either we agree the minutes or we cannot agree the minutes, in which case they are really abandoned — it is in the hands of the Committee.

Mr M McGuinness: I do not think that we can agree the minutes because they do not give a complete picture of the comments that I made in the course of my contribution. I was responding to an issue raised by the DUP vis-à-vis the issue of trust and in the context of comments made by the DUP to which I took exception. To have this in the minutes out of context does me a grave disservice.

The Chairman (Mr Molloy): We now have Hansard recording all that is going on, whereas this section is there because it was asked that it be noted. Are there any other comments?

Mr Kennedy: Chairman, there is no Hansard record available of the exchange that was contentious.

The Chairman (Mr Molloy): No. That is right. There is no Hansard and no tape of that.

Mrs D Dodds: Mr Deputy Speaker, it is worth noting for the record that a fairly accurate minute was taken by the Clerks who were here. When the Clerks were asked to note the exchange, this is what they came up with from their notes. It is reasonable to assume that this is exactly what was said in the meeting, even though there is no exact verbatim report on the matter. We should not be running away from that.

Mr M McGuinness: I disagree. It is certainly not an exact record of what I said in the course of that discussion.

Mr McFarland: As I recall, the Committee spent two and a half hours on this issue and could not agree. It is hard to see how we are going to get another Damascene conversion on one side or the other to allow any agreement to take place.

The Chairman (Mr Molloy): There is also a question about accuracy where it says that Mr Dodds had been shot at. That has been corrected at that place. We could dance round this again for another hour, but if we do not have consensus on the minutes, can we agree that there is no consensus on the minutes of 16 June 2006?

Mr McFarland: Chairman, as I understand it, we did agree, and there was consensus, on the bulk of the minutes. There was no consensus on that passage of the minutes. These are draft minutes and cannot become minutes proper until they are agreed. We have had agreement on the sections we agreed on the last day, so technically those are no longer draft minutes; they are minutes. Technically, therefore, the section

that we are talking about has no consensus and does not form part of the minutes. Are we saying that the minutes now are what we agreed before, less the contentious passage?

The Chairman (Mr Molloy): Give me a proposal on that and we will vote on it.

Mr Ford: I agree with Alan. Surely we previously agreed sections of the minutes, and therefore if we have no consensus on the remaining three paragraphs, we actually have an agreed minute of that meeting. We are in no position to add anything further to it since there is clearly no consensus.

The Chairman (Mr Molloy): The proposal is that there is no consensus on that section. The minute would therefore leave that section out completely. That is agreed.

Mr M McGuinness: Are we now dealing with the minutes of 21 June?

The Chairman (Mr Molloy): We have agreed those.

Mr M McGuinness: There is a mistake.

The Chairman (Mr Molloy): All were taken together and agreed.

4.30 pm

Mr M McGuinness: Let me point out a mistake: paragraph 7 states that I made the presentation on behalf of Sinn Féin and took questions from the other parties; it was Conor Murphy.

Mr McFarland: These are the minutes of 20 June; not 21 June.

Mr M McGuinness: I am correcting the minutes of 21 June.

Mr McFarland: I beg your pardon. The minutes for the three sessions are all in the one document.

Mr M McGuinness: I am correcting a paragraph in the minutes of 21 June.

Mr Kennedy: Chairman, are the notes taken by the minute takers discoverable? I asked that in general terms, but especially for those meetings that were not reported by Hansard.

The Committee Clerk: Do you mean discoverable under freedom of information or in court cases?

Mr Kennedy: Yes, in the event of proceedings in another place.

Mrs D Dodds: As it now seems that everything until the paragraph starting “Mr McGuinness” will be deleted, will something be inserted in the published minute to show that the Committee did not agree the remainder of the minute of the meeting of 16 June?

The Committee Clerk: Before the vote was taken, I clarified that that would be removed and there would

be nothing there. The minutes will run from “Mr McGimpsey” to “The Chairperson put the proposal”. That was what was agreed.

Mr Kennedy: Surely any minute would have to deal with the contentious nature of the meeting and the lack of agreement? It would be confirmed, in some shape or form, in the minutes.

The Chairman (Mr Molloy): The document before us is not the Official Report from Hansard.

Mr Kennedy: So, the reference to the fact that there was no agreement will be published at some point, albeit on a different day from when it took place.

Mr M McGuinness: Diane Dodds asked a question — or perhaps Danny Kennedy asked it — about the discoverability of the minutes. Is there a complete minute of that meeting?

The Chairman (Mr Molloy): There is not a complete minute.

Mr M McGuinness: Is there a complete minute from the notes that were taken by the note takers who were present?

The Chairman (Mr Molloy): Diane asked whether the notes were available. The response was that they were notes that were not of relevance but were just a record. Am I correct?

The Committee Clerk: There is a minute of the meeting, and different people in the room have taken their own notes, but those notes are not published; the minutes are published.

Mr M McGuinness: That raises a question as to why only a certain section of what I said ended up in the minutes and why there was not a complete record of my contribution in that debate.

The Committee Clerk: There were no verbatim reports until Hansard began to report the proceedings.

Mr M McGuinness: Are people saying that these minutes are a verbatim report?

The Committee Clerk: No.

Mr M McGuinness: So what standing does it have if it is not a verbatim report?

The Committee Clerk: It has been removed.

Mr M McGuinness: What is the standing of the minutes as regards discoverability? What is their legal status?

The Committee Clerk: A legal opinion would have to be sought on that.

Mr M McGuinness: Given that the DUP is indicating a certain course of action, and Danny has asked a question in relation to that, an important issue is raised about the context in which those remarks

were made and why only those remarks were recorded and why the context has, for some reason, disappeared.

The Committee Clerk: My understanding is that, if there were any legal proceedings about that or, indeed, any other matter, all the papers would be made available. That would include those papers, our handwritten notes — if anyone could read them — and the notes of everyone who was here. I do not know whether it would apply to members, but it would apply to Committee staff.

Mr M McGuinness: I am not talking about all the people who were here; I am talking about what was said during the meeting.

The Committee Clerk: There is no verbatim report.

Mr M McGuinness: So these three paragraphs are not a verbatim report?

The Committee Clerk: No, because Committee staff do not provide that.

Mr M McGuinness: I understand that. I know that the minutes are not verbatim, but is there a report of that context?

The Committee Clerk: No.

Mr M McGuinness: So there is none?

The Committee Clerk: No.

Mr M McGuinness: Why was no note taken of that?

The Committee Clerk: At that time, the Committee had decided that all proceedings were to be in private, so there was no one else in the room except the members. The only people who can take verbatim reports are Hansard staff, who were not there at that time. That is why there is no verbatim report.

Mr M McGuinness: Essentially, this is not a verbatim report either.

The Committee Clerk: It is not a verbatim report.

Dr Farren: Is it not true, Mr Chairman, that what was in the draft minutes resulted from a request by a Committee member to have something noted? The note takers' interpretation of that request appeared in the minutes.

That leaves room for debate about whether or not it was a full account of what should have been noted. Nonetheless, it was the result of a request by a Committee member to have something noted.

Mr M McGuinness: It comes down to what and how much we actually note.

Dr Farren: That was why we went for a Hansard report.

The Chairman (Mr Molloy): We had that discussion at the last Committee meeting: at what stage did the member ask for notes to be taken and

what was actually noted? Was the report to be from that stage on or was it to include part of the previous discussion? That was when we asked Hansard to prepare a report of everything that is said.

Dr McDonnell: Can we move to item 6? Some of my colleagues are keen to know where we are scoping forward.

Mr M McGuinness: We are not finished yet, Alasdair.

Dr McDonnell: Sorry. I thought that people were getting ready to leave.

Mr M McGuinness: I have already recorded my view. Does anyone know who briefed what they believed to be the content of the Committee's meeting to the media? There was some suggestion that it might have been Jim Wells, although I do not know whether that is true. Does anyone here know who briefed the media on that weekend? Some stories relating to this Committee appeared in the media. They certainly did not come from Sinn Féin. I do not believe that they came from the Alliance Party, the SDLP, the Ulster Unionists or from any official in the room. Therefore I ask the DUP directly whether Jim Wells spoke to the media.

Mr McFarland: Chairman, there is an issue here that relates to that point. Mr Wells, I think it is correct to say, was quoted in an interview that he gave to a newspaper. Members of delegations can give interviews if they wish — they are asked not to, but it does not stop them. On that occasion, Mr Wells was an observer at this Committee in his role as Deputy Speaker. There is an issue about whether a Deputy Speaker should be giving interviews to a newspaper — and since he was quoted, he presumably spoke to somebody — on Committee business when he is not actually at the Committee other than as an observer at the back.

We left the matter the last time, but it is an issue that the Committee may need to think about: the propriety of a Deputy Speaker who is an observer at the Committee allegedly giving interviews to the press. That is notwithstanding the content of what he said.

The Chairman (Mr Molloy): Is this on the same issue, Diane?

Mrs D Dodds: Yes, Mr Deputy Speaker. Before coming to the meeting on 16 June I was in the city hall where I looked at the early edition of the 'Belfast Telegraph'. Lo and behold, an article in it quoted you as indicating the business for the meeting of that day, and in particular indicating that the Committee may be preparing a draft report. I would like a ruling on that as well.

The Chairman (Mr Molloy): Are you asking whether observers should give interviews on any issues at all?

Mr McFarland: In the past, Speakers and Deputy Speakers tended not to be at the forefront of political interviews or interviews about business. It appears that a Deputy Speaker who was in the room, and therefore privy to the information only because he was observing while waiting to take the Chair, gave an interview outside. We cannot stop members of delegations leaving here to do interviews; that is a political issue and they will speak for their parties on their political viewpoint.

Mr Wells was in the room only in his guise as Deputy Speaker, therefore technically neutral. Whether he should be out giving interviews is at issue, and the same logic would apply if you, Chairman, were giving interviews, because, technically, Speakers and Deputy Speakers have remained neutral and above the politics of the situation.

The Chairman (Mr Molloy): What is the Committee's feeling?

Mr Ford: Given that two separate incidents appear to be cited, it seems logical that our Clerk should be asked to report this to the Speaker. She might then speak to both Deputy Speakers and agree a way in which the Chair's neutrality might be dealt with. We must also recognise that any suggestion that information is not going to go out of this Committee in greater or lesser detail via one or more of the five delegations is whistling in the wind. However, there is an issue about the role of the Chairs of this Committee being seen as distinct from the political wrangle.

The Chairman (Mr Molloy): I was not aware of, and I have not read, the 'Belfast Telegraph' article that has been quoted.

Mrs D Dodds: It was the city edition of the 'Belfast Telegraph' of Friday 16 June; the early edition.

Mr McFarland: Perhaps the Clerks could compile a short report, including at annexes A and B the extracts from the said offending articles.

The Chairman (Mr Molloy): My own view is that it is better not to give interviews on the business of this Committee.

Mr Ford: Stick to the RPA, Francie. *[Laughter.]*

The Chairman (Mr Molloy): Let us not go down that road. I certainly have not given interviews in relation to the business of this Committee.

Mr Kennedy: You cannot let light into magic.

The Chairman (Mr Molloy): So we shall ask the Clerk to do a report?

Mr McFarland: A short resumé of what has happened here.

Mr Kennedy: You have all day tomorrow to do it.

Mr Morrow: Yes, you have a day off.

The Chairman (Mr Molloy): Let us move on to the future work of this Committee. One suggestion was that, once submissions were finished, we should look at this draft table, which was put together by the Clerks as a resumé of the submissions. Do the parties want to add to it, or to create a new one?

Mr McFarland: I suggest we discuss this on Wednesday, once the submissions are finished. We will then have Hansard, which is a full and comprehensive note of what everyone has said. That draft table was put together on people's initial submissions, and parties have said that it was a very broad outline, just a quick flavour, and that they would expand it when they spoke to their submissions.

The parties' views, and their views expanded through questioning, are written into Hansard. On Wednesday afternoon we might wish to send the team off to compile the essence of Hansard. My suggestion is that we get through the next questioning; we will then know where everyone stands and all the issues involved, and will be in a position to discuss how we take it forward. How we do that will dictate which bits of paper are prepared.

The Chairman (Mr Molloy): Members can think about it between now and Wednesday and be prepared for that. The copy of last Thursday's Hansard is available for Members as they leave. Check it and go back to Hansard within 24 hours if you have any comment or questions on the accuracy of what you said — not of what someone else said.

4.45 pm

Mr McFarland: We received the first Hansard on Friday; we have had a weekend, so some people may have been diligent but some people may have left it in their pigeonhole until today. We have then received the second one today, and we are receiving the third one today. Logically, we would be asked to comment on all three within 24 hours' time.

The Chairman (Mr Molloy): It would certainly speed up the process. Go directly to Hansard.

The Committee Clerk: Some Members who were present at the other meetings are not present today. We will be posting the reports out to them, so they might not get them until tomorrow morning. As soon as you can would be great.

Mr Kennedy: In reference to my earlier point, is it possible to read the attendance list into the Hansard report for ease of reference?

The Committee Clerk: Yes.

The Chairman (Mr Molloy): Any other points of order or information? No? Thank you very much; the meeting is closed.

Adjourned at 4.46 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Wednesday 28 June 2006

Members in attendance for all or part of proceedings:

The Chairmen, Mr Francie Molloy and Mr Jim Wells
Mr John Dallat
Mrs Diane Dodds
Dr Seán Farren
Mr David Ford
Ms Michelle Gildernew
Mr William Hay
Mr Danny Kennedy
Mr Kieran McCarthy
Mr Alan McFarland
Mr Martin McGuinness
Mr David McNarry
Mr Alex Maskey
Mr John O'Dowd
Mr Ian Paisley Jnr
Ms Margaret Ritchie

The Committee met at 10.08 am.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): We will begin our meeting. I remind Committee members to switch off their mobile phones. They interfere with Hansard and make it difficult to pick up what is being said, even when they are in silent mode.

Lunch will be here at 12.30 pm, and we will have a short break at that stage. It will be a working lunch, and we will continue right through.

Are there any apologies or changes?

Mr M McGuinness: Conor Murphy will not be here, and John O'Dowd will be here later.

Mr Kennedy: Mr McNarry will replace Mr McGimpsey.

The Chairman (Mr Molloy): Is anyone coming in from the DUP?

Mr Paisley Jnr: There are no apologies from them.

Mr Kennedy: They never apologise.

The Chairman (Mr Molloy): Margaret Ritchie is in for Alasdair McDonnell.

Ms Ritchie: John Dallat is in for Mark Durkan.

Mr Ford: Apologies from Naomi Long, who is unwell; Kieran McCarthy will join us later.

The Chairman (Mr Molloy): We move on to the Ulster Unionist Party Assembly Group (UUPAG) presentation.

Mr Kennedy: Chairman, there is a prior issue. Members will be aware that on the BBC's 'Newsline 6.30' last night, the political correspondent Mark Devenport was able to refer to, and produce a copy of, the Hansard report of one of these meetings. I do not think that it would be productive to launch an inquiry into how, and from whom, he received it. However, it is unsatisfactory to the members of this Committee and, indeed, to Members of the Assembly who are not present at these meetings but who are undoubtedly interested in them.

Given that the press have been made aware of the reports, we should consider circulating the full text of the Hansard reports to each Member of the Assembly. Clearly the press are in a more advantageous position to assess these matters than the Members of the Assembly.

Mr Paisley Jnr: I agree.

Mr M McGuinness: I agree with Danny. Sinn Féin was anxious from the beginning that this Committee would try to create circumstances that would see parties engage with one another in a meaningful way around the business of preparing for Government. The vast majority of our people, represented by all the parties here, would like to see that.

The fact is that someone went out of this room and gave away a copy of the Hansard report, against the express wishes of the Committee. We all received a note that said:

"Please note that the Committee has agreed that the attached Report should not be made available to anyone outside of the Committee".

It begs the question as to whether anybody in this room is prepared to admit that they were responsible for breaking that agreement and giving the report to the media.

People are entitled to as much information as possible. I would prefer that we were in a situation where we were able to give as much information as possible about the agreements that are shaping up among us to show that real progress is being made in the important work of preparing for Government. However, if we find ourselves in the situation where these reports will be distributed, then it will undoubtedly work against the prospect of any real engagement taking place in the future. That leaves us in serious difficulty. We must be clear exactly what the ground rules are and whether or not everybody is prepared to sign up to those ground rules.

Was the Democratic Unionist Party responsible for giving the Hansard report to the BBC's political correspondent, Mark Devenport?

Mr Paisley Jnr: As Danny has raised the issue, I agree that the Hansard reports should be made available, as should the minutes. There should be nothing to hide in these sessions. The DUP's consistent position has been that these meetings should be in public. The press should be involved and the public should be allowed in. We have no difficulty with that.

However, I am not here to answer questions. I note that Martin McGuinness has run away for three days from answering questions. Now that he is back, he thinks that he is here to ask questions, but the DUP is not here to be interrogated by anyone — and will not be.

The Chairman (Mr Molloy): If the Committee decides that Hansard should be made available to the public, should it be the uncorrected version or the corrected version? Members have the right to correct Hansard within 24 hours. It is important that if matters go public, it should be the corrected version.

10.15 am

Mr McFarland: It has to be the corrected version; we cannot have an uncorrected version out there.

The Chairman (Mr Molloy): What is the view of the Committee as regards making Hansard available to all the MLAs? Is there consensus on that? Agreed? So the corrected version of Hansard will be available to all MLAs.

Mr McFarland: Chairman, you were giving us a few days to get all of the Hansard reports because of the weekend business. Perhaps we could decide when they can be released as a block, giving people enough time to read them. The round of questioning should be finished today and, hopefully, that will produce some idea of the way ahead. It would seem to make some sense, notwithstanding the fact that some reports are out there already, to give members 24 hours after issue to confirm corrections. The workings of the Committee so far could then be officially released.

The Committee Clerk: Can I just clarify; we will not release any of the Hansard reports from last week yet?

Mr McFarland: My understanding was that they have not yet been corrected, and they cannot be corrected because different members received them at different times. We had a discussion yesterday afternoon about this. Some members who might have got them last Friday did not because their post was stuck in their pigeonholes here.

We should make absolutely certain that everyone has had the opportunity and the time to make corrections. It would make sense for there to be a

control over how we do this, notwithstanding the fact that somebody has dished some of them out already. After the Committee's business today we would have a package that comes together so that people can actually follow the logic in Hansard. They could sit down this weekend — for those political anoraks among us — and work their way right through the deliberations of the Committee, providing that by Friday we agree that they should be issued, and that people have had an opportunity to correct them.

The Chairman (Mr Molloy): Hansard would have to be involved as regards the corrections and Committee members having the right to correct. Members have been advised that they can have 24 hours from receipt of the report to make corrections.

Mr Paisley Jnr: Does that include the release of minutes as well?

The Committee Clerk: Once the minutes are agreed, they are published on the website.

Mr M McGuinness: I think that the Preparation for Government Committee will draw its own conclusions from the answer given by Ian Paisley Jnr to my question as to who was responsible for giving the copy of Hansard to the BBC and effectively breaking the agreement that was made at this Committee.

Also, it is important to register that none of the political parties in here, bar the DUP, has run away from any questioning whatsoever. All of the political parties have provided very senior leadership figures in the form of leaders and others who are at highest level of the political parties: the Ulster Unionist Party, the Alliance Party, the SDLP and ourselves. None of the leaders at the highest level of the Democratic Unionist Party has appeared at this Committee to subject themselves to the type of questions to which other parties have been subjected. It is important that that be noted.

Mr Paisley Jnr: Further to an issue that I raised on Monday: as recorded on pages 1 and 2 of the Official Report, I said that there was a serious unwarranted slander issued against me by Martin McGuinness, that that slander was malicious, that there was no evidence for that slander, and that it should be withdrawn. I understand that there will be some consideration given to that, and I want to know if that slander will now be withdrawn.

Mr M McGuinness: I deny absolutely that there were any malicious remarks made by me in the course of any of the meetings. All of my contributions have been, I think, constructive and very honest. Any suggestion that my remarks were malicious is absolute nonsense.

Mr Paisley Jnr: If a thing is not malicious, then there must be evidence to back it up. Once again, I cite what was said; that in the last two weeks there had

been a concerted and deliberate effort made by certain people, including me, to kill Martin McGuinness. That is what was actually said. If it is not malicious, there must therefore be evidence. I would like that evidence produced.

In the past two weeks, how did I try to kill Martin McGuinness?

Mr M McGuinness: In a number of recent interviews I have made my position on the Democratic Unionist Party absolutely clear. Vile, despicable and dishonest lies were levelled against me by a number of people. Some of those people are associated with the old RUC; some may be current members of the PSNI, members of the Democratic Unionist Party and other British intelligence operatives. They claim not to be — but in my opinion probably are — working for elements in the British intelligence service hostile not only to Sinn Féin's participation in this process, but to the entire peace process. I will not be subjected to interrogation by Ian Paisley Jnr. The allegation that my comments were malicious is absolute nonsense, and I refute it.

Mr Paisley Jnr: I reiterate the point that if a comment is not malicious, there is therefore evidence to back it up. If you make an allegation, there is therefore evidence. What I am asking for — and there has been a failure to produce it so far — is evidence. In the past two weeks, how did I make a concerted effort to have a person killed? That is what was said. Where is the evidence to show that I made a concerted effort to have someone killed? If there is no evidence for that, just the allegation, then the allegation is malicious of its own nature. If Martin "Malicious" McGuinness cannot produce the evidence, then it is a malicious comment and he should withdraw it. Otherwise, he should go outside and repeat it.

The Chairman (Mr Molloy): There has been much toing and froing during this discussion, and, obviously, there has been no change in positions. We will now proceed to the Ulster Unionist Party's presentation.

Mr Paisley Jnr: I simply want it confirmed that no evidence has been produced for what has been said.

Mr M McGuinness: I do not have anything further to add. The quicker we get on with the attempt to conduct real business, the better.

Mr Paisley Jnr: I simply want it noted that no evidence has been produced.

The Chairman (Mr Molloy): Hansard is taking a note of all the meetings.

Mr McFarland: The past weeks have been the first time that all the main Northern Ireland parties have sat around a table to discuss issues that affect the future of the people whom we represent. During 1997-98, the Ulster Unionist Party went through the talks process

without meeting with Sinn Féin. Looking at what has happened in the intervening period, that may seem silly, but it was what was most comfortable at the time and thus the way that it was done. In the most recent talks process, between 2004 and the setting up of this Committee, parties have had meetings with respective Governments and relied on them to transmit views and demands to others. As we discovered in the past, this is a dangerous system, because what a party tells the Government is not necessarily what is being passed on, and confusions, deliberate or otherwise, can arise.

My colleagues and I have been heartened by the genuine, although not necessarily warm, engagement over the past few meetings. Speaking to each other across a table allows all of us to identify and clarify issues important to others and to make judgement on their bona fides through attitude and body language. Aside from scoping the issues, this engagement will slowly build confidence and trust. Perhaps we need to examine whether there are ways in which some of the easier issues can be dealt with. It would surely increase confidence throughout the community if the parties around this table could produce solutions, as well as identifying problems.

There is no doubt that whatever the failures in implementing the Belfast Agreement, Northern Ireland is a better, safer and more prosperous society than it would have been had the hard decisions not been taken. The Prime Minister has reiterated on many occasions that the agreement is the only game in town, and it is clear that the November 2004 comprehensive agreement is the Belfast Agreement with modifications to hide the DUP's embarrassing U-turn. It has adopted Ulster Unionist policy, and thus unionism is broadly united on the way forward.

Similarly, if Sinn Féin manages to clear the outstanding issues outlined in the past few days, it will be a de facto constitutional nationalist party, uniting nationalism on a common policy. Perhaps the future is brighter than we thought.

The UUP believes that four main areas need to be sorted out. Our submission begins with the first — the major issues of policing and criminality. As background to that, I will recap briefly on where the last agreement between parties left us. That was the agreement in 2004 between Sinn Féin, the Governments and the Democratic Unionist Party. As you are well aware, the SDLP, the Alliance Party and the Ulster Unionist Party were not directly involved in that and have issues with it. I want to reiterate what was said at the time: Sinn Féin's statement on policing, in Annex F of the comprehensive agreement, is interesting:

"As a result of our discussions we now have a commitment from the British Government and the DUP to the transfer of powers on policing and justice to the

Assembly as soon as possible, a DUP commitment to a speedy time framed discussion on the departmental model and the powers to be transferred with a view to agreement by the time the Executive is established”.

That is quite encouraging. At that stage, there was some agreement between the Governments, Sinn Féin and the DUP on how policing should be taken forward. However, a stumbling block remains — one that the UUP and the Democratic Unionist Party have already covered — and that is Sinn Féin’s inability to deal with policing. A party that is not committed to the rule of law cannot be in government. The UUP sees policing as a major issue, and tied in with that is the issue of criminality.

The Independent Monitoring Commission (IMC) reported that there was ongoing criminality among senior republicans. The other day, I noticed an Organised Crime Task Force (OCTF) report indicating that the level of that criminality has dropped somewhat. That could be connected with the Assets Recovery Agency (ARA) and the raid by police on both sides of the border on Mr Murphy’s farm in south Armagh.

As far as we can gather, vibes from the IMC suggest that its next report may indicate a reduction in the level of organised crime. Clearly, that is to be welcomed. It must surely reach a stage where the level of organised crime is commensurate with that elsewhere in the United Kingdom and where those involved in organised crime are not connected with the republican movement, although they may be republicans. Under those circumstances, perhaps the police can be left to deal with those who cannot bring themselves in.

However, currently that seems not to be the case, and Sinn Féin must examine seriously how it deals with the residual criminality that the IMC reports, and its refusal, so far, to engage in policing. The UUP considers those to be two major issues.

The Democratic Unionist Party has made decommissioning a major issue. Decommissioning clearly took place, and the record of Hansard will show that both William McCrea and Ian Paisley Jnr accepted that. The IMC reports that there are some outstanding weapons issues and believes that there may be some weapons out there. It is a judgement call as to whether those weapons have been held back by those who refuse to comply with orders from the IRA; whether they are individual trophy weapons; whether there are lost hides; or whether the republican movement has a serious problem and has lied to everyone about its decommissioning being complete.

We will wait to see how the IMC reports on that next time, because at the moment there is a conflict on decommissioning between the Independent International Commission on Decommissioning (IICD) and the IMC.

10.30 am

The next major issue is unionist confidence. It can be of little surprise that unionist confidence has taken a battering since the agreement. We need to show that the parties here can agree and produce something forward-looking: but that can only come when republicans sort themselves out.

Likewise, we cannot leave loyalist paramilitaries twisting in the wind — out there, uncontrolled, still causing chaos — if we get to a stage in the autumn where there is some form of agreement. As you know, we have been working to provide those who wish to come in from the cold with a way in. Those who do not wish to come in from the cold will have to be left to the police, the courts and the Prison Service, and they can be locked up.

There is an unfinished issue on parades. It is well known — because Gerry Adams described it all in a speech in Tullamore in 1994 at which an RTÉ journalist was present — that it had taken the republican movement three years to stir up the parading issue and produce community groups to object to those things. It was a useful war by other means: the movement was supposedly on ceasefire and then in talks, but it was a way of conducting the war by other means and of attacking unionism and unionist culture.

It seems to me that it evolved then into a useful tool for beating up the police, because it became a method by which, if you objected to a parade, you caused a bit of a row, the police turned up and you had a ding-dong battle between the police and republicans. Parading got caught up in all of those things.

It is clear that there has been some sort of political decision recently that they will back off parading for a bit. I welcome the efforts that have gone into keeping the parades peaceful and keeping republicans back from being offended at a level at which they attack people. I was quite encouraged until last night: I see that we are back into the same old game at Glengormley, where people are clodding stones and golf balls at a parade. That has got to be dealt with. Republicans must allow unionists to enjoy their culture and to have a peaceful parade without being under attack. That must be dealt with before we can have any peaceful way forward here.

As political parties, we should have some thoughts on how to deal with the past. It is an enormous issue, and it cannot be dealt with quickly. The police’s Historical Enquiries Team is attempting to provide some closure. It was set up to examine historic cases to see whether families could be given more information as to what happened, and whether it is possible, in the light of new technologies, to bring someone to book for crimes committed over the past 30 years. Hopefully, for some families, it will bring a degree of

closure. It is an enormous issue, but the political parties, by and large, have stayed away from it, and it is time that there was more engagement from the political parties on how we deal with the past.

Of course, there are issues for republicans. The question of the disappeared remains unresolved. There are still people whose sons and fathers are lying buried in a bog somewhere. It would be clearly advantageous to sort out the issue of the disappeared, and to get those families their loved ones back and some degree of closure.

The other enormous outstanding issue is that of exiles. Republicans and loyalists have been exiling people from their communities. Although these are not necessarily things that we can tackle directly, they are all issues that will haunt any future Government here while they are unresolved. The disappeared and exiles must be included in the mix.

I want to turn to some issues in the comprehensive agreement that we are uncomfortable with. This is the deal that was nearly done between Sinn Féin and the DUP in November 2004. In particular, I want to look at the issue of the First Minister and the Deputy First Minister.

The comprehensive agreement said that the two roles should form a collective post. If, as was suggested recently in the Assembly, Ian Paisley and Martin McGuinness were appointed to those posts, they should have been voted for jointly, as was the procedure for the SDLP and UUP candidates for those posts in the first Assembly.

That was clearly a difficulty or embarrassment for the Democratic Unionist Party. Its negotiators appear to have negotiated an issue that concerns the parties that represent each of the tribes. The lead unionist party would propose the First Minister and the lead nationalist party would propose the Deputy First Minister.

Interestingly, the original system allowed each community to have a say in whom the other community elected. For example, if unionism in the Assembly was neuralgic about Martin McGuinness's being Deputy First Minister, the system allowed unionism to say that it was not happy with him. Therefore unionism in the Assembly, rightly or wrongly, had a veto. Likewise, nationalists might have been uncomfortable with Ian Paisley, and, because the office was a joint one, they could have said no.

The cunning piece of negotiation that is the comprehensive agreement, however, will remove any unionist say in whom Sinn Féin appoints and any nationalist/republican say in whom unionism appoints. The joint ticket that everyone bought into in the first Assembly will have been removed. I would not mind if there had been logic to its removal, but it has been

removed to avoid DUP embarrassment at having to put its hand up for Martin McGuinness.

The system has been further confused by another cunning bit of negotiation to the effect that, having voted for the First Minister and the Deputy First Minister, d'Hondt would be triggered and each Minister would have to vote for all the other Ministers. Therefore if the SDLP or the Ulster Unionists were to object to the First Minister or the Deputy First Minister or to any of the Ministers who had been elected, we could not register our objection. If we did, we would be removed from government for the entire Assembly session. That is, all the Ministers of an objecting party would be removed from the Executive.

That cunning piece of negotiation would create what I understand to be a nightmare for the DUP: the DUP and Sinn Féin in government together; and the SDLP and the Ulster Unionist Party being excluded from government. That must be the most amazing piece of negotiation that was ever seen. We take strong objection to those proposals in the comprehensive agreement.

Turning to the review, several issues came up in it as a result of parties examining procedures in the first Assembly to see whether they could be improved. It is perfectly logical to examine what happened in the first Assembly in order to make improvements to it. For example, all the parties are agreed that we need some form of ministerial code. Indeed, the Executive were on the verge of producing one during the first Assembly, but it had not reached the Floor of the House before the Assembly was suspended.

Such a code would be a good thing, and the Committee might like to consider it. It would be easy to get agreement around this table on the need for, and the details of, a ministerial code. It could be a victory for the Committee if the parties agreed something. In any case, a ministerial code that provides protection needs to be produced.

Next, where power is vested may be an anorak issue. However, Northern Ireland is strange in that, when the state was set up in 1921, power was vested from Westminster in the Departments.

Throughout the history of the Northern Ireland Parliament, and since, power has never been vested in Ministers. In a way, there is something unhealthy about power not being vested in the Assembly and given to Ministers from the Assembly. That means that we can be stood up, stood down, removed, sacked or whatever, and that has no effect at all on where the power lies. The power lies with each of the Departments and the permanent secretaries. The issue is not a deal breaker, but it concerns what is sensible for Northern Ireland if it is to have a working Assembly. Power should be

vested in that Assembly and vested from the Assembly to the Ministers.

There are also issues concerning the North/South bodies. We probably would not have any objection to increased reporting back from Ministers and their having much greater interaction with the Assembly on what is happening North/South. Although Ministers did report back to the Assembly, it was not something that the Assembly could do anything about. Therefore, we should examine what to do about making the North/South areas more accountable.

We had a great reversal on the British-Irish Council because it did not even have a secretariat, and while the North/South aspect is certainly up and running properly, I am afraid that the east-west issue has been left behind; we must get it up to speed.

The reform of public administration also raises issues. This may be a matter for another day, but it affects whether we have seven councils, with or without an Assembly. On a broader scale, those issues go to how Northern Ireland is governed, and they are perhaps worth some form of discussion. Members will know that we have tried to secure some sort of debate on the Floor of the House about the future of the Review of Public Administration (RPA) because it directly relates to how the Assembly would govern Northern Ireland if we ever reached agreement.

We have never discussed the issue of the number of Departments. If we are to create a Department — or two — to deal with policing and justice, there would have to be some amalgamation, as the Northern Ireland Act 1998 states that we are allowed 10 Departments. That issue would be better dealt with before we get to another election or set up another Government, if possible, so that we can fire up the Assembly on the basis on which we wish to proceed.

Seán Farren talked about areas that were essential and areas that were desirable, and I can understand that, but I would argue that it is worth spending some time getting the new Assembly right before we fire it up again, rather than firing it up, and then getting into an inter-party wrangle as to what details should change. There is a logic to sorting all of this out first.

If we ever get a Government up again here, there is a difficulty about dual and, indeed, triple mandates. Triple mandates have been sorted out in that, under the RPA, one cannot be a councillor and a MLA. However, the idea that one can be in Westminster, the Assembly, and in a council, all at the same time, seems absolutely daft and is inherently unhealthy. In Scotland, the media applied pressure to separate MSPs from MPs, and we need to examine that issue here.

I wish to make a couple of final points, Mr Chairman. We have a difficulty in the comprehensive agreement's setting up of another civic forum on an all-Ireland

basis, given that the one that we had here did not perform very well. In fact, its use was extremely limited, and the view of people who sat on it was that it was extremely limited.

The issue outstanding from the review about a Bill of Rights needs examination because, at the moment, we have a large number of groups across Northern Ireland who are fired up to believe that they are going to get socio-economic rights included in such a document. That includes the right to particular medical treatment, even should it cost £10,000 a day. People believe that.

10.45 am

The agreement was quite clear about the bill of rights: it should contain rights that are specific to Northern Ireland. So what is it that is specific to Northern Ireland? Leaving out socio-economic rights — where the money goes is a matter for the politicians; it is not a matter of human rights — the only right that the UUPAG can think of is the right to parade. That is the only one unique to Northern Ireland. There may be disagreement about whether parading is a right, and we can discuss that, but it is the only one that jumps out as being peculiar to Northern Ireland.

Finally, there is the issue of the Programme for Government. There was a drama the first time around. When the Assembly went live in November 1999, we had no Programme for Government. The result was that there was a fair amount of chaos, with individual Ministers taking decisions; there was no collective responsibility because there was no Programme for Government. If we have any hope of getting this up and running in the autumn, we need to start considering shortly, not the detail — that will come from the Departments — but areas that we believe, as parties or as a Committee, should be included in a Programme for Government.

As you well know, the time line starts in the summer: by September the detail should be reasonably well firmed up in outline; by November it should be on paper; and then it will go through a process to go live in April. If we sit back and do nothing between now and the autumn, we will find ourselves, as we did in November 1999, with a Programme for Government that has no input from any of the political parties. Therefore it seems to make sense to give some thought to what should go into a Programme for Government.

Mr Paisley Jnr: Alan, thank you for your submission and for the interesting revisionism that you have introduced into the discussion, the scoping exercise. I will come to that in a moment.

Pardon me for having the cold. I hope you do not regard that as a concerted effort to poison you or kill you.

Mr McFarland: Say again.

Mr Paisley Jnr: I apologise for having the cold. I hope that you do not regard it as a concerted effort to have you killed or to poison you with something. Nonetheless, I apologise for that.

Alan, can you make it clear whether you think that we are here to discuss issues, to negotiate issues or to scope obstacles?

Mr McFarland: The remit of the Committee is not to scope obstacles; it is to scope the issues that will be required to be put in place to allow us to get the Government up and running again. If you are dealing with five political parties and you have a Committee, there is a logic in having worked out what each party thinks are the issues, and in having a form of discussion to see whether you can find some sort of agreement. That is not necessarily negotiating — at the high level that will be done, as you have declared, between the DUP and the Government. However, there is benefit in trying to find some common ground.

Suppose, for example, that your negotiations with the Government are successful and that even though the other political parties may not agree, the Government decide to impose a firing-up of the Assembly again. You know well from the first Assembly that, in the end, we all have to work with one another, whether in the Executive or in Committees. So it would seem to make some sense that, if we can find some agreement on issues that are glaringly obvious as to how you deal with them, we should perhaps try to do that.

The Minister, Mr Hanson, said that he has promised the DUP the comprehensive agreement in the autumn if they are good boys and girls.

I presume that your difficulty will be that you do not want this Committee to steal your thunder on any of those issues. From a party political point of view, that is logical. In the end, we all hope to work together for the greater good of our constituents. The Committee should try to produce some positive wins, even if they are minor wins.

Mr Paisley Jnr: I am touched by the fact that you are worried about my difficulties. However, let us get over that and assess this issue.

You agree that we are here to find common ground in identifying the obstacles to the establishment of a Government. That appears to be a summary of what you have said.

Mr McFarland: You use the word “obstacle”, but I think that that is not the Committee’s remit. However, I am prepared to stand corrected. Perhaps the Chairman would read out the Committee’s remit.

Mr Paisley Jnr: I have the remit. I am trying to find out exactly, from what was contained in your submission, what you believe we are here to do.

Mr McFarland: We are here to scope and identify the issues. Can we read the remit again, Mr Chairman, so we are absolutely clear?

Mr Paisley Jnr: If it helps you, Alan, I am sure that we can read it again.

The Chairman (Mr Molloy): The remit is:

“to scope the work which, in the view of the parties, needs to be done in preparation for Government.”

That is from the Secretary of State’s letter of 26 May 2006.

Mr McFarland: The remit is to scope the work that needs to be done. It is not simply about issues. The remit is to identify what work needs to be done to get the Government fired up again.

Mr Paisley Jnr: That would include obstacles.

Mr McFarland: It would include obstacles. However, it is not the remit of the Committee to identify obstacles.

Mr Paisley Jnr: I am trying to grasp completely what you believe we are here to do. The remit includes the identification of obstacles.

Mr McFarland: Absolutely.

Mr Paisley Jnr: It is not a trick question, Alan.

Mr McFarland: No, no. However, that is not the remit.

Mr Paisley Jnr: From our discussions so far in the Committee, do you believe that legitimate obstacles have been identified?

Mr McFarland: Many obstacles have been identified. It would be helpful if the Committee could prioritise those obstacles. I may believe that a certain issue poses an obstacle that should be prioritised, but my belief may not be shared by the other parties. Let me give you an example. Since 1998, decommissioning has been a major issue, and it was the prime obstacle that first crashed the Assembly. We were promised that decommissioning would start in June 1998 and be completed by May 2000. There was a clear time line, but decommissioning did not happen. It was a major problem. We fought the bit out and brought down the Assembly in an attempt to effect decommissioning because we agreed that it was a major issue with regard to the good faith and genuineness of republicans.

The bulk of the IRA’s arsenal has now been decommissioned; you and William have accepted that fact, and it has been recorded in Hansard. There are residual issues. Although complete decommissioning is still an issue, it does not have the same priority as it did in 1998. We share the view that the major obstacle to be prioritised is Sinn Féin’s unwillingness to engage in policing. During the past week and a half, there have been some encouraging signs. Sinn Féin has

engaged in consultation on the policing issue. The Sinn Féin statement attached to the comprehensive agreement states that the ardhomhairle will call an Ard-Fheis to discuss policing, once the legislation is sorted out. Those are encouraging signs that the party recognises the need to move on the policing issue. However, policing continues to be a major obstacle, and we have not got there yet.

Similarly, it is not clear where the IRA stands on the criminality issue. Perhaps we need more clarity from an IMC report.

Those are the major obstacles, but the other parties may believe that there are many other obstacles. The Committee needs to prioritise the obstacles so that we can identify issues that we can influence and affect. The Committee can also identify issues that we clearly cannot affect, even though we may wish to do so.

Mr Paisley Jnr: Just curb your enthusiasm on decommissioning for a wee minute. We will come to that, I promise, but let us see if we can walk before we run. Before we start prioritising things, let us get agreement. Do you agree and believe that the principal obstacles have been identified over the past week or so of this Committee meeting?

Mr McFarland: Each party has identified the obstacles — if you wish to use the term — difficulties, or problems that it sees to the successful firing-up of government.

Mr Paisley Jnr: Those obstacles, problems, difficulties —

Mr McFarland: Right. The question, I suppose, is can we find common ground, because if all —

Mr Paisley Jnr: I did not ask that question. I will come to that in a moment. I want to establish that you believe the principle that the obstacles — or the problems — have been identified.

Mr McFarland: We hope so. The difficulty is that, in some later discussion, one that has not been spotted before could come to mind. However, if the parties have had their say, logically the key obstacles should have been identified in broad terms. We may not have identified whether those are the obstacles or whether they are just the areas in which the obstacles lie, because some of them are extremely broad issues.

Whether you can say that the whole obstacle identified is the issue, or whether it is a minor part of that that can be solved, is not necessarily clear, because we have not had a discussion on whether we have common ground on those. Indeed, parties may not have been able to have a discussion on what each other — *[Interruption.]*

The Chairman (Mr Molloy): That is somebody's mobile phone.

Mr Kennedy: That is a very attractive tune.

Mr McFarland: We have not had a discussion on what we each mean by particular things. Although we have had questioning back and forward, there may be other areas that will come to mind later today.

Mr Paisley Jnr: Do you agree that, in its discussions last week, Sinn Féin has made no serious effort to remove the obstacles that so far have been identified by the unionist community: criminality and paramilitarism, and their link to Sinn Féin?

Mr McFarland: We were the prime movers in setting up the IMC, which was vigorously opposed by your party as a toothless, useless organisation. It is encouraging that in recent months you have set a lot of store by the IMC reports.

The IMC is reporting, as is the Organised Crime Task Force, on what appear to be improvements in Sinn Féin and the IRA's movements towards normality. Earlier in the year, the IMC reported that the republican leadership — and I do not have the quotation here — was fully committed to peaceful and democratic means and constitutional politics, but that there were outstanding issues concerning senior republicans' involvement in criminality, and their crime empire was still functioning. The OCTF, which is specifically designed to deal with organised crime, reported last week that there had been a drop in republican criminality.

These are things that we will have to judge. Our view is that things have not progressed far enough for us to be comfortable going into Government with Sinn Féin — not that it is our call. As I have said before in this Committee, it is your call whether you go into Government with Sinn Féin. My sense is that, if they are moving in that direction, we can, perhaps, expect to see dramatic improvements in the autumn. Conor Murphy sat here last week and said to William that dramatic improvements could be expected in the IMC reports.

However, we do not know that; we will have to wait and see. If that is the way they are moving, there will — eventually — be a judgement call for you as to when the commitment of the republican leadership, its instructions, and the adherence to those instructions by people on the ground, move from being a political issue to a fully criminal issue, so that the people doing it are not republican criminals, but simply criminals who refuse to adhere to republican instructions. That is a call for you at some stage, presumably as a result of IMC reports.

11.00 am

Mr Paisley Jnr: Let us not worry about what my judgement call will be; let us try to focus on the Ulster Unionist Party's position and its submission. Am I correct in assuming that what you have just said means

that you agree that Sinn Féin has made, and is making, a serious effort to remove criminality and paramilitarism, and their links, from its party?

Mr McFarland: That is what the Independent Monitoring Commission has reported. As the organisation that encouraged it and had it set up — against objections from the DUP — there is a degree of requirement for us to accept what it is producing from intelligence reports from America, the UK and the Republic of Ireland. It is not unreasonable that we accept as correct its analysis of these intelligence reports.

Mr Paisley Jnr: I am sure that we can ask the IMC, and we can go and talk to them. However, I am not asking them; I am asking Alan McFarland, senior negotiator on behalf of the Ulster Unionist Party: does the Ulster Unionist Party believe that Sinn Féin has made, and is making, serious efforts to remove criminality and paramilitary links from its political party?

Mr McFarland: I have just told you that the IMC says that it is, and we accept that.

Mr Paisley Jnr: I am not worried about what the IMC has said; I am asking what the Ulster Unionist Party thinks.

Mr McFarland: I will repeat it. The IMC says that it is, and we accept that. The IMC says that it is, and we accept that. You can ask the question another 10 times, and you will get the same answer.

Mr Paisley Jnr: So I am right to conclude that you believe that Sinn Féin is making a serious effort to remove —

Mr McFarland: The IMC says that it is, and we accept that.

Mr Paisley Jnr: Given the level of criminality, paramilitarism and other unacceptable actions by republicans and their links to Sinn Féin, do you agree that it would be impossible to form a Government, at present, that includes Sinn Féin and unionism?

Mr McFarland: We have said that we do not believe that the time has yet arrived where we should be firing up a Government again with Sinn Féin, because there is no point in trying to produce a Government in which Sinn Féin is not tied to the rule of law and order through the police, and when the IMC is still reporting that its internal criminal organisation has been as active as it is. Notwithstanding that, as we go through the year and have further IMC reports, it may be possible — if republicans are serious and genuine — to get to a stage where most reasonable people might think that the criminality can be tackled by the police, customs and organised crime units.

Mr Paisley Jnr: So if the Ulster Unionist Party were fortunate enough to find itself in the position electorally that we are in today, you would not be

prepared to form an Executive with Sinn Féin immediately.

Mr McFarland: I have said that at the moment too much is unclear about Sinn Féin's intentions — particularly regarding policing — to allow us to do that. However, as I said before, this is your call. You are in the driving seat, so you call it.

Mr Paisley Jnr: Would it be fair to deduce then that you agreed with the position that our party took four or five weeks ago when we said "Certainly not" to an Executive with Sinn Féin? Did you agree with that position?

Mr McFarland: This is an ongoing process, and we have to make judgements as we go. You make judgement calls, and we have made judgement calls in the past 10 years — some of which were good, and some of which could have been better.

You will have judgement calls to make, and the penalties for getting them wrong can be difficult. However, at this moment I can confirm for the tenth time that the Ulster Unionist Party does not believe that — were it in charge of unionism — it would be comfortable going into Government with Sinn Féin, because of, in particular, policing and criminality.

Mr Paisley Jnr: The paper that the UUP originally submitted made little to no mention of paramilitary activity and decommissioning. However, from your discussion today and the answers that you have given, you believe that those issues have not been fully resolved. Your paper may have given a wrong impression that those issues were resolved, as far as you were concerned. You are now saying that the issues of decommissioning and paramilitary activity have not yet been satisfactorily resolved, and therefore we cannot go into Government. Is that a fair deduction?

Mr McFarland: You will recall that the DUP said that decommissioning would never, ever happen. Peter Robinson said that it was unimportant. We fought for decommissioning because it was a vital sign that republicans were acting in good faith, because if they were genuinely no longer offering unionists violence, they had no need for their weapons.

There is an inconsistency between what the IICD has said and what the IMC has said. We had the IMC's view read out the other day. It is not sure what is going on here: whether individuals have held some weapons back, or whether the south Armagh brigade has held weapons back to defend its organised crime empire. It is not clear what is going on. It would be helpful if there were more clarity.

You know well that there are all sorts of weapons around. We hear anecdotal reports that UVF weapons from 1913 are still sitting about in people's barns, and

such like. There have always been weapons. The question is whether the people with the weapons are trying to kill us. It strikes me that the IICD has reported that the republican movement — the IRA — has decommissioned the vast bulk of its arsenals. Either that is an absolute load of nonsense, in which case quite a number of fairly important people in the IICD, and indeed a couple of clergymen, have been completely hoodwinked and Sinn Féin and the IRA have been lying to us completely, and they have an entire arsenal sitting waiting, or we accept that a substantial act of decommissioning has taken place. You and William McCrea are on record in this Committee as accepting that.

There are some outstanding queries, but, by and large, decommissioning should not be resurrected as a hook to get ourselves on again and prevent Government here.

Mr Paisley Jnr: Yes. Again, the record shows that you are raising this issue of decommissioning. I am talking generically about criminality and paramilitarism. We will come to decommissioning in a moment, and I will give you an opportunity to talk about decommissioning, but, for the record, Peter Robinson said that decommissioning was not the only priority. I do not think that he made the statement that you have attributed to him. However, we will come back to those issues.

If these issues have not been resolved satisfactorily, it begs the question of why you went into Government with them. Why did you make that judgement call? Given that these matters have not been resolved satisfactorily, do you agree that the judgement call that was made here four or five weeks ago not to form an Executive was the correct judgement call to make? I want to establish that.

Mr McFarland: I am confused as to why you need this comfort blanket or dummy to chew on that we are not objecting to you going into Government five weeks ago with Sinn Féin.

Mr Paisley Jnr: Just answer the question, Alan.

Mr McFarland: I have said to you already that, in our view, the time is not yet right for a Government to be formed, but it may be right later on this year. At the moment we do not have the cover, from the reports, to give everyone comfort that they would be doing the right thing.

We can keep rephrasing the same question —

Mr Paisley Jnr: It is not the question that I am focusing on: it is the answer. Perhaps we could refocus the answer. Do you believe that it was the correct judgement call to make? The answer is yes or no.

Mr McFarland: I have already said that, at the moment —

Mr Paisley: So the answer was yes? Is that what you are saying?

Mr McFarland: I am really confused. You keep on going: “Just for the record, just for the record, just for the record”. What is this about?

We are trying to have a sensible discussion here. It was the correct decision, in my view, that when Gerry Adams proposed Ian Paisley and Martin McGuinness for First Minister and Deputy First Minister your party did not jump at it. Absolutely: I have said that about five or six times now in different guises, and I can keep saying the same thing. It seems to be some sort of comfort blanket for the DUP that the Ulster Unionist Party Assembly Group agrees with them on this matter. We agree with you.

Mr Paisley Jnr: Thank you. If you had given me that answer to begin with, that would have helped — we could have got a little further.

Can I say once again that we are not here for a discussion; we are here to ask and answer questions for clarification. Perhaps we can have a discussion at the margins somewhere else.

You raised the issue of policing in your presentation. Do you generally believe that the transfer of policing powers should take place as quickly as possible after devolution has been established, or should it wait until an assessment has been made that the public has confidence that those powers should be transferred?

Mr McFarland: Well, the transfer of policing and justice is a matter for the Assembly under the agreement. The Assembly will decide when it is comfortable with the transfer of policing and justice. I am heartened by the speed at which, in December, you were busily getting down to discussing policing here. Within a month of the comprehensive agreement you were straight into discussions with Sinn Féin on the modalities of policing. In fact, the comprehensive agreement timetable says, under February:

“Agreement reached on modalities for devolution of Criminal Justice”.

As we know, although Sinn Féin and the SDLP disagree with this, you have confirmed that, as far as you are concerned, this agreement is the only deal in town. You were straight into that within a month, but the comprehensive agreement says that the aim was to try to get policing and justice devolved within two years:

“The British Government will work to promote the necessary confidence to allow such a vote to take place within two years.”

So the Assembly needs to decide, and the Assembly will clearly vote on this when it feels comfortable that

the place is ready for policing and justice to be devolved.

Mr Paisley Jnr: That is how I view it — that it takes the Assembly to have confidence on behalf of the people.

As regards the speed with which we are moving — well, after 300 years of a disputed crisis and 40 years of terrorism, I do not think that a couple of years after an Assembly has been established is really a lot of speed.

We have seen the discussion paper that the Government have published in terms of the devolution of policing and justice. There are about six permutations of how a Department or Departments might operate. Have you a favourite or preferred option? Would you be happy with one Minister running one Department, or would you like to see two Ministers, or two junior Ministers in the Office of the First Minister and the Deputy First Minister (OFMDFM)? How would you like to see it?

Mr McFarland: Chairman, this is wonderful. It is 11.14 am and Ian Paisley Jnr is inviting me to negotiate the future of policing in Northern Ireland in a Committee with Martin McGuinness and the SDLP. Let's go. If you wish to sit here now and discuss how many Departments there should be, or whether there should be one Minister or two, I am up for that. I just wonder whether you understand what you are doing in this Committee.

If you do, and you wish to continue asking the questions, I will get into it, and no doubt the other parties will wish to join in negotiations with the DUP on the future of policing and justice in Northern Ireland.

Are you sure you wish to ask that question?

Mr Paisley Jnr: Do not get carried away; do not get too excited now. Again, focus on the question. We have accepted that we are not here to negotiate.

Mr McFarland: Why would you ask the question, if you do not wish to negotiate?

Mr Paisley Jnr: I am not negotiating anything with you; I am simply asking a question. Which of the six permutations do you prefer? After all, you raised it in your submission, so I should be allowed to ask you a question on it.

Mr McFarland: I am confused. Ian Paisley Jnr and William McCrea, in particular, have made enormous play today about how they are only here to scope and identify and how there will no negotiation in this Committee. However, you are now moving into some form of negotiation on how many Departments and Ministers there should be when policing and justice is devolved here. That is wonderful, but I suggest that we leave the negotiation until we have finished our questioning. Then we can all get stuck in to negotiating

the devolution of policing and justice to Northern Ireland. I am all for that and would like to get into that discussion with you.

Mr Paisley Jnr: You appear to be very reluctant to answer a very simple question on clarification. In your submission, you raised the Department of Policing and Justice —

Mr McFarland: As issues that need to be resolved.

Mr Paisley Jnr: You obviously raised it as an issue that you want to have scoped. It is an issue that you believe is important, and if there are obstacles they need to be identified. We all agree that there are obstacles here, but I am simply trying to establish for the record which of the six permutations you prefer, given the fact that you have raised the issue. No one is asking you to negotiate anything; we are merely asking you to answer a simple, straightforward question on clarification. Do you want to tell us which permutation you prefer for setting up that Department?

Mr McFarland: I am more than happy to get into detailed discussion with the DUP or any other party here regarding how the Committee should take forward a recommendation regarding the number of Departments and Ministers that there should be, and how policing and justice should be handled. We have identified the positions of each party under the broad heading of issues that need to be resolved. The DUP, in particular, has made enormous play of not negotiating, not going into detail and not discussing; you are simply here to list the headings that need to be resolved.

You cannot have it both ways. You cannot, on the one hand, say that you will only identify the broad areas and that you will not negotiate or go into any detail or discussion, and then, on the other hand, try to press other parties to get into negotiation with you. If you wish to negotiate these issues, I am happy to do it around this table when our questioning has finished.

Mr Paisley Jnr: It took you some time to answer my first question, and it is taking you quite some time to answer my third question, but we will try again. You appear to be confused that we are here to have detailed discussion when we have already agreed that we are here to identify issues. Again, I am asking for an answer to a straightforward clarification question. I am not asking you to negotiate anything or to lay anything on the line, but you have identified the issue of policing and justice. Your submission only contains one sentence on it. Will you elaborate and give us a straightforward answer? Do you favour one of the six permutations for the policing and justice Department?

Mr McFarland: Which bit of “we will discuss this after the questioning has finished” does Ian Paisley Jnr not understand? Which bit does he not understand on the fourth or fifth time of saying it?

Mr Paisley Jnr: I am merely trying to find out, Alan, if you will give us a straightforward answer.

Mr McFarland: Chairman, which bit does he not understand?

Mr Paisley Jnr: I understand everything. I understand that you have not been prepared to answer this question. There is a proposal for policing and justice, which you have referred to in your submission. We know that there are permutations regarding the setting up of a Department. Are you able to tell us which one you favour?

11.15 am

Mr Kennedy: It appears from the earlier presentations that Mr Paisley Jnr attaches some importance to that issue. However, as the Committee is scoping and identifying issues, we are presumably leaving negotiation and the practical outworking of such issues for further discussion, after all the parties have been questioned on their initial presentations.

Although the DUP highlighted policing and justice as an issue for scoping, it did not indicate its preferred option. Ian, you might accept that having not done so yourself, it is slightly unreasonable to expect that of others. Clearly, the UUP has continued difficulty with that question, but we have provided an answer.

Mr Paisley Jnr: Danny, the point is that you could have asked the question. Indeed, you did ask the question and were satisfied with the answers from the Democratic Unionist Party. I wonder why the Ulster Unionist Party is reluctant to answer.

I am sure that you agree that policing poses problems and is an obstacle for some people. There are issues that need to be resolved as far as unionists are concerned. The DUP has brought up discriminatory fifty-fifty recruitment and the failure of republicans to support the police. The UUP's presentation was scant on that, although there was some elaboration today. I want the UUP to clarify that.

Mr Kennedy: Let me give you a copper-bottomed guarantee that the UUP will continue to explore those issues in absolute detail when and if there are negotiations or proper discussions within this Committee.

The Chairman (Mr Molloy): I am reluctant to intervene in that wee bit of a logjam, but is it possible to involve all parties? The discussion and questioning has been manoeuvred in different ways over the past few days. If Ian Paisley does not mind, can we bring in one member from each other party so that they can ask questions?

Mr Paisley Jnr: To be perfectly fair, each party has deployed, without critique, a system of interrogation over the last number of days in which a person has the

floor to ask questions. I want to complete a series of questions on policing and other subjects. If people want to come in then when it is their turn —

The Chairman (Mr Molloy): I was trying to involve as many parties and members as I could.

Mr Paisley Jnr: It is unfair to interrupt a person who is in the middle of in a line of questioning. That has not happened during any other questioning.

The Chairman (Mr Molloy): I understand that.

Mr M McGuinness: When the Democratic Unionist Party had made its submission, I was first to ask questions. I did so for about 15 or 20 minutes and then I gave way, out of respect to my other colleagues who were sitting around and to give them the opportunity to engage in the discussion. The DUP should consider opening the discussion up to others, because during the course of the day there will be plenty of opportunities for the DUP to continue its discussion or questioning of the Ulster Unionist Party.

The Chairman (Mr Molloy): I think that it involves everybody more, if the other parties —

Mr Paisley Jnr: I am afraid that there has been a process to this, and if someone has the floor and a line of questioning, it is grossly unfair to interrupt them or to try to prevent that person from getting answers.

The Chairman (Mr Molloy): No, I am not trying to do that.

Mr Paisley Jnr: If that is the way that business is to be conducted, it is a disgrace.

The Chairman (Mr Molloy): I am not trying to prevent that; I am trying to involve people.

Mr Paisley Jnr: People will have to wait their turn.

Mr McNarry: Chairman, Ian has a point about the approach. It seems to change depending on who is sitting in your seat. It might even change if you changed what you had agreed on a previous day.

Could we remove interrogation from the atmosphere?

Mr McFarland: Trained.

Mr Kennedy: Not so trained, apparently.

Mr McNarry: It serves no purpose for us to interrogate each other. I know that there is a line of questioning that is intense; that is acceptable, but if someone is here to interrogate, it creates an adversarial atmosphere about the line of questioning. The UUP just wants to give answers and facts, and not, as William repeatedly said, to be grilled. He must have felt like a fish under the barbecue at times. We should try to remove that adversarial element.

The Chairman (Mr Molloy): I do not want to divert from whatever happened before. I just want to

involve people as much as possible, and to create gaps in which others can ask questions.

Mr Kennedy: Hitherto, custom and practice in this Committee has been for one party at a time to ask full and detailed questions. We do not have a problem with that, and would be inclined not to depart from it.

The Chairman (Mr Molloy): It is in your hands.

Mr Paisley Jnr: Alan, do you believe that the IRA has decommissioned all of its weapons?

Mr McFarland: The IICD has told us that the vast bulk of the IRA's weaponry has been decommissioned.

Mr Paisley Jnr: There is absolutely no doubt that decommissioning has taken place. Everyone accepts that.

Mr McFarland: Have you accepted that?

Mr Paisley Jnr: Yes. We made that public some time ago. Do you believe that all of the IRA's weapons have been decommissioned, that it was done in good faith and that we should draw a line there and consider it sufficient?

Mr McFarland: The difficulty is that we do not know.

Mr Paisley Jnr: Exactly.

Mr McFarland: We do not know. The IICD and the IMC have said that it was impossible to know. I have no doubt that there are weapons hidden that were under the control of people who have died or were drunk when they buried the weapons and cannot remember where. I have no doubt at all that individual members of the IRA have held back weapons that they have had for years and do not want to give in. I have no doubt that others have held weapons back for personal protection because they or their area may come under threat, or that those involved in serious criminal activity have held weapons back to protect their criminal empires.

The question is whether we still think that the IRA has held back an arsenal with which it intends to attack the state. I do not believe that it has, although I have no doubt that there are weapons out there, among them trophies from the First World War and the Second World War. Northern Ireland is knee deep in weapons of various sorts. The question is, do those who have them intend to overthrow the state or not? The notion that every last weapon in Northern Ireland has to be handed in before we can have government is a dangerous one to get caught up on. I caution against that, because it is a no-win situation. Nobody knows what weapons are out there or who has them.

Mr Paisley Jnr: Do you think that the IRA may have held weapons back for serious and organised crime?

Mr McFarland: I have no doubt that those individuals who are involved in serious and organised

crime have held weapons back to protect their criminal empires.

Mr Paisley Jnr: Has the IRA as an organisation done that?

Mr McFarland: I do not know. The IMC said that the leadership of the IRA is serious about ceasing criminality, but that individual senior republicans are continuing their criminal activities. I understand from the report last week of the Serious Organised Crime Agency (SOCA) that that activity appears to have dropped and that that drop may be linked to the raids in south Armagh.

11.30 am

Mr Paisley Jnr: Would it be fair to characterise your attitude to decommissioning as relaxed?

Mr McFarland: I have said what I have said, Chairman; it does not matter how I feel personally. Those are the facts.

Mr Kennedy: We might also echo Peter Robinson whom you quoted this morning: there are issues other than decommissioning.

Mr Paisley Jnr: There is more than one priority; that is right. Everyone agrees that decommissioning is not the only priority. Some people did get rather hooked on it.

Do you accept that decommissioning must be done in a way that builds unionist confidence?

Mr McFarland: Decommissioning was key to unionist confidence. In its 2002 statement, the IRA said that it would decommission in a way that would maximise unionist confidence. Decommissioning was never about weapons. If we had the money, you and I could be back from eastern Europe tomorrow night with a plane load of weapons. The world is awash with weapons.

Mr Paisley Jnr: It is not that easy.

Mr McFarland: It is. Decommissioning was about republicans telling the unionist community that they were no longer offering us violence. If they were holding on to their weapons, the possibility remained that they would be prepared to use violence again. That is why the weapons issue was so important: it was a sign of republicans' good faith and intentions. Their reluctance to give up their weapons raised serious doubts about whether they were indeed committed to the path they claimed to be on.

When they did decommission, they managed to make a complete hames of it. They had several opportunities to decommission in a way that would maximise public confidence, but they did not avail of them. It is to be much regretted that they had not the sense to see the importance of decommissioning properly, because they cannot decommission again. That is the danger of

getting caught up on this issue — it is not possible to do a rerun with a photograph. Decommissioning has happened. There still are weapons out there but I do not believe that they are there for the overthrow of the state. It would have been better if republicans had decommissioned properly between 1998 and 2000, as they were supposed to. That did not happen, and trying to revisit the issue is a no win.

Mr Paisley Jnr: Has decommissioning maximised unionist confidence?

Mr McFarland: Certainly not. Unionist confidence has been anything but maximised by the manner and timing of decommissioning. That opportunity has passed; regrettably, it is not possible to rerun it with a photograph to maximise public confidence.

Mr Paisley Jnr: Would an inventory of what has been decommissioned be helpful in building unionist confidence?

Mr McFarland: From the beginning, we have called for the publication of an inventory. It is most unfortunate that Gen de Chastelain had a private agreement that an inventory should wait until all paramilitary groups had decommissioned. The logic is that one small group, such as the LVF, deciding not to decommission — even though the other loyalist paramilitaries had — can hobble the entire process and we will not know what republicans have decommissioned. We have called throughout this process for the publication of an inventory and we call for it again.

Mr Paisley Jnr: You rightly identify the issue of consistency and you talked earlier about ensuring that loyalist arms are got rid of as well. There has been comment on your party's linking itself to the Progressive Unionist Party in the Assembly. That raises the issue of consistency. Do you agree with Sylvia Hermon that that link is wrong?

Mr McFarland: You led in with loyalist weapons and moved on to the Assembly.

Although those are two different issues, I am happy to take questions on them. Do you wish to move completely to the Assembly issue, to continue on weapons, or to continue on the issue of loyalist paramilitaries?

Mr Paisley Jnr: My question was on the issue of consistency. Do you agree with Sylvia Hermon's assessment?

Mr McFarland: I will deal with that in a minute. First, since we are on the weapons issue, let me deal with the issue of loyalism and loyalist weapons.

As I said in my presentation, we cannot get to a stage where the DUP and Sinn Féin will form a government in the autumn and while loyalists are still

running around, unguided, and fully armed. Broad unionism can take some responsibility to pave the way for those organisations that wish to move from paramilitarism to a political path; to disarm; and for the rest, which do not wish to do that, to be left to the rigours of the courts and the law.

We have chosen to take that responsibility. You may disagree with us. We have been at this for some time now, since Sir Reg took over. In one of his early speeches, he announced his intention to do it, and the process is now under way. It is clearly going to be time-limited, and the public and broad unionism are going to need to see some progress.

What took place here was quite complicated, but I will run through it for your benefit.

Mr Paisley Jnr: Thank you.

Mr McFarland: The 2003 Assembly election produced numbers that, if the Executive had been fired up, would have led to three Ulster Unionist, three DUP, two Sinn Féin and two SDLP Ministers in government: a 6:4 unionist majority, which broadly reflects the community.

Of course, in the first Assembly, because there were lots of individual unionist independent Members, the Executive did not look like that: it was 5:5. However, 6:4 reflects the proper position of the community in general.

When Jeffrey Donaldson and his two colleagues moved from us to you, it gave the DUP four Ministers in the Executive, and we understand that Jeffrey, as part of his deal to move, was promised the fourth Ministry. That fourth Ministry moved with Jeffrey to the DUP, so the relative strengths were 4:2:2:2.

The unfortunate activities of Mr Berry last year and his subsequent departure from the DUP moved that ministerial position to Sinn Féin.

So it produced a situation, if a Government were to be fired up, of three DUP Ministers, three Sinn Féin Ministers, two Ulster Unionist Ministers and two SDLP Ministers, moving back to the 5:5 ratio — a move away from the unionist reflection of the community. We discovered that if we had one more Member in the Assembly, it would take that unionist Department back from Sinn Féin and restore the Ulster Unionists' position to what it was at the time of the election — three Ulster Unionists, three DUP, two Sinn Féin and two SDLP — and restore the unionist balance. As a political party we felt that that was quite positive for us in that it put us back where we should have been, according to the electorate, and to where we were before the removal of Mr Donaldson. Also, unionism quite likes the idea of taking a seat off Sinn Féin.

What we could not understand in the aftermath was the deep angst of the DUP. We restored the balance,

the position that the people voted for and also the unionist majority. The matter was clarified slightly by the television programme featuring Mr Berry, in which Mr Berry had been walking with God, was no longer walking with God and now is walking with God again. There was every evidence that, under the tutelage of Rev William McCrea or Rev Ian Paisley over the summer, he would see the light and be brought back into the fold in the autumn, which would have had several effects. It would have taken a seat off Sinn Féin — a win for the DUP; it would have returned to Jeffrey what he sees as his rightful fourth ministerial position; and it would return the Ulster Unionists down to the floor, from where they should never have risen by daring to get an extra Member in the Assembly.

Politically, from our point of view, it was the sensible thing to do. Of course, it kicks in only when the DUP does a deal with Sinn Féin — when the Democratic Unionist Party is in government with Sinn Féin. That is the background to our having an extra Member. Its effect kicks in only when the deal is done.

Mr Paisley Jnr: Was that not premature, given that you accept that there was not the slightest possibility of forming a Government five weeks ago?

Mr McFarland: It was done then because of time constraints. We discovered that we could do it, according to Standing Orders. Others, including the Northern Ireland Office, thought we could not. People who had not done their homework were taken by surprise. It was time-sensitive because there was every indication that the Secretary of State, having spotted what we were doing, would step in. After all, this is the Hain Assembly, and they are his Standing Orders — he can change them daily. There was a threat that if it did not happen at that time, at the setting-up of the Assembly, we would lose the opportunity. It was a tactical decision, taken for practical and good political reasons.

Mr Paisley Jnr: You say that the move was tactical; that it was good for you and the sensible thing to do. You must have given some thought to the person you would try to attract into your fold. Did you approach any other unionist Member — Bob McCartney, for example?

Mr McFarland: We are on record as saying that we talked to a number of people. I do not propose to go into who we were talking to, why we talking to them and whether they were happy with the prospects. That is a dead end, I am afraid.

Mr McNarry: Chairman, can we have a ruling on this? This is something that could be discussed downstairs in the Members' Coffee Lounge. Is it really relevant to preparation for government? If one party divulged to another party the tactics that it might engage in when we were close to forming a Government, then we would be in the realms of "Beam me up, Scotty".

11.45 am

Mr Paisley Jnr: I asked a question about consistency. Do you agree with Sylvia Hermon's assessment that the UUP ought not to have aligned itself with the Progressive Unionist Party? Alan's answer to that was a five- to six-minute historical explanation. I did not ask for any of the information that he was prepared to give. It is very interesting that he was prepared to spill his soul. The fact that he has put the information out there allows it to be scrutinised. He could have answered the question, to which I will return. Do you agree with Sylvia Hermon's position that the link with the Progressive Unionist Party should cease?

The Chairman (Mr Molloy): I cannot make a ruling on the questions that members ask. Earlier, I did try to speed up the process, and members did their best to follow procedures. For the past few days, all the parties have followed this procedure. It would be beneficial if we continued to identify the obstacles to preparation for government.

Mr McNarry: You would not want to give offence to another member by saying that that is none of his or her business.

Mr Paisley Jnr: I have a thick skin, so do not worry.

Mr McFarland: I know that you have.

The Chairman (Mr Molloy): We have had much latitude about what parties ask and what parties answer.

Mr Paisley Jnr: I am amazed that Alan believes all this stuff about Jeffrey Donaldson. It sounds like a script from the 'Folks on the Hill'. Perhaps that is where Alan gets his material from, or perhaps that is where the 'Folks on the Hill' gets its material from.

Mr McNarry: He might just do you out of a Cabinet position, Ian.

Mr Paisley Jnr: It is very amazing.

Let us return to the question that provoked such an answer. Do you agree with Sylvia Hermon's assessment that this alliance with the Progressive Unionist Party should cease? I ask that because of the original question on the issue of consistency. I am sure that you will agree that consistency in issues such as the unionist community's confidence that violence has ended, and political parties having links to violence and criminal and paramilitary activities, is pretty central to the obstacles that we are scoping.

Mr Kennedy: The individual views of any member of the Ulster Unionist Party on any issue, however interesting they may be to you, with your obsession with the views of our party, are not relevant to scoping the obstacles and issues that need to be addressed for preparation for government. The Ulster Unionist Party will continue to examine this issue and will deal with it in its own quarters.

Mr Paisley Jnr: Do you disagree with Sylvia Hermon?

Mr Kennedy: I have given my answer. I would respectfully ask you not to pursue the issue. That is my answer, and even if you do not like it, we will continue to give that answer.

Mr Paisley Jnr: I can understand why she does not like that link, given that she is married to one of Northern Ireland's most respected former Chief Constables. That link with a paramilitary organisation causes her, and the people who support her, considerable personal embarrassment. Do you agree with her very public assessment that she thinks that that link should cease?

Mr Kennedy: We have outlined the background to the decision. Quite frankly, the personal views of any member of the Ulster Unionist Party in respect of a decision taken by the Ulster Unionist Party Assembly Group are not relevant to the work of this Committee.

Mr Paisley Jnr: There is also the issue of inconsistency, principally in relation to the IRA and Sinn Féin. According to the OCTF, it is calculated that the Provisionals make over £100 million a year from ill-gotten gains from criminality.

Do you believe, Alan, that those benefits are derived from the organisation or from individuals? If they are to the benefit of the organisation, do you believe that Sinn Féin benefits from them?

Mr McFarland: I do not know. All we have to rely on are the reports of the IMC, and it is fair to say that unionist confidence in the IMC is growing. In fact your own party has welcomed effusively the last two IMC reports as being major documents. We have only what the OCTF and IMC reports tell us. As I said earlier, we are not yet at a stage at which we can be confident that Sinn Féin and the IRA have moved away from criminality, and we must wait and see what those reports, in which both you and I have confidence, tell us in the next six months.

Mr Paisley Jnr: A party with a link to a £100 million-plus criminal empire is certainly not compatible with government; neither is it desirable for any unionist party to want to be in government with it.

Mr McFarland: This is about the twenty-fifth time that we have said that issues on policing and criminality remain to be solved; the reason for having this Committee is to identify that those are issues to be dealt with. We agree with that, and we will have to wait and see in the coming months whether republicans are dealing with those.

Mr Paisley Jnr: In your presentation you raised the issue of the comprehensive agreement. Do you accept that the Belfast Agreement has failed?

Mr McFarland: No. Why would the Belfast Agreement have failed when you have agreed — in fact, you are the only party that is still running around waving this as your Nirvana when in the autumn Minister Hanson will give you all this as your great victory in the world? This is the Belfast Agreement, and a few modifications to make life slightly better, and a few appalling negotiation points, which effectively remove a unionist veto and remove the Ulster Unionist Party and the SDLP from government if they do not agree with Martin McGuinness's being Deputy Prime Minister.

Mr Paisley Jnr: So the Belfast Agreement is a success?

Mr McFarland: The Belfast Agreement is mixed, in that some areas of it have been extremely successful. We got our Government up here; Northern Ireland is a better, more peaceful place because of it. We discovered outstanding issues that were not right, and those must be dealt with and modified.

I have a copy of the DUP manifesto from 1988; I gaze at it occasionally, just to remind myself of the real world. In it there are three key demands on which the Democratic Unionist Party stood: the consent principle; the removal of articles 2 and 3; and the return of devolved government to Northern Ireland. They were three major platforms on which the Democratic Unionist Party stood for 30 years.

The DUP ran away from talks. I was part of the Ulster Unionist Party delegation on the night that the DUP left with Bob McCartney. William McCrea rushed across to Jeffrey Donaldson, asking him where his Hibernian sash was, as they stormed out, leaving us to deal with our political enemies on our own.

The Ulster Unionist Party achieved devolution, the removal of articles 2 and 3, and the consent principle: the three key DUP points for the past 30 years. If you say that that is failure, that is your view; my view is that it is success. It did not work out as it should have because others, as Seán Farren said yesterday, did not meet their commitments.

There was a clear commitment in the Belfast Agreement for republicans to disarm within two years and to stop their paramilitary and criminal activity. Those things did not happen, and as a result the Ulster Unionist Party brought the Assembly to a close on three occasions to try and make them happen, and finally they have stopped now.

As you have heard from the parties round the table in this review, there are many issues that must be sorted out. There are areas of effectiveness and efficiency, and we have outstanding questions over dealing with policing and criminality. If those are dealt with, we stand some chance of getting a Government up and running again, and there is a penalty for not doing so.

We are faced with a repartition of Northern Ireland later this year under the RPA. I have been speaking to members of your party from Tyrone who are getting extremely exercised that Tyrone and Fermanagh are facing what the unionists in Cavan and Monaghan faced in 1922 — the redrawing of the border on the River Bann and a harmonisation of big councils with their counterparts in the South. I know that your supporters in the west of the Province are not at all happy about that.

According to the Secretary of State, the only way to head this off is for a Government to be set up here. That is a serious issue that must be dealt with, and there is a high penalty to pay if it is not. Issues such as education and rates are sitting there, and if we do not get Government back, then we get into all sorts of trouble sorting them out. There are issues that must be sorted out for effectiveness and efficiency and for the future of Northern Ireland, particularly the future of the unionist community.

Overall, the signing of the Belfast Agreement was the right thing to do, but it was difficult and there were hard decisions to be made. Some people did not meet their commitments, and the safety nets promised by our Government were not provided when required. There have been failures, but it was the right thing to do, and I think that history will prove that — although it seems a bit strange now.

Mr Paisley Jnr: I am a bit of a historian myself, Alan, and I have collected some Ulster Unionist Party manifestos. I have some from the 1950s and 1960s, but I have a more recent one in which Jim Nicholson says “No guns, no government”, shortly after which a government with guns was formed. But I digress.

Do you accept that the Belfast Agreement has failed to attract unionist support?

Mr McFarland: It attracted the majority of unionist support initially, although that support has leached away for the reasons that I have just described. People who were supposed to meet commitments did not meet them, and this has resulted in a reduction in unionist confidence in Government here. However, it could be argued that the issues that caused that reduction in confidence — mainly decommissioning — are largely solved. There is an issue over Sinn Féin supporting the police. You made the deal with it in 2004 — I refer you again to the comprehensive agreement — wherein you had a deal over policing. If Sinn Féin meets that commitment to policing, then clearly unionist confidence will rise again.

These are all cause and effect, but they are not things that the Ulster Unionist Party Assembly Group can deal with. We can only try to do good and push this forward where we can, and our current mission on

this is to try and bring a closure to loyalist paramilitarism.

The contribution made by the Democratic Unionist Party to any of this has been virtually nil. What we are getting from it at the moment is catch-up, because this comprehensive agreement is the Belfast Agreement with a few skirts to hide the embarrassment of the party’s U-turn. The DUP comes along to this 10 years later. It is good that you are coming along; it is good that you are engaging; it is good that you have examined issues in the comprehensive agreement — which is the Belfast Agreement with a few improvements.

Hopefully when you get round to doing the deal we will get ourselves back on track. Unionist communities take their lead from their politicians. If their politicians are constantly telling them that they are being sold down the river and that the whole thing is a disaster, then that is what they will believe.

The moment you do this deal you will be out telling your communities about it, in the same way as republicans, when they decide to do policing, will be out telling young republicans that it is acceptable to join the police.

If you ever get round to doing a deal, you will no doubt be out extolling the virtues of whatever agreement you make. However, that agreement, as Tony Blair keeps telling us, is the Belfast Agreement. It may have modifications, but it is the Belfast Agreement. At that stage you will have to go to your followers and tell them about the wonderful deal you got, and how they should support it.

12.00 noon

Mr Paisley Jnr: That is very helpful, Alan. Do you think that one of the reasons why the agreement failed was because unionists believed that it was a process to something else and not a settlement? Do you think that it is a settlement?

Mr McFarland: That is an interesting question. What is a settlement? There is nothing else in life that does not move. We all get older. We go through our jobs and our personal lives and gain experience. Nothing stays still.

There is a strange view — particularly in unionism — that somehow, and at some stage, we will reach a political nirvana where the world will stop and all political parties will accept that they know their place and are willing to stay there, wherever that place may be. Nothing else in life works like that. Do we expect republicans, for example, to stop being republicans? I certainly do not. I expect them to stop attempting to kill me and make me into a republican, but I accept their full right to battle on with their political views in whatever way they see fit, as long as they do not try to force others to believe the same things through violence.

It is not a settlement; there is no such thing as a settlement in political life, and to expect that is a slightly weird view on life. Do we think that the Conservatives believe that life in England should be settled and that the Labour Party should be in government from here on in, and that Conservatives should accept that they are in opposition?

“Settlement” is a slightly strange word to use. You cannot get any settlements in life, because life changes constantly and politics changes constantly. You fight your bit; you win some battles and you lose some, but you keep battling.

Mr Paisley Jnr: That is very interesting. The reason that I used the term — *[Interruption.]*

Mr Kennedy: It flows from that that the work of the Ulster Unionist Party and all pro-Union parties is ongoing, and that we continue to want to uphold and maintain our link with the rest of the United Kingdom and reject even the peaceful political aspirations of others who would see us in a united Ireland.

A settlement, as Alan said, does not end things. We may view a negotiation, or the end of a negotiation, as a settlement, but the work of maintaining and protecting the link with the rest of the United Kingdom is ongoing for all of us who are committed to it.

Mr Paisley Jnr: I will stick with Alan’s answer for the moment. If it were not a settlement, that would be a weird view. In Dean Dodson’s biography, in Frank Millar’s extended interview/biography, and in Henry McDonald’s biography, the former leader of the Ulster Unionist Party, who was the principal negotiator of the Belfast Agreement, described it as a settlement. One of the principal obstacles is the question of whether we get a settlement or whether we have a process to something else. That obstacle must be addressed, and I am glad that you have helped us to identify that.

Mr McFarland: I want to clarify what I have already said. Issues are settled. The issue of the principle of consent is settled, as is that of articles 2 and 3.

We are trying to settle the issue of whether there should be devolved government here. In my view, that issue should be settled because it is in the interests of the parties and of the Union to have devolved government here. Whether politics is settled is another matter. It is clearly not settled whether a majority of the people of Northern Ireland will decide that they wish to join the Irish Republic. The principle of consent allows for that, but I do not believe that that day will ever arise, either demographically or in terms of people’s general will in Northern Ireland. That is not a settlement, and to somehow expect politics to stop and nobody to have any aspirations other than the ones that we hold is not a very sensible approach to life.

Mr Paisley Jnr: You believe that the link with the OFMDFM under the Belfast Agreement was a success then?

Mr McFarland: It was not a success in that it suffered greatly from personality problems. I am almost certain that if there had been different personalities in there, it would have operated differently. The concept of “jointery”, as with all the safeguards that were negotiated, is necessary because people do not trust each other. Safeguards are necessary; that is the reason for the voting systems in the Assembly — so that people who feel that they are being disadvantaged can get 30 signatures, raise a petition of concern and have a cross-community vote because they are worried that the other team are trying to pull a flanker on an issue.

Therefore, the “jointery” of the office is a good idea because it stops any one or other. We have to be slightly careful here, because there is a danger, the DUP might find, that if the Ulster Unionists have a bit of a renaissance and unionism splits fifty-fifty, or more than it is at the moment, that we could have a DUP Deputy First Minister and Martin McGuinness as the Prime Minister of Northern Ireland.

Our belief is that that safeguard of “jointery” is quite useful. Although it might be attractive to Rev Paisley or Peter Robinson — or whoever the First Minister would be under the current system — to separate that out, if we reach a stage where Sinn Féin is the lead party in Northern Ireland, the DUP may be glad of having some form of “jointery” and control. It is very short-sighted of the DUP to be trying to split these things and to want to operate separate fiefdoms at the top of Government.

Mr McNarry: From a practical point of view, it would be worth mentioning the link that Ian mentioned in OFMDFM. It is important — particularly when preparing for government, as this Committee is remitted to do — that we ensure that the Committee has an agenda of which it is fully aware; that is, a political agenda. There is a lesson to learn because there are great contradictions with civil servant interference in the running of OFMDFM — and there was great interference in the running of OFMDFM, to the extent that it was perhaps a major contributory factor to some of the personality clashes that have been alluded to.

In preparing for government, the UUP can relate to the DUP in that it, too, is cautious about the civil servants’ agenda and its clear and distinctive methods of trying to interfere, because civil servants in general do not agree with devolution in Northern Ireland. We should all bear that in mind. I will finish by saying that I know that my colleague Alan was being factual, but he was stretching it when he suggested that Martin

would be a Prime or First Minister. That would be a terrible thing, and I wish to put that on record.

Mr M McGuinness: That would be your worst nightmare.

Mr Paisley Jnr: I understand why Mr McNarry wishes to put that on record. I thought he was making an argument about why there should not be an Ulster Unionist Party renaissance.

You described the issue of “jointery”, or collective responsibility. If you believe in the principle of collective responsibility, do you agree that colleagues in any Executive should support one another?

Mr McFarland: Absolutely. It is key to the success of this enforced coalition that the Executive operates as a sensible entity and that there is agreement before policies go forward. The whole idea of having a Programme for Government is that it is agreed in the Executive and then individual Ministers work out how they do what they do, but the authority for the money and the policy of what they do is agreed by the Executive. That is the way it should operate.

Mr Paisley Jnr: You also said that you have strong objections to the changes in the comprehensive agreement. Does the Ulster Unionist Party object to the changes because it does not want to be in government?

Mr McFarland: I said that some of the comprehensive agreement is obvious. Everyone is agreed on the ministerial code; the Executive had agreed on it by and large before the Assembly was suspended. My point was that the DUP managed to negotiate some daft outcomes, and it has agreed to some other slightly odd things, such as a North/South parliamentary forum and an all-Ireland civic forum. We managed to stay away from some of those things in the first round of negotiations, and now the DUP seems to have committed everyone to them under this comprehensive agreement, which, as far as we can gather, the Government will give to the DUP in the autumn as some sort of sop for how well it has done, even though the other political parties disagree with some of those outcomes.

Mr Paisley Jnr: I turn now to three final issues that have been raised during these discussions. The first goes back to the desirability to be in government with people. If someone believed that a party had made a concerted effort to have them killed in the past two weeks, do you think that it would be amazing if that person wanted to get into government with members of that party, or do you think that it just proves that the allegation is fatuous and wrong?

Mr McFarland: I am reluctant to get involved in Ian Paisley Jnr’s court case, so I will pass on the question.

Mr Paisley Jnr: You raised the issue of the triple mandate. Perhaps that is not a problem that is going to confront the Ulster Unionist Party for a while.

Mr Kennedy: It will be all right in about three or four years’ time.

Mr Paisley Jnr: Will you elaborate on the issue of a bill of rights? You said that this was an obstacle. Is that a serious obstacle that has priority in these discussions?

12.15 pm

Mr McFarland: No. As I understood it, we were trying to identify areas in the agreement where changes or difficulties have arisen, or may arise. The agreement clearly stated that there should be a bill of rights for Northern Ireland, but that it should include rights specific to Northern Ireland. All human rights already enshrined in law are not specific to Northern Ireland. Therefore, the task was to identify which rights are specific to Northern Ireland. The only one that the UUP came up with was the issue of parading.

Recently, the Human Rights Commission, under its previous chief commissioner, was busy trying to empire-build and encouraged a lot of Non-Governmental Organisations (NGOs) to get involved in identifying areas that should be included in a bill of rights; health is one such area. There is an ongoing debate about whether socio-economic rights should be included in a bill of rights. For example, if I take ill and my treatment costs £10,000 a day, do I have a right, regardless of cost, to have that treatment? Traditionally, in relation to all socio-economic rights, politicians decided how much money went to each Department and the Minister operated within that budget. If the Minister for Health then decides that it is a priority that I get my £10,000 per day, or whatever it may be, for treatment, that is what I get.

However, it is a political choice for the Minister and the Department as to where the money goes. The moment that those become human rights, and, regardless of cost, the Government are obliged to pay for them, first, politics goes out the window. Secondly, no country in the world could operate like that because there is not enough money to pay for that stuff.

My point is that there is an issue relating to that bill of rights that the human rights world is trying to push forward. Not only that, but the Human Rights Commission went way beyond its remit by suggesting an examination of a bill of rights for the island of Ireland, and it was considering that. As you are probably aware, about two years ago it suddenly produced an all-Ireland bill of rights for consultation. The question of a bill of rights for Northern Ireland is an outstanding issue within the agreement for Northern Ireland. It is probably a fairly low priority but one that we might need to examine.

Mr Paisley Jnr: Thanks, Alan.

Mr Ford: My line of questioning will probably not be quite as long as the last.

I was slightly baffled by part of the Ulster Unionist Party Assembly Group's written paper. Specifically, in the second paragraph, highlighting the fact that the DUP and Sinn Féin are now the majority parties on either side of the divide, it says:

"Thus the deal needs to be done between the DUP and Sinn Féin."

The attitude of the SDLP is the same as that of the Alliance Party. We are here with a mandate, regardless of the fact that we are currently the fourth and fifth parties respectively. We are keen to have our say in negotiations and put forward policies that we believe would provide for better governance.

Yet that statement suggests that, having witnessed a series of failed side deals in recent times and having been participants in some limited deals in the slightly more distant past, for example in the setting up of the Departments, Ulster Unionists are now effectively saying: "We do not want any part in these negotiations. Over to you." Will you explain the logic of that, given that you are sitting here and participating?

Mr McFarland: The UUP has maintained, from the beginning of the present process, that all parties must be brought into the process. At the beginning, under the agreement, four of the five parties were here. Then, for reasons that seemed sensible at the time, that evolved into the Governments and two parties, the UUP and Sinn Féin, trying to get a deal up and running.

At the beginning of this process, we strongly recommended the need to get back to basics, and, since the only success that we had was the agreement, we should attempt to include all the parties in any discussions. That is what is so heartening about this Committee: for the very first time, all the parties are around the table.

However, the Government has steadfastly refused to do that. Even when they say: "That is a good idea, we will do that", you then discover that there is a revolving door at Downing Street with Sinn Féin in the back as the DUP leave the front and vice versa.

This is a recognition of the reality of current Government policy on this issue. We disagree with it, but that is the way it is. The point I am trying to make is that if either the DUP or Sinn Féin will not deal, there is no deal. We would be willing to move on with the SDLP etc; the SDLP is not prepared to move on with unionism without Sinn Féin. There is a political reality that if the two main parties do a deal, they have the ability to fire up the Assembly, because only they can do the 50%.

If we were on sixty-forty-forty, it would be an entirely different world in getting the Assembly up and running, but the fact of the matter is that Sinn Féin and the DUP hold the cards when it comes to electing a First Minister and a Deputy First Minister, and that is what triggers any form of Government here. If either of them refuses to do the deal, then there is no deal.

Mr Ford: And yet, in the face of that, you have not proposed any change to the fifty-fifty-fifty parallel consent rule for electing a First Minister and a Deputy First Minister. You have, in fact, endorsed that.

Mr McFarland: Mr Ford knows, because he was involved, that we had discussions about how other systems might be found. However, there was no agreement among the parties to move away from that. I cannot see the two larger parties, who have a veto in that regard, agreeing to move away from that.

Mr Ford: But you are not even making the case for that, never mind the fact that you think others might not agree on it.

Mr McFarland: As I said to Ian Junior, we have not actually got into negotiations yet.

Mr Ford: I am sorry, but you have not highlighted that in your paper as an issue that you think might merit change.

Mr McFarland: It has not been a priority in terms of getting stuff fired up, but if we want to go into negotiations and be persuaded that we should move away, and we can persuade the other parties, then we would not have any particular objections to trying to do that.

Mr Ford: I should have perhaps clarified that before, although what you have said is slightly at variance with what is in your paper. The UUPAG is a coalition — I prefer not to use the term that Ian Paisley Jnr used earlier of an alliance between two parties. In his previous guise when attending some of these meetings on his own, David Ervine would have made a case broadly similar to the one that I am making for involvement of all. I take it that your submission is on behalf of both wings of your coalition?

Mr Kennedy: It is on behalf of the Ulster Unionist Party Assembly Group.

Mr Ford: Both wings?

Mr Kennedy: It is on behalf of the Ulster Unionist Party Assembly Group.

Mr McNarry: There are no wings. We only have legs.

Mr Ford: I see. So we are now a single body. That is interesting.

Mr McFarland: That is what it says. We have to be, in order to operate.

Mr Ford: OK. Going on to your verbal presentation, you talked a lot at the beginning about matters of policing and criminality, and of the lack of confidence that unionists have in republicans — a concern that has been well highlighted by other parties around this table. Is there not also a case that other people need to be providing confidence to the wider community — indeed, to decent people who may vote for parties other than the UUPAG?

In the light of your current UUPAG coalition in this place, and of the arrangements between one section of that party and the Ulster Political Research Group (UPRG) in Belfast City Hall — which extend to the nomination of a UPRG member onto the Belfast DPP as an Ulster Unionist; in the light of the withdrawal of Ulster Unionist members from the Belfast DPP while participating in bodies such as the North and West Belfast Parades Forum; in the light of your party leader's comments after the Whiterock riots last September, which appeared to blame the police and the Parades Commission rather than the UVF, who fired shots at policemen; what can the Ulster Unionist Party do to provide confidence to other people in your position on respect for the rule of law?

Mr McFarland: When the leader of our party first took on his task he said that we would attempt to help loyalist paramilitaries to get off the necks of their communities and go out of business. That is sensible because it is easier for us to attempt it than for the SDLP or Sinn Féin — although it would be easier if the DUP joined in.

There is a sort of preciousness about dealing with people who are associated with paramilitaries. Correct me if I am wrong, but the Alliance Party represented David Ervine and Billy Hutchinson on the Assembly Commission all the way through the first Assembly. I saw no great neuralgia from your party then about whether it should represent David Ervine and Billy Hutchinson on that body. The DUP and the Ulster Unionists have been in groupings for at least 13 years, if not longer, in Belfast City Council with the PUP, the then Ulster Democratic Party (UDP), and the UPRG. That is practical politics. There is nothing unusual in that.

Republican paramilitaries are leaving the stage. What is new is our attempt to engage with loyalist paramilitaries to persuade them that, as they claim to exist only as a reaction to republican paramilitaries, they should now stand down. It is sensible for us to try to make that happen.

Mrs D Dodds: May I offer a point of information? The DUP in Belfast City Council has no alliance with any other party or coalition.

Mr Kennedy: I understand that for several years an informal arrangement has existed to allow representatives of parties such as the PUP to be elected

as lord mayor and to other senior offices. That has been done with the assistance of the Ulster Unionist Party and the Democratic Unionist Party. The arrangement was entered into enthusiastically and has continued almost unabated. A degree of co-operation has been extended from both the Ulster Unionist Party and the Democratic Unionist Party to groupings such as the PUP, the UPRG and the former UDP.

Mr McFarland: Recently — and this was in the newspapers, so it is no secret — the DUP did a deal with a senior member of the UPRG so that he could be deputy mayor of Newtownabbey Borough Council. However, when this issue arose in the Assembly the DUP suddenly told the chap that it would no longer support him. There is much pretending that nobody ever had anything to do with paramilitaries. We could go into the history of the DUP with up hills, down dales and third forces if we wished to.

Mr Ford: I hoped that in this session we could explore the attitude of the Ulster Unionist Party Assembly Group to building confidence, rather than the history of the DUP.

Mr Kennedy: Or the history of the Alliance Party in electing the first Sinn Féin lord mayor to Belfast City Council.

Mr Ford: However, the Ulster Unionists seem determined —

Mr Kennedy: We can explore that —

The Chairman (Mr Molloy): Let Mr Ford answer.

Mr Kennedy: We can explore that, Mr Ford.

Mr Ford: Since —

Mr Kennedy: And your virtuous record on those matters.

The Chairman (Mr Molloy): Please do not be disorderly.

12.30 pm

Mr Ford: I notice, Mr Chairman, that Ulster Unionist Members had little to ask about such matters when I was answering questions. However, if they are in some difficulty, I will happily take that opportunity now.

The matters of who sat on the Commission and the limited number of places on it — there were certainly people who regarded themselves as not being represented by Eileen Bell in the first mandate, even though they were Members of parties other than the largest four — are issues of the practical realities of life in this place. That is entirely different from forming a coalition as a voluntary activity.

Mr McFarland: The practical realities of life in this place.

The Chairman (Mr Molloy): The Ulster Unionists have been very disruptive today, have they not?

Mr Ford: We have noticed.

Mr Kennedy: Mr Chairman, I am not sure who is now answering the questions. That is all I would say.

Mr Ford: In the context of Belfast City Council, I have no doubt that the DUP and Ulster Unionists will continue to have a spat over the years as to what exactly they did or did not do. I can certainly place on record that the Alliance Party did not vote for any member of the PUP to be lord mayor of Belfast a few weeks before the Loughinisland massacre. We did not vote for any member of the UDP/UPRG to be deputy lord mayor of Belfast in order that he could appear at an eleventh-night platform with armed and masked men.

We did vote for Alex Maskey to be lord mayor at a time when Sinn Féin Members were serving as Ministers in this place, and at a time when there was a change in atmosphere following acts of decommissioning and a cessation of violence by Sinn Féin.

If people cannot tell the difference between the Alliance Party's encouragement of people when positive changes are being made, and those who seem to be determined to get into bed with others at a time when their friends are still actively engaged in violence, they do not understand much about what is going on here.

Mr Kennedy: What was the question?

The Chairman (Mr Molloy): Because there is no question at this stage, it might be a good time to take our 12.30 pm break. Perhaps people will come back refreshed. That will be a 15-minute break. Food will be available in the room.

Mr O'Dowd: Mr Chairman, I am sure that, in his comments, Mr Ford meant to refer to the IRA, rather than Sinn Féin. I am sure that he will be happy to correct that for the record. He spoke about a cessation of violence by Sinn Féin.

Mr Ford: I apologise. I would appreciate it if the record could reflect that.

Mr O'Dowd: Thank you.

The Committee was suspended at 12.32 pm.

On resuming —

12.54 pm

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): I remind members to switch off their mobile phones.

Mr Ford: I am a little confused about this coalition between the UUP and the PUP. I took from the presentation that this was part of an attempt to bring loyalists in from the cold. Later, in answer to Ian Paisley, we had a lengthy discourse on the application of the d'Hondt system, if one or two numbers changed. He asked if other Members had been approached, in particular Mr Robert McCartney. Will the Ulster Unionists explain whether the principal purpose of the deal with the PUP is to bring loyalists in from the cold, thereby providing confidence, which will make life easier for all of us to progress, or is it just a cunning plan on numbers? The fact that there seemed to be an admission that the UUP approached other people suggests that it was not so much to do with bringing loyalists in from the cold as simply a cunning plan to do down the DUP or Sinn Féin in terms of ministerial seats.

Mr McFarland: You will appreciate that it is both. For nearly a year there has been an ongoing attempt to engage with loyalist paramilitaries to help them follow a peaceful path and to get rid of their weapons. I explained earlier how the other issue arose. The idea was that we would form an Assembly grouping, as we could under Standing Orders, for the purpose of operating inside the Assembly. I do not want to get into whether we approached members of the Alliance Party, the DUP or indeed the SDLP.

Mr Ford: Sinn Féin?

Mr McFarland: We did not approach Sinn Féin — or Mr Berry, although not for the obvious reasons. As an MLA for Newry and Armagh, Danny will confirm —

The Chairman (Mr Molloy): I remind members of limited privilege in relation to this meeting.

Mr Kennedy: That is sensible, Chairman.

Mr McNarry: Are we allowed to disclose those who approached us?

Mr O'Dowd: Is Sinn Féin on the list?

Mr McFarland: My point is that that is a two-phase operation. The first phase is a tactical move concerning our representation and the representation of unionism in the Assembly. The second one is an ongoing issue with the loyalist paramilitaries and the wider community. Those two are not incompatible.

Mr Ford: They are not perhaps incompatible, but they do not seem totally congruent. However, I notice with interest that you did not approach Mr Berry or any member of Sinn Féin, but appear not to deny that

you approached the SDLP, the Alliance Party or Mr McCartney. I should put on record that they did not approach me; I think that they know what they would have heard if they had.

Mr Kennedy: We probably did.

Mr Ford: As well as the direct issues of policing, you talked a fair bit about criminality. Again, it was criminality in the context of activities by republicans, former republicans, republicans acting officially and republicans acting individually. The IMC, which the UUP claims credit for, although I can place on record that the body we now have is closer to the idea that we put forward than the one that your former leader put forward —

Mr Kennedy: That is very modest of you.

Mr Ford: The IMC, however, has made a fair bit in recent reports of the activities and criminality on the part of various loyalists. I remember that on a few occasions recently when the police carried out actions against organised crime in loyalist areas, Ulster Unionist MLAs — that particular wing of your coalition — raised objections to the behaviour of police officers of a kind that I have never heard them raise when the police carried out similar operations against criminality in perceived republican areas. Could you explain what the difference is, if we are trying to build confidence?

Mr McFarland: Our policy is quite clear: we are against any criminality. Individual members of the party, as in your party and other parties, have views on all sorts of things that pertain to themselves. I do not want to get into that. Our policy is quite clear on law and order. Our policy has also been to attempt to persuade loyalist paramilitaries to follow a peaceful, constitutional path. That has been ongoing for some time. Everything that we do is in keeping with trying to make that happen. Our view is that it is timely; it needs to happen; and it needs to happen in as fast a timescale as can be managed. We have made it clear that we expect some sort of movement on those issues.

That is all that we can do. We do not have a paramilitary wing of our own. All we can do is encourage others to follow a peaceful path. That seems to be a sensible thing to do, although you may disagree.

1.00 pm

Mr Kennedy: It is also worth noting — and it is a fact of life — that, in political terms, greater emphasis has been placed on these issues because of Sinn Féin's electoral mandate, which is substantially greater than the mandate of any loyalist political party. Those important implications must be considered in respect of the formation of an Executive. I do not want to underestimate or dismiss those issues, but they do arise when considering loyalist paramilitaries and their political parties.

Mr Ford: This is not a question. However, I wish to place on record my view that if more than one party or grouping around this table has perceived links to organisations that have been, and may still be, engaged in paramilitary activity — that may not necessarily be the case any longer, although it may have been the case a few weeks ago — that such concerns could apply only to Sinn Féin because of perceived links, in the past and possibly in the present, to the IRA.

My question was not about republican criminality. If, as Alan says, the UUP fully supports the rule of law, how does that stance reassure the wider community when individual MLAs, without any apparent sanction, discipline or comment from the party leadership, criticise police actions against criminality in loyalist areas? A party that supports the rule of law supports the police in upholding the law, whatever the area.

Mr Kennedy: Mr Chairman, how relevant is that question to scoping the issues, for which this Committee has been designed? From Mr Ford's point of view, we would be incapable of giving him a satisfactory answer. We have stated the party's position on illegal activity, criminality, and so forth: such activities are unacceptable.

However, we are in a real situation in which sections of loyalism must be brought forward into an exclusively democratic future. We are prepared, and we are engaged in that work. Some people may criticise us; some people may be virtuous and others may be hypocritical. Nevertheless, we are engaged in that work. There will be difficulties; it is not an easy situation. However, we are determined to play our part so that progress can be made.

Mr McFarland: The Police Ombudsman investigates individual police officers whose behaviour has not been up to scratch, as you know. I am not clear on what you are referring to; I presume it is individual people. They presumably have issues with individual police officers. There is a system, through the Police Ombudsman, to deal with those. That is the way that they should be dealt with. I do not know whether you are suggesting that we have masses of people who are somehow out criticising the police, or police actions, in an unwarranted way. Is that what you are suggesting?

Mr Ford: I certainly have a memory of that.

There seems to be a query about whether it is valid to ask such questions. If you are questioning other parties about their responsibility to provide confidence, you have a duty to answer how you are providing confidence to the wider community. When the police take action against people with paramilitary links, and the activities of local representatives are perceived as defending the interests of those people, that is not how you provide confidence to the wider community that you see policing as an impartial activity directed

against all crime. It suggests that those who believe that the police service is serving the interests of only one section of the community are right.

Mr Kennedy: You have given your subjective opinion. Any objective observer of the Ulster Unionist Party will confirm that it is a party that believes strongly in law and order and in law enforcement. We support those principles.

Mr McFarland: We have a duty to provide confidence, which we are attempting to do. We are attempting to help loyalist paramilitaries to move off the stage, just as it could be argued that we have spent the past seven years or so attempting to help republican paramilitaries to move off the stage. They did not particularly want to — they did not want to decommission, but we hassled them into that eventually. It could be argued that that is a good thing, because the fact that they are no longer a fully armed organisation has undoubtedly increased confidence. We discussed that earlier.

We are attempting to encourage loyalist paramilitaries to follow a similar path. If they can be persuaded to stand down, that should lead to increased confidence in the community.

Mr Ford: If I heard you correctly, you appeared to suggest that the only significant issue that might be included in a bill of rights for Northern Ireland is the right to parade. What about the right not to have a parade imposed on you?

Mr McNarry: There is no such right.

Mr McFarland: My point was that the agreement says that a bill of rights for Northern Ireland should include rights that are exclusive to Northern Ireland. We have identified the parading issue as an issue that should be included in a bill of rights, because freedom of association and the freedom to process along a public highway are inherent in the British way of life.

The other point that I was trying to make was that all the other issues that the human rights industry is attempting to insert as being exclusive to Northern Ireland should not be included.

Mr Ford: I heard that. That is not a problem. My issue is with the parading aspect.

Mr McFarland: That is our take on it. You may have another take on it.

Mr Ford: Your take is that the parading issue must be included in a bill of rights. Mr McNarry's take is that there is no right to not have a parade imposed on you, so perhaps —

Mr McFarland: People have a right to protest against a parade, but people also have a right to walk along roads. If it is said that we do not have a right to

walk along roads peacefully, we get into all sorts of issues concerning people's freedoms.

Mr Ford: I suspect that we have already got into those issues.

Mr McNarry: If society in Northern Ireland can accommodate peaceful protest, there will always be peaceful walks. That goes without saying. No one can dismiss the fact that one section of the community that walks is targeted by another section for political reasons, to agitate and to cause community division.

Other organisations walk without interference in Northern Ireland. Does Mr Ford suggest that we adopt — as the Parades Commission has done — a rioters' or protesters' charter, and that we all sign up to it? Does he suggest that, when people are attending sporting activities, other people should protest and block the roads? Does he suggest that when people are going about their walks in August, other people should protest against them? Is he suggesting that somehow there is a right to have a territorial claim? On this morning's Radio Ulster news we heard people who were adamant in making the claim that an area was a "nationalist area". Does that presuppose that non-nationalists have no right to go into nationalist areas? Where does it end?

The culture that I enjoy accepts that there are basic rights and freedoms for everyone. There is no right to protest that takes precedence over the right to walk. Two rights do not make a wrong, but perhaps Mr Ford and others could see their way to understanding that there would be no confrontation in our communities if people adopted peaceful protest, which they have been asked to do for years upon years.

Mr Ford: I am not sure that I am here to answer questions.

The Chairman (Mr Molloy): I was going to allow Seán Farren to speak.

Dr Farren: If you allow me an intervention, Chairman, it will obviate my having to return to the parades issue in relation to a bill of rights. I wanted the UUP to clarify the accuracy of what seems a very narrow interpretation of what the Good Friday Agreement provides in respect of a bill of rights. As I read it, the agreement states that:

"The new Northern Ireland Human Rights Commission ... will be invited to consult and to advise on the scope of defining, in Westminster legislation, rights supplementary to those in the European Convention on Human Rights to reflect the particular circumstances of Northern Ireland, drawing as appropriate on international instruments and experience."

From what is suggested in that paragraph and the following paragraph, in the section entitled 'Rights, Safeguards and Equality of Opportunity', it cannot be

distilled that the only issues that need to be identified and agreed would relate to the right to parade. The agreement allows for more than the Ulster Unionist Party seems to suggest. As that had occurred to me, and given what has been said, I thought that it might be more helpful to put the point at this stage, so that it is encompassed in the exchange between Mr Ford and Alan McFarland.

Mr McFarland: We can have whatever rights that we think should be in a bill of rights — they are not limited to parading. There is an entire raft of human rights legislation on the Westminster statute books that reflects European Acts on those issues. What the Good Friday Agreement allowed for, as we understood it at the time, was to include in a bill of rights for Northern Ireland rights that are specific to Northern Ireland. I cannot remember the quote.

Dr Farren: It is:

“to reflect the particular circumstances of Northern Ireland, drawing as appropriate on international instruments and experience.”

It goes on to elaborate on that.

Mr McFarland: What are the issues specific to Northern Ireland — and not to the rest of the United Kingdom — that require a bill of rights? Clearly, socio-economic rights need to be the same. Whether that is on an all-island basis or within the United Kingdom, all those issues are in place.

There are certain rights that people would like, but that would interfere with the political governance of the Assembly. We must take care not to remove political choice on how money is divided. To hand that over as a right would be to cede control over how much things will cost. There is no point in bankrupting the country by giving people rights to A, B, C or D in a bill of rights.

To me, the only issue that is specific to Northern Ireland as distinct from the rest of the UK or anywhere else is parades. The SDLP may be able to identify others that are specific and should be included in a bill of rights for Northern Ireland.

1.15 pm

Dr Farren: I thank David Ford for allowing me to intervene.

As in some of the exchanges that you had earlier on with Ian, we are now debating an issue of concern that a party has raised that needs to be addressed. I am happy to answer some of your points. If we are still at the stage of identifying the issues, let us finish with that and then decide how we are going to deal with the matters that we have identified. It is useful to have that as an item on the agenda. Whether or not resolving it is essential to restoration is another matter that would

have to be discussed and agreed or otherwise. Thank you very much.

Mr Ford: Séan has wrapped up the bill of rights point, but I hope that we will come back to it.

You referred to dual mandates. I might personally not be particularly happy that, although he was then the sitting MP, David Burnside was also elected as a MLA for South Antrim in November 2003. I might be further unhappy that, having been elected as MLA for Mid Ulster in November 2003, William McCrea was elected as MP for South Antrim last year. However, that was the will of the people as expressed through the ballot box.

What particular thoughts have you about the legal prevention of dual, triple or quadruple mandates? You highlighted the experience in Scotland, where it was political and media pressure rather than formal legislation that stopped the dual mandate.

Mr McFarland: There has been, and there is, no guarantee that the Assembly will be restored in six months' time, so those with double or triple mandates would not want to change them at this time. For nearly eight years many of us round this table have been unsure of whether we would have a job in two or three months' time. It is understandable that people would not want to bail out of being a MP or councillor while there is any doubt.

Those who served in the first Assembly will know that two days of plenary work, two days of Committee work and a day in the constituency is quite a workload, if the Assembly is working properly. In the first Assembly, Committee members from the west of the Province would suddenly bail out at 5.00 pm in the middle of a fairly key debate on health, for instance, because they had to return to attend a council meeting at 7.00 pm.

The quality of effort in the Committee was diluted because swathes of people kept leaving all the time, and I stress that this was while the Assembly was running properly. Similarly, if you are here for four days a week and you spend one day in the constituency, how can you operate as a fully working Member of Parliament at Westminster? It does not make sense.

The Scots foresaw this, and individual Scottish MSPs were not particularly keen, but the media raised a hue and cry about how they could be at Westminster and in Edinburgh at the same time. Under that pressure, it became embarrassing for people to be claiming two salaries and to be in both places at the same time. The result was that the Scottish Parliament decided that it was not very sensible to have people with dual mandates.

The Government have decided in the Review of Public Administration that they are going to legislate

against people being members of the new council system — whether there are seven or twelve or fifteen or whatever — and a MLA. That makes sense, because we are likely to end up with full-time councillors, who will be well paid and will have extra duties. How can someone be here giving full value and also be at a council? Indeed, we have people with triple mandates. How can someone be in a council chamber doing full-time work in a new super council; here giving his best; and at Westminster giving his best?

Although it is nice to have high-profile, well-known people within a party snaffling up all these positions and guaranteeing to get votes, it is politically unhealthy within parties and in Northern Ireland. The Assembly needs to give some thought to this. Clearly we cannot force this unless we legislate, and perhaps we should not be legislating. However, if the Assembly were restored, it would be hard to justify pulling in a Westminster salary and allowances when one is — or should be — here full time.

Mr Ford: I should, perhaps, have declared my interest as somebody who stepped down from Antrim Borough Council in 2001 to concentrate on the Assembly, but who, last year, felt the obligation to seek a renewed mandate because of the circumstances in the Assembly.

I agree to a considerable extent with the view that Mr McFarland outlined, but I am not quite sure how it fits legislatively, as opposed to individual's decisions.

Mr McFarland: How we achieve that is an issue for the famous negotiations, when they get going. All we are doing is outlining issues. I have several other issues, including the standing of MLAs, to introduce later.

To give you a flavour: Ministers and Government at Westminster are accessed through MPs, whereas during the first Assembly, people would phone up Departments and be allowed to take a delegation to meet a Minister. The result of that practice was that MLAs became irrelevant, and we began to be treated as being irrelevant. If the public could go straight to Ministers, MLAs had nothing that they needed.

Therefore, although it is not on the list, when the Assembly gets up and running, we should, perhaps, adopt a system similar to that in Westminster. Constituents in England write to their MPs to get access to Government and make things happen. If that practice were adopted here, MLAs' jobs would become important because they could produce the goods.

Mr Ford: The UUP presentation referred quite a bit to greater collectivity in the Executive. We are all agreed on the ministerial code of conduct, so I do not want to go down that route. Emphasis was placed on the Programme for Government as something to produce collectivity, and mention was made of having power vested in the Assembly rather than in individual

Departments, which is an advantage that our Scottish and Welsh colleagues have over us. I agree with that issue.

I want to tease out the specific issue of a collective vote to endorse the Executive. The Executive should operate with greater collectivity than previously, but why would anybody want to be part of an Executive to which they were not prepared to give a vote of confidence?

Mr McFarland: My thinking is connected to the posts of First Minister and Deputy First Minister. Suppose, for example, that we decided that we had reservations so strong to Martin McGuinness's being the Deputy First Minister of Northern Ireland that we, or the DUP, objected to his appointment. Under the present rule, due to the joint-ticket requirement, it would not happen.

However, the amazing negotiations of the DUP have separated this issue out under the comprehensive agreement, so that nationalists vote for the Deputy First Minister and unionists vote for the First Minister. In fact, there is no need for them to worry because the candidates' own parties just need to vote for them under the 50% rule. Therefore, Sinn Féin would vote for Martin McGuinness and the DUP would vote for Ian Paisley. It does not matter whether all the parties think that Ian Paisley would not be a good First Minister, or that we object to Martin McGuinness as Deputy First Minister. None of that would matter because Sinn Féin would get to choose the Deputy First Minister.

If Members object to the appointments at that stage, having a wrap-up vote would mean that they would nevertheless be endorsing Martin McGuinness as Deputy First Minister, having been denied the ability to have a say in whether he should be. I am sorry to personalise this, but the appointment of Martin McGuinness is the easiest scenario to understand.

The UUP's understanding is that if we did have an objection, and we felt strongly enough to refuse to vote, we would be chucked out of the Executive for the four-year term of the Assembly. Similarly, if the SDLP had an objection, either to the First Minister or the Deputy First Minister, it would be chucked out as well.

From what I can gather, one of the nightmare scenarios for the DUP is being left in Government with Sinn Féin, with the rest of us in opposition.

The DUP's outstanding piece of negotiation has led to the removal of any say in who should be First Minister and Deputy First Minister, and to those parties that feel unable to vote for the Executive in the round being chucked out from any ministerial responsibility.

Mr Ford: If you have serious objections to — since we are personalising it — Martin McGuinness as Deputy First Minister or Ian Paisley as First Minister, why would you want to be in an Executive with them anyway?

Mr McFarland: Under the current system, if we could agree on a First Minister and a Deputy First Minister — though one might take issue with individuals whom the parties have put forward — the system is such that we are entitled, in the same way as the SDLP, to a number of ministerial positions. We have a right to those. The way in which the system operated before meant that all of us had a say in who became the First Minister and who became the Deputy First Minister. The DUP could object to the joint ticket and it would not happen. After that, there was no collective vote — that was the only vote we had. After that, we all had our rightful positions and we took them.

Under the comprehensive agreement, not only is any say in who should be First Minister and Deputy First Minister gone, as regards cross-community agreement, but the moment any of us object to the First Minister and the Deputy First Minister, we are thrown out. That is daft.

Mr Ford: Yes, but I am not asking —

Mr Kennedy: One of the difficulties of the previous Executive was that the four parties that it comprised were facing different ways on all sorts of different issues, and there was little or no collective responsibility on any of the issues that were brought forward. Presumably, the ultimate desire in the formation of any new Executive would be for some kind of shared responsibility to be created. Personally, I think that we are some considerable way off that, even in this Committee. However, that must ultimately be the desired outcome of any Executive, because it would be more beneficial for our citizens.

We must look carefully at the experience of the last Executive and see how best that can be improved, but our early assumption is that it will not be very easy to achieve the form of collective responsibility that exists in all other Governments. Perhaps the method of forming those Administrations is somewhat different from the convoluted method that we have arrived at. Nevertheless, shared responsibility leading to a shared future is, presumably, what we ultimately seek.

Mr McNarry: David Ford's point is a good one. The more it is teased out and discussed, the better. It is important that we do not reach a situation again in which a party is half in the Executive or half out of it. We want all people to be committed to being in it, if that is their choice. I can also see a reason why my party might take the decision not to go into an Executive. That decision — and it would be open to any party — would probably be based on the progress

made by this Committee in working through a Programme for Government. Somewhere along the line, preparation for Government must surely throw up a Programme for Government. One of the failures of the last Executive was that they did not devote sufficient time to agreeing measures before going into Government. I remember from my experience in the First Minister's Office that they were bedevilled by problems.

1.30 pm

I remember David Ford legitimately criticising the inability of Bills to come through. That was because the Executive were starting from scratch and had not worked out any measures or programmes or agreements. They did not know what was a hot potato and what was not. There is a lesson to be learned, and that is the validity of David Ford's point. I am pleased that he has raised it so that it can be teased out now, and we can bear it in mind when we make future preparations. One can go in with the best will in the world with all the relevant papers, but the mechanics do not always go according to plan.

On many occasions, I was driving down Massey Avenue at 9.00 pm, and Mark Durkan phoned to say that there were two words in the third paragraph of a Bill that he did not like, and we would have had to drive back and sit for another three hours to work out two words. That is the nonsense of it all, and more professionalism must be addressed to it. Before the UUP acquiesces to going into Government, I would like to know the bulk of measures that we would attempt to put through in the lifetime of the Assembly.

Mr Ford: I am unsure if that is my point entirely answered but, on the harmony of the past few minutes, I will finish at this point.

Dr Farren: I will pose a few questions that I hope will be quickly answered. The SDLP would like to take the questions as a group if that is OK.

First, I understand from your presentation — and correct me if I am wrong — that the Ulster Unionist Party believes that the Good Friday Agreement remains the basis for the framework within which we must move forward, and that all the relevant parties must agree to any modifications to its operation. By parties, I mean both Governments, where both are involved, and all political parties.

Mr McFarland: The Prime Minister has made it clear that the Belfast Agreement/Good Friday Agreement is the only game in town. If one considers the comprehensive agreement that the DUP negotiated, it is clearly the Belfast Agreement with a few modifications. Some of those modifications make a great deal of sense, because there are things that we need to improve upon. However, other modifications have been made to protect the embarrassment of the

DUP from sticking up its hands to vote for Martin McGuinness. That is the name of the game, and whatever deal shuffles out of this will be on that basis.

The UUP's view has been that these things are much stronger if all the parties are brought into it, but, at various stages, other parties have been left out of this equation. Looking back now, it was the way that it was at the time, but it was not necessarily the most sensible way forward. The Governments spent a couple of years negotiating directly with the UUP and Sinn Féin, but that has now changed to the DUP and Sinn Féin. That is still unhealthy, as any deal that comes out of this would be much stronger if all the parties round this table were involved and comfortable with it. To use an old cliché, we will not all get what we want. The question is: what can we produce to get a Government up and running here that we can all live with?

Dr Farren: Would it follow, therefore, from what you have said, that you would join with the SDLP and others who might take exception to what Mr Hanson said in the House of Commons some weeks ago about the DUP having a mandate that required that the changes that they were seeking would have to be granted?

I hope that I am paraphrasing him correctly, rather than quoting his words. To allow that would be, in effect, to concede to the more exclusive bilateral approach that the DUP seems to prefer and that other parties have used in the past.

Mr McFarland: Recent dealings have smacked of the Government going out of their way, in all sorts of ways, to hug the DUP, presumably in an effort to persuade it to go into Government with Sinn Féin. It strikes me that the comprehensive agreement in November 2004 was supposedly between the DUP, Sinn Féin and the Governments. Sinn Féin has told us that it is no longer wedded to that document, that it was of its time and that time has moved on.

The DUP tells us that it is wedded to that document. Indeed it is so wedded that the Government, as we understand it from Mr Hanson, proposes to reward the DUP for doing the deal with Sinn Féin. My problem with that is that a number of issues in the comprehensive agreement are plain wrong-headed. Some are sensible and, with a bit of tweaking, we could all support them. For example, there is a ministerial code that, with a few modifications, all parties around this table could support today or tomorrow. However, my sense is that we will not get the DUP to agree to anything like that, because it thinks that it will get its sweeties in the autumn, for which it will be able to claim credit if and when it does the deal with Sinn Féin. That is not a healthy way for politics to operate. We should attempt to get all parties to buy in to whatever it is that is being proposed for the autumn.

Dr Farren: Does it also follow, from what you have just said, that it is important for the two Prime Ministers, who will be here tomorrow, to make it clear that the Committee has work to do to a timetable over the next few weeks that would contribute to the discussions and negotiations that would re-emerge with greater intensity in the autumn? If the Governments urge us to continue to work here in that context, we should welcome that.

Mr McFarland: I am on record as saying that the Committee, and the engagement between parties around this table over the last three weeks, is probably one of the most useful things that the Assembly has done. It is positive and necessary. The question is what we do with that.

Clearly, there are issues over which most of the parties here have no control, such as paramilitarism. Only Sinn Féin can deal with policing. Having explained that we are all anxious about policing and have urged Sinn Féin to deal with it, that is all that the other four parties can do. It could be argued that until Sinn Féin deals with policing, there is not much else to be said, other than to remind Sinn Féin that it must deal with that issue.

However, other issues, in which we all have a vested interest, are common to all five parties. Although the UUP has put down common issues as a heading on the agenda, it is not at all clear whether we have examined all the issues within the overall topics. It strikes me that there may well be work to do, not negotiating or whatever, but in trying to hone down or define more clearly exactly what the individual issues are within the broad band of issues raised by various parties.

Having listened to almost everyone now, and I know what was in the UUP submission, we may reach a stage, later today or whenever, when we need to consider whether there are topics from which it is not clear whether we have mined all the issues that need to be addressed. It strikes me that there may well be extra work.

I have serious reservations about the idea of this Committee shuffling on over the summer. People already have holidays booked. The Committee has been successful in that we have maintained a fair degree of integrity among the party teams; there has not been an enormous turnover of personnel. The danger in the summer is that we would end up with people who have not been here for the first three weeks, and whose lack of knowledge of the issues that have been discussed so far could lead to confusion. Perhaps we will get round to discussing how to deal with all of that later.

Dr Farren: Do you agree with the SDLP that there are issues that are essential to restoration, and that those issues may well be outside the direct influence of

the parties in this room, and, indeed, of the Government, to progress? That is not to say that influence of some kind could not be brought to bear.

There are other issues, which we have generally labelled review issues, such as policing and justice, and what might compose a Programme for Government. All of that could well be progressed, and some issues might be resolved before 24 November. Others might not have that resolution and would be work in progress beyond that date, but that should not impede restoration.

Mr McFarland: By the end of today, we will have heard all the submissions. It would be useful for the Committee to clear its mind on which issues are within its ability to solve, and perhaps to prioritise the issues that need to be dealt with first, ahead of those that can be left. All the matters raised have some problem or other attached to them. Where they are put in the pecking order, and how we prioritise them publicly, is a matter for discussion among the parties around the table. We could then recommend a take-note debate, perhaps, or the formation of a subcommittee, to complete our work.

(The Chairman (Mr Wells) in the Chair.)

Dr Farren: We seem to be agreeing on quite a bit; it might be dangerous to continue too far too fast along that track.

I want to come back to the issue that was raised by several members, which is the UUP's relationship with the PUP, and put it in a way that has not been expressed before. As a party member and personally, I engaged with Sinn Féin at a time when IRA violence was continuing at a considerable level of intensity. We took much criticism for that at the time. There was a clear principle that we would not sacrifice, which was that as long as Sinn Féin continued to be associated with an organisation involved in violence, there could not be anything resembling a joint approach on certain issues.

1.45 pm

I well remember the invitation being extended to us in 1998 to join with Sinn Féin on the equality agenda, as it might be described, to which we firmly said no. More generally, there was an invitation to join Sinn Féin on an international campaign on self-determination, as it was described, and, again, we said no. We stood by the principle that we could not embark on campaigns, or on any kind of broadly political joint activity, as long as Sinn Féin was associated with an organisation that was engaged in violence. That did not stop us engaging in lengthy meetings with senior members of Sinn Féin to impress on them the case for ending violence and to argue that no progress on any issue, whether self-determination or equality, could be expected to be made as long as an armed campaign continued.

What can you point to in your new relationship with the PUP that would give any confidence that loyalist street violence, which can be more intense at some times than at others, and the criminality in which loyalist paramilitaries are well known to be involved, will end? What effect is your influence having? Despite their reservations, people might adopt a less hostile attitude towards your engagement with the leader of the PUP if something positive on loyalist criminality and paramilitarism came out of it.

Mr McFarland: It is no secret that my party leader has said that he has been engaging with those who claim to be involved with loyalist paramilitaries. I am confident, as a result of those meetings, that there is an intention on their part to deal with the issues that must be dealt with. They will do it in their own timescale, because they are unlikely to want to be seen to do anything as a result of a political party wagging a finger at them. We have explained to them that such engagement has been difficult for us — as it clearly has, for there are moral issues involved — but that we believe that it is worth doing. We understand that loyalist paramilitaries wish to come in from the cold. I expect that IMC reports later in the year will reflect a change in the behaviour of loyalist paramilitaries.

Until that happens, I cannot show you any proof. However, we have explained our position as to what we are doing and why. It has been suggested to us that loyalist paramilitaries support what we are trying to do and that there will be a positive response from them. We have been at this since 1997 with Sinn Féin and the republican movement, and that took a very long time. I have no idea how long this will take, but we have explained that the sooner it happens, the better. If there should be a deal in the autumn between the DUP and Sinn Féin, it would be ridiculous for loyalist paramilitaries to be still involved in paramilitary activity. The only people who can deal with this are those directly involved in it.

Dr Farren: There are several questions that follow from that. You are saying that, as yet, there is no evidence to which you can point in public so that people might have more confidence that your influence is having the desired effect.

I am prepared to accept the bona fides of your attempts to influence loyalist paramilitaries, particularly those associated with the PUP. However, if the next IMC report does not signal movement in the direction that you hope — and perhaps I am boxing you into a corner by asking you this question — will it not at least be necessary for you to raise questions and to reassure the public?

Indeed, throughout this period, criticisms should not be muted. Again, I can only refer back to our experience in the SDLP. Our criticism was not muted

during the period of our talks, contacts and engagement with the leadership of Sinn Féin. That criticism was as trenchant as we thought necessary, depending on the events that took place.

It would be important to have some sense as to how long we can wait before you draw a fairly definitive answer or conclusion on what the UVF and those other paramilitaries are doing. I find it very difficult, even in paramilitary terms, to accept that they have any case whatsoever, given what has happened on the IRA side, for persisting with paramilitary activity. Have you any understanding from your contacts as to what justification they can possibly offer? I know that there are several questions in those comments.

Mr McFarland: Let me try to answer them. Clearly, if we get another IMC report that shows no change, life will be extremely difficult for us. I am confident that that will not be the case. It is no secret that Mr McNarry has been engaging with loyalism for several years, and has been doing a good job. There is some evidence from the North and West Belfast Parades Forum, in which we are heavily operational, and from background dealings with other parties, of attempts to make the walking season as peaceful as possible. We believe that that is in everyone's interest. There has been a response from paramilitaries on both sides to those efforts in north and west Belfast.

However, a needless complication has arisen. In one of our first meetings with the Secretary of State, he mentioned deadlines — in particular, a deadline of 24 November. We drew to his attention the serious danger of that deadline, but he went ahead and announced it. He said that if there were no Government here by 24 November, the two Governments would move into what they are terming “joint management”, but is actually joint authority in Northern Ireland.

If you were a loyalist paramilitary, you might assume that, on 24 November, we will all be sold down the river, and the Dublin hordes will come for us. That, despite our warning, is what has happened. The paramilitaries have now said, wrongly in my view, that they will do nothing by way of disarming until 24 November because, on that date, Northern Ireland could be sold out.

That is daft stuff on one level, but it is unsurprising on another. We warned the Secretary of State not to say that we would be sold out to the Irish Government with joint authority for Northern Ireland on 24 November because it would lead to that reaction from the loyalist paramilitaries. He would not listen, and we have seen that reaction. In that climate, we are trying to say to them: “Listen, it's not as bad as that. We think that there will be an accommodation with a bit of good will, and we need to get on the road to dealing with

weapons and getting all the paramilitary activity stopped and off the radar completely.”

We will know whether that has been successful when the next IMC report is published. That will be the first check mark, when we will know whether our efforts, which were not helped by the Secretary of State's threat that we would all be sold out on 24 November, have reaped some reward.

Dr Farren: The phrase that the two Governments used, echoed by the Secretary of State, was “joint stewardship”. That seems to be the weakest form of relationship that they could have gone for. They did not use words such as “joint authority”. There is some understanding in international politics —

Mr McFarland: If one is already paranoid about the intentions of others, particularly in the light of the British Government's treatment of us recently — and certainly the Irish Government's — the terms “joint management”, “joint stewardship” or “joint authority” all get lost in the smoke.

Dr Farren: Perhaps. However, it begs the question: what has the PUP — and I know the party is not here to speak for itself — been doing over the last few years? Given that the principle of consent is embedded in the Good Friday Agreement, and given that, whatever the two Governments have said about joint stewardship, they are not talking about ditching the Good Friday Agreement in order to implement joint stewardship, it seems to me that people are reaching for excuses. If the PUP has, as it puts it, been “giving advice” to its paramilitary connection, I wonder what influence it has and whether that connection serves any purpose any more. Is the PUP just part and parcel of the same thing to the point that it wants to have it both ways?

Mr McFarland: That is obviously a question for the PUP.

Dr Farren: It is not a question that you can answer, but there is a question of confidence even though the PUP would not be in any Executive. However, the UUP would be, with the support of the PUP. It would be important at that stage, if you persist with that relationship, to know where you stood if the influence that you hoped to exercise was not having the desired effect.

Mr McFarland: Clearly, the relationship with loyalist paramilitaries or even their continued existence would be an extremely serious issue, if we get to the stage where the DUP and Sinn Féin are going into Government. It would be very strange if loyalism were still threatening people with guns.

The Chairman (Mr Wells): Are you finished, Dr Farren?

Dr Farren: There are a number of other questions that would lead me almost into a negotiating situation,

or into discussions associated with negotiations. I think it was Danny who was pursuing me the other day on North/South bodies. So, Danny, can I pursue you for a minute or two?

Mr Kennedy: With great pleasure.

Dr Farren: In the light of our experience of North/South bodies, what is the Ulster Unionist Party's general position — without getting into specifics? I attended North/South Ministerial Council meetings with UUP Ministers, most frequently with Reg Empey, but also with Sam Foster and Michael McGimpsey.

The veil of suspicion was lifted because the UUP Ministers saw that there was a job to be done that would be mutually beneficial to people, North and South, in a number of areas. When they realised that they could make a beneficial contribution, they went about the task as enthusiastically as I did on behalf of the people and the party that I represent.

2.00 pm

Mr Kennedy: The position of the Ulster Unionist Party, and also, I think, that of the Democratic Unionist Party, is that where co-operation is to mutual benefit and interest on a North/South basis, we will co-operate. Co-operation cannot be politically manufactured. Some people have placed a greater emphasis on North/South co-operation, to the detriment of the east-west relationship; that issue has been a considerable concern. Little or no significant work, including the setting-up of secretariats or working bodies, has been done on an east-west basis. Although we will happily engage in meaningful co-operation to the mutual benefit of people, North and South, there are also many mutually beneficial east-west issues that we wish to explore.

There are also concerns about the political emphasis; some nationalists and republicans have been more enthusiastic about the comfort blanket provided through a North/South link than an east-west link.

Dr Farren: You say that some of the North/South bodies are “manufactured”, as if they were mere contrivances created for political ends rather than meeting particular needs. What bodies do you have in mind?

Mr Kennedy: We are relatively comfortable with the existing bodies. However, nationalists and republicans have been suggesting that the number of bodies and joint agencies needs to be built on. We have yet to be convinced of the economic and social arguments. We certainly have yet to be convinced of the political arguments that would allow for the creation of new bodies, because the jury is still out on what they have provided and what benefits have accrued. We would like to measure that a little more and enhance east-west structures before we could

reasonably be expected to increase the number of North/South bodies.

Dr Farren: This is not the forum to go into details, but I would hope that you would have firm proposals as to how the bodies might be built on.

Mr Kennedy: The east-west bodies?

Dr Farren: I am talking about the North/South bodies, but I will come to the east-west bodies. You spoke about building on the number of North/South bodies.

Mr Kennedy: No. I mentioned the fact that nationalists and republicans seem keener than unionists to build on the North/South bodies.

Dr Farren: I hope that I would not be wrong in imagining that if a strong case were made for something to be built on, that that would be to the mutual benefit of people, North and South. Unionists sometimes perceive the SDLP as representing people in the South. I represent people in North Antrim, and I want the best for those people.

When I held ministerial posts, I was acting on behalf of the people throughout Northern Ireland, from whatever section of the community they came. That was my primary responsibility. I was not necessarily interested in what was good for Cork — that was the job of the Irish Minister across the table. I argued as trenchantly as I could for benefits to be accrued for Northern Ireland, wherever a particular initiative was focused.

The suggestion that was almost implicit in much of what is being said is that we would rather work for people in Dundalk, Drogheda, Dublin or somewhere else rather than for the people who elect us. I have to put myself up for election again, so voters would not thank me for being instrumental in locating a factory in Cork. They will thank me if I helped to locate a factory in Ballycastle or if I helped Ian to locate one in the middle of Ballee, or somewhere like that.

Mr Kennedy: Steady on.

Dr Farren: I am not sure whether I would get the same thanks for locating a factory in Ballee as I would were it in Ballycastle.

Mr Paisley Jnr: You should have tried.

Mr Kennedy: Although I accept Dr Farren's bona fides as a local representative and his ongoing drive to improve facilities and the economy for those whom he represents in his locality, it has always appeared to some unionists that the SDLP placed a greater emphasis on its North/South Ministerial Council work than the practical outworking of it justified.

Dr Farren: That is why I asked Mr Kennedy to point out what he thought was unjustified. That may be an argument or discussion to get into when we deal

more with the specifics. I invite anybody, whether on the unionist side of the table or on Mr Ford's side of the table, to point to where improvements can be made or to where matters can be ditched if they are no longer relevant, and let us see what comes out of that discussion.

Finally, we have no difficulty in principle with the east-west arrangements. The fact that east-west relationships under the British-Irish Council took time to get going had as much to do with procedural problems and difficulties in arranging meetings that involved, as well as Administrations from here, those from the Channel Islands, Scotland, the Isle of Man, Wales and the South.

Therefore, there were many logistical difficulties. Of course, people can say that the fact the British-Irish Council took time to get going was motivated by the ill will that certain people seemed to have towards it. I had no difficulty with it, nor did I think that Sinn Féin Ministers had. They went to the British-Irish Council meetings that they were required to attend. If we can improve the Council's workings, make it more effective and help it deliver what is needed in any of its areas of responsibility, that is what we want to see. The same test of its benefits applies to the British-Irish Council as applies to the North/South Ministerial Council.

Mr Kennedy: We would accept that as a welcome statement of intent.

Dr Farren: We seem to be reaching reasonable degrees of agreement.

Mr Kennedy: It is a Wednesday love-in.

Dr Farren: Do not get too excited, Danny.

Mr Kennedy: That is obviously down to being under the chairmanship of Jim Wells.

Ms Ritchie: He is not after peregrine falcons.

Mr McNarry: Remember that this will be in Hansard — you were on about somebody pursuing you and now you are involved in a love-in?

Mr Paisley Jnr: Hansard will be interesting reading.

Dr Farren: At least when the SDLP spoke, there were smiles all around, which is some achievement. I invite my two colleagues to contribute, Mr Chairman, if that is OK.

Ms Ritchie: In his introduction, Alan referred to various issues that he felt that the Ulster Unionists' Assembly party felt should be up for discussion, one of which was the Review of Public Administration. He said that the issue of seven councils, with or without an Assembly, should be up for discussion. We want to tease that out.

From your previous comments we note that, like us, you are not content with seven councils. You mentioned repartition. What do you perceive to be the issues? Is it the configuration? Do you, like us, want a complete review? What is proposed does not reflect political or community homogeneity or linkage. What about the statutory mechanism for power sharing and the resource differential for delivery of functions between different councils? If the model is fully implemented, there will be nine road authorities instead of one: seven councils plus one for standards and performance and another for motorways and trunk roads. We want to tease out what you are thinking. Perhaps there could be a meeting of minds, and we could continue this Wednesday love-in.

Mr McFarland: I do not want to go into detail, because it is an enormous subject and we agreed to leave the detail until later. We have maintained that local government areas should be coterminous with parliamentary and Assembly boundaries so that all the public representatives represent the same area at different levels, whether Westminster, the Assembly or local government. That seems logical as regards co-ordination and delivery of services and in terms of having people to go and point your finger in the chest of and ask to sort things out for you.

We still maintain that that is the most sensible way, but the Government have crashed on with the seven-council model at fast speed. As far as the UUP can see, that model was dictated by the health service model, although that has changed several times since. That did not seem to be the most logical basis on which to support everything.

Until recently, I understood that the only party keen on the seven-council model was Sinn Féin, which is understandable as that model would repartition Northern Ireland. However, it has recently been suggested that the DUP would be happy with seven councils.

The danger with a seven-council model is that there will effectively be super councils in the west of the Province. Currently, Limavady Borough Council, Strabane District Council and Derry City Council team up with Donegal County Council on mutually beneficial cross-border issues, and no one has a problem with that.

Unionists are currently represented on Strabane District Council and Derry City Council; however, under proportional representation, elections to a new super council would dramatically reduce the number of unionist councillors elected, and the new council would definitely be dominated by republicans/nationalists. The same would happen in Fermanagh.

The seven-council model would create three enormous councils in the west. There has been talk of the chief executives being paid £160,000 a year,

enormous budgets and a degree of free rein to do cross-border work. That effectively draws a line to the east of the River Bann.

We keep advising our party colleagues in Banbridge or, as I understand it, Droichead na Banna, that they will need to know Irish because that council will be run from Newry.

Mr Kennedy: Hear, hear.

Mr McFarland: This is big stuff, because there will be three large nationalist councils in the west of the Province and three strongly unionist councils in the east.

There is confusion over Belfast, because, as I understand it, the DUP had been assured that Belfast's electoral boundaries would be pushed out to the suburbs, making it a unionist council. There is now talk of messing around with wards, and the chances are that Belfast will become a nationalist council. That would not be good for the Union. In fact, that is probably the biggest threat to the Union since 1922.

The Government are crashing on with this issue on a Sinn Féin agenda, but the rest of us are saying: "Hang on a minute". It is undemocratic; as far as unionists are concerned, it is extremely dodgy and threatening to the Union. It is generally unhealthy for extremely large councils to be able to drive through measures without anybody paying any attention. I suspect that unionist-dominated councils in the east present as much danger to nationalists who live in the east as nationalist-dominated councils do to unionists living in the west.

The UUP likes the model of 15 councils because it ties in with everything else. It is a balance of effectiveness and efficiency and democratic representation.

2.15 pm

Mr Paisley Jnr: Mr Deputy Chairman, on a point of order. I notice Mr McFarland has made another unnecessary attack on the DUP. He made the false allegation that the DUP supports the notion of seven councils.

The record is very clear. First of all, Sam Foster commenced the review of local administration. Throughout the DUP's chairmanship of the Northern Ireland Local Government Association (NILGA), my party's position paper has never endorsed or supported seven councils. There is no evidence whatsoever for the machinations that Mr McFarland has claimed over the Review of Public Administration; about whether Paul Berry is getting reconverted again this summer; and about whether Jeffrey Donaldson is going to be a Minister in November. They are completely erroneous, and his own colleague's hearty laughter at them shows how stupid he really is when he says these things.

The Chairman (Mr Wells): Mr McFarland.

Mr McNarry: That is the love-in over now.
[Laughter.]

Mr Kennedy: It was all going so well.

Ms Ritchie: I have not finished yet.

The Chairman (Mr Wells): Have you stopped, Margaret? The RPA is slightly tangential.

Ms Ritchie: I know it is only slightly related, but if I could just tease it out. Are there any other issues? I take it from what you have said that as we do, you would wish to ensure that a restored Executive and Assembly would get rid of the seven-council model and that we should have around fifteen.

Mr McFarland: My understanding is that the Secretary of State has said that if we wish to head off this process of wrecking Northern Ireland and threatening the Union, we have to get ourselves back in Government. That seems to be the position that we are in.

Ms Ritchie: With your indulgence, Chairman, could I ask Mr McFarland what other issues he sees as pertinent to a discussion about the Review of Public Administration?

The Chairman (Mr Wells): As you have cleverly brought it back to relevance, Ms Ritchie, carry on.

Mr McFarland: Again, it is a good idea for the Committee to fully discuss those issues, so they must first be identified. When we began, everyone reserved the right to seek advice if they were going to discuss particular areas in detail. For example, Jim Wilson MLA is our whizzo on the review, and if we were to go into detail on this, I would quite like to have him beside me. He could give you all the detailed answers that I simply do not have.

Dr Farren: A wand.

Ms Ritchie: Given that, I cannot pursue the RPA issue, but my colleague Dr Farren is pursuing the North/South issue with Mr Kennedy, and I would like to ask a question on that.

You talked about North/South co-operation and matters that would bring benefit on a North/South basis. You also said that the Ulster Unionist Party was largely content with the remit of the current bodies. Would you also consider a future body to deal with transport, which would bring economic benefit to the people in the North as well as to the people in the South?

Mr Kennedy: It would probably be a mistake to start negotiating on these terms.

However, you have accepted our point that, in principle, where it is mutually beneficial, we will consider it. We considered the existing arrangements. We remain to be convinced that they — certainly, the powers that have been vested in them — should be

amplified significantly. Of course, we remain to be persuaded on many of these matters. However, our first take on it would be that a significant increase is some way off.

Ms Ritchie: I am sure that Mr Kennedy will accept that one of the best examples of cross-border co-operation on transport is geographically adjacent to his constituency. The work on the road between Newry and Dundalk, which is managed by the Roads Service in the North, is a good example of co-operation. Therefore, when a project such as that is in existence, why not pursue other projects on a joint basis under the auspices of a body?

Mr Kennedy: I am keen that the road infrastructure in Northern Ireland be significantly improved, particularly in the area that I have the honour to represent. Therefore, I will reserve judgment on whether we can extend that co-operation to other jurisdictions.

Ms Ritchie: Some areas for useful discussion have been identified.

Mr Dallat: This subject was referred to earlier. Which was more important, bringing the UVF in from the cold or getting an extra seat for the UUP?

Mr McFarland: The project to bring loyalist paramilitarism to an end has been a priority of ours since Sir Reg Empey took over as party leader. We have been engaged on it for most of the year and before the issue arose of any tactical moves to regain a position for unionism in the Assembly. However, an opportunity arose, and, as politicians and a political grouping, we took it.

Mr Dallat: Although we are not here to look back at history, perhaps it is worth recalling that the first policeman to lose his life in the North was Constable Arbuckle, who was shot by the UVF in 1966. Indeed, to be fair, one of the last policemen to lose his life was Michael Ferguson, a Roman Catholic who was murdered by republicans in Shipquay Street in Derry. It does, therefore, come from both sides.

The UUP in Belfast, as I understand it, has boycotted —

Mr Kennedy: It is important for historical accuracy to record that Victor Arbuckle was murdered in 1969, not 1966.

Mr Dallat: It is recorded in ‘Lost Lives’.

Mr Kennedy: Hopefully, we can all agree that the important matter is that no one wants to see the life of any member of the security forces either compromised or taken. As a political party, we are prepared to do anything that we can to assist with the ending of paramilitary organisations, even though it appears that

we will be criticised by parties such as the SDLP, which has previous experience in such matters.

Mr Dallat: You are most helpful, and you have led me to my second question.

Mr Kennedy: Thank you.

Mr Dallat: I understand that the UUP is boycotting the Belfast District Policing Partnership. Is that a positive contribution to supporting the police?

Mr Kennedy: I am not sure that the term “boycott” is an accurate description.

Mr Dallat: Abstaining?

Mr Kennedy: I am not sure that either boycotting or —

Mr Dallat: Absent without leave?

Mr Kennedy: It does not matter. The attitudes of the parties gathered round this table to the district policing partnerships and to the Northern Ireland Policing Board are not particularly relevant to the work of the Committee.

Mr Dallat: Would you agree that, in the absence of political progress and the existence of a political vacuum, the police are vulnerable? In fact, I know of nowhere in the world where a police service can be progressive and advanced if there are no political institutions to support it. That is why I asked the question. In your paper, you say that the DUP and Sinn Féin must do the deal.

Do you agree that as a political party you have a huge responsibility to do everything?

Mr McFarland: I just covered that in some detail. I have covered the issue of the DUP and Sinn Féin several times, in terms of that phraseology. It is better if we all acknowledge that there is a political reality and that, at the moment, the Government are operating on the basis that those are the two key parties whose agreement is essential — according to the Government.

We have always supported policing. However, there are individual issues that individuals have with regard to the Belfast DPP, and we have an issue with the Policing Board. I have spent the last four years on the Policing Board, leaving in April. A deal was done with David Trimble, Rev Ian Paisley and the then Secretary of State as to how the Policing Board would operate. It was in keeping with the Patten Report, which was quite clear that there should be 10 politicians and nine independents so that there would always be a political authority for the Policing Board.

Unilaterally, however, the Secretary of State has turned the board on its head and introduced 11 independents and eight politicians. That is a quango. We disagreed then and we disagree now because that is

a fundamental breach of the understanding of how the Policing Board was to operate, and it has been done in order to keep two seats warm for Sinn Féin. That is no way to interfere with what was — I would argue — an extremely successful board. Ian Paisley Jnr and I both sat on it. It worked well. It was one of the few institutions that was still working all the way through. The Secretary of State has unilaterally interfered with the basic premise of it.

We had agreement with the DUP up until about two days before that. Both our parties were unhappy with that, and, for some reason best known to itself, the DUP suddenly did a somersault and joined the board, seemingly forgetting its principled objections.

Mr Paisley Jnr: Once again, Alan likes to characterise things with his ‘Folks on the Hill’ attitude. Of course, the reality is much different. I was actually part of the negotiations on the deal between our party, the Ulster Unionist Party then, and the Secretary of State.

Mr McFarland: So was I, Ian.

Mr Paisley Jnr: Well, you were not at the meeting at which I was present in Westminster. The characterisation that you are giving to that is not accurate. Indeed, the characterisation was for the term of that board, and that term expired almost two years before the new arrangement was made.

However, I agree that the Secretary of State was wrong to change the appointments around, but we are not responsible. No parties here are responsible for the appointments that he makes to a body, but I tell you this: it seems incredible — and Mr Dallat has put his finger on it to some degree — that the Ulster Unionist Party would publicly oppose the appointment of a member of the PUP to the Policing Board, yet would welcome with open arms a member of the PUP into its Assembly group. That is what appears incredible and inconsistent, as far as I am concerned. That leads to a very inconsistent approach to the Policing Board, whereby some days the Ulster Unionist members are at meetings, but other days they are not. That confusion needs to be better explained.

Mr Kennedy: It is also somewhat hypocritical of those parties — including the DUP — that are super-critical of the Ulster Unionist Party’s decision in respect of the UUPAG, given their deafening silence at the time of the PUP chairperson’s appointment to the Policing Board. Nothing was said then.

Mr Paisley Jnr: Once again, a point of clarification; if you read the Hansard of the House of Commons, you will see that the deputy leader of the DUP, Peter Robinson, made a statement on the day of the appointment. I know that the Ulster Unionist Party is not that well represented in the House of Commons, so its Members may not have heard that, but the rest of

the public heard it loud and clear. Hansard states that, and there is no better place.

Mr Kennedy: I am not sure that the general public were aware of that, but it is heartening to hear it.

The Chairman (Mr Wells): Please be brief, Mr McNarry, because we are drifting from scoping impediments to devolution.

Mr McNarry: You have not heard what I am going to say, so how do you know that I will drift?

The Chairman (Mr Wells): I hope that you will come back to the subject as quickly as possible.

Mr McNarry: You seem to want to pick on me. Every time you sit there, you say that I have five minutes or that I am drifting.

For the record, David Trimble and Rev Ian Paisley joined Ian Paisley Jnr at the negotiations. However, David Trimble was never under the impression that Rev Ian Paisley was agreeing to the formation of anything other than a Policing Board that would have a unionist majority. For Ian Paisley Jnr to suggest that there would only be a unionist majority for 12 months or one term seems quite disingenuous. The record will show that Ian Paisley Jnr said that his father agreed to the setting up of a Policing Board with a unionist majority for one term only.

Mr Paisley Jnr: Once again, it would be helpful if the Member read the report of this meeting. I never mentioned the formation or the numbers on the board; it was the agreement on how it would be split, and the current board, even with the way in which the Secretary of State has fiddled with it, still has a unionist majority. That is guaranteed in legislation, but that is not the issue. The issue is whether the 10 members or the majority of members should be drawn from the political parties represented here.

2.30 pm

Mr McFarland: That is what the legislation states: 10 politicians under d’Hondt and nine independent members.

Mr Paisley Jnr: I think you will find that the legislation does not state that. That is the problem, and that was the problem with the Police (NI) Act 2000. That was another reason the DUP voted against the Bill when it was going through the House of Commons, and that was why the Ulster Unionist Party voted for it. Such actions have consequences. The agreement has been a failure, because people did not read the words properly and assumed things. Then when they work things out in time, they run away from the fact that they endorsed the Police (NI) Act 2000 and the Belfast Agreement which led to all the problems downstream.

The Chairman (Mr Wells): I will return to Mr Dallat. Those are all legitimate points, but we need to come back to the impediments to restoration of devolution.

Mr Dallat: It is wonderful what effect a bit of stimulating questioning can have. A few minutes ago, Mr Paisley Jnr was reading a newspaper and now he is firing on all cylinders.

Mr Paisley Jnr: Some of us can multitask.

Mr Dallat: I do not see the whole concept of partnership mentioned in the UUP submission, but no doubt it is fundamental to it. I go back to those television pictures that were shown around the world of John Hume shaking hands with David Trimble and motivating the tens of thousands of people to come out and endorse the agreement. What plans do you have to re-engage with those people who have not exercised their franchise since?

You spoke about fear in the community. Do you agree that maximum engagement between the two communities, in partnership with every element, is absolutely essential?

Mr Kennedy: Yes. The UUP faces the same issues as the SDLP in trying to enthuse more people to support our view on matters. We are working hard to achieve that, and I assume that you are trying to do the same.

Mr Dallat: That is a very happy note for me to end on.

Mr Kennedy: Deliriously happy.

The Chairman (Mr Wells): Mr O'Dowd has said that he wishes to speak. Unless anyone else wishes to speak, that will be the end of questions to the Ulster Unionist Party.

Mr Kennedy: Sinn Féin has not had its turn yet.

The Chairman (Mr Wells): Sorry. Mr O'Dowd will speak first on behalf of Sinn Féin.

Mr McNarry: You should be reprimanded for that. You should be paying attention to what is going on. *[Laughter.]*

Mr Kennedy: Did Francie not tell you that?

The Chairman (Mr Wells): I will be taken off your Christmas card list.

Mr O'Dowd: While we are putting things on the record, it is worth saying that Sinn Féin finds it interesting that both unionist parties are sitting in Westminster with the Secretary of State divvying up the Policing Board. If that is the way that things are operating at the moment, it certainly does not build our confidence in a new beginning to policing.

Mr Kennedy: Do not criticise the Policing Board too much, because Sinn Féin has to join it at some stage. *[Laughter.]*

Mr O'Dowd: If you had listened to my comments, I was criticising the private negotiations at Westminster.

Mr Paisley Jnr: In the real world.

Mr O'Dowd: Between the many questions today and the answers to them, a lot of points that Sinn Féin wished to raise have been either answered or clarified. So I will not go back over old ground just to lengthen Hansard or to be in a position to state to the press that Sinn Féin asked 24 questions and someone else asked 23. However, I seek clarification on some points and have questions that I want to put to the Ulster Unionist grouping.

During Sinn Féin's presentation the other day, the first question that the UUP asked was on IRA decommissioning. As a republican representative, whose party is trying to gain a better understanding of what is going on within unionism, I fail to grasp the major concern that we are told exists within unionism around IRA weaponry. I put it to you the other day that since the suspension of this institution, loyalists have murdered 26 members of the Protestant community.

Why is the unionist political leadership still bringing up the issue of IRA arms? You stated here today that if that leadership tells its people that everything is failing and that we are going down the long slippery road, people will feel that way. Do you not feel that you continue to raise that issue and that you are creating that concern, rather than the concern coming from the bottom up?

Mr McFarland: The weapons issue is a question of confidence and trust in the intentions of others. If violence were no longer being offered, why would you need weapons?

Going back to 1998, at the time of the Good Friday Agreement, the UUP was very unhappy about the weapons issue and about the release of prisoners. The UUP's view was that those two issues should have been linked, so that as the guns came in, the prisoners got out. That seemed logical. We were uncomfortable about people being released, but prisoners were released in 1962 after the 1956-1962 IRA campaign. There is a long history in Northern Ireland of releasing prisoners, but we were so unhappy at the way it was happening that we were not going to do the deal.

Do not forget that, as I mentioned earlier, the UUP had never actually negotiated with Sinn Féin. We had spoken to the Government, the Government had spoken to you and had then come back to us. We relied on what they told us: that you were serious and that decommissioning was an issue that would be in the agreement and be finished by May 2000. We were

sceptical about all that, but we were being reassured that that was what you were saying and that you were genuine. We did not trust that. Eventually, the Prime Minister of the United Kingdom sent us a side letter assuring us that decommissioning would start in June 1998 and be finished by May 2000. On the basis of that letter, rightly or wrongly — and one has to make judgements at the time — we signed up to the agreement.

It became clear fairly quickly that your team had no intention of decommissioning. Back-room briefings given to the boys in Newry, telling them not to worry, were leaked to the press. Martin Ferris and Pat Doherty went to America where a journalist got into the middle of their briefing, and it was played back that the republican movement had no intention of decommissioning. That was a big problem, because on the one hand we were being assured that you were serious and genuine and that decommissioning would happen, and on the other hand your people were telling your grass roots not to worry because it was not going to happen.

Decommissioning became an issue that it should not have become, had it been done properly. Then the IRA issued a statement saying that yes, absolutely, it was going to decommission and not only that, but it would be done in such a way as to maximise public confidence. We thought that that was great; that finally it would be done, that there would be no doubt that you had done it, and that you were genuine after all. Then it did not happen, and there was confusion. Despite the fact that the first lot of decommissioning took place, events in Florida followed.

There was clear evidence that members of the IRA were in Florida, importing weapons into Northern Ireland and the Republic. The question then was: why would anyone want to import fresh weapons? That sort of thing has dogged us.

I accept the IICD's determination that the bulk of the IRA's weapons had been decommissioned. However, as I said this morning, the IMC is saying that weapons are being held back. The Committee heard me say this morning that they could be trophy weapons; they could be in undiscovered hides; and they could be protection weapons for people still involved in crime.

Although not agreeing with it, one can understand to a degree why those people might wish to do that against instructions from the republican hierarchy. The hard part is that we cannot yet judge whether a massive amount — an entire brigade's worth of weapons — has been held back. We are relying on the IMC and other intelligence to tell us that.

When we were posing questions to Sinn Féin, I asked whether your party understood that as long as this confusion arises as to whether weapons have or

have not been held back, it will add to the mistrust that we thought we had got away from with the IICD report.

My advice was that we should not get hung up on this in the way we did before. However, it is a genuine issue, because the logical question remains: if people are not offering violence, why would they want to have a stash of guns?

Mr O'Dowd: Conor Murphy spoke at length about our position on the IMC's statement alleging that IRA weapons were still out there. You mentioned the Good Friday Agreement and the terms under which decommissioning would take place. Seán Farren has a copy in front of him, but I will paraphrase: it is the responsibility of all political parties to ensure that decommissioning takes place. Now you are telling us that your relationship — or however you want to phrase it — with the PUP is about bringing loyalist violence to an end, and you now accept that it is not easy to turn people away from the notion that using weapons is the only way forward.

If politics was not seen to work, it was always going to be a difficult task, given the time frame that you set in front of us. Would you agree with that?

Mr McFarland: I do: that is why we stuck with you. It would have been in the interest of the Ulster Unionist Party to simply abandon it and go back to our trench at the first whiff of Sinn Féin not playing the game over decommissioning. It was not in our party's interest to keep wandering in and out of government with Sinn Féin to try to see if we could make all this work. As you well know, we have suffered as a consequence, but it was the best thing to do, and history will show that.

Only those who have direct links to the folks with the guns can influence them. I cannot go to the IRA and say: "As a unionist I think it's a jolly good idea if you hand your guns in." The only people who can do that — and I understand that it is a difficult job — are yourselves, because you are the ones with the link to the IRA.

In the same way, the PUP can influence the UVF in particular. We are trying to reinforce the message that the PUP is giving them: that the republicans are shuffling off the stage, and it is time for them to go too. There were attempts to remove them before, and for one reason or another they felt that they could stay. However, we are making it clear this time that we strongly believe — and I am sure the DUP is no different — that the loyalist paramilitaries should now pack up and go leg it, go home and get back to a normal life. It is no longer acceptable to have armed groups out there.

2.45 pm

Mr O'Dowd: You say that Sinn Féin is required to support policing in any new Administration, although I do not think that you are using that as a block to Sinn Féin's entering a restored Executive. Do you understand the difficulty in building nationalist confidence in a policing service or in convincing nationalists that there has been a new beginning in policing when, almost weekly, we hear revelations that sections of the PSNI are using and protecting prominent loyalist killers? How do you see republicans moving forward on policing against the background of such revelations?

Mr McFarland: We need to differentiate between what happened in the past and what is happening in the PSNI now. Two years ago, Hugh Orde carried out a complete review of human intelligence sources and of who was working for them. It is clear that, over the past 30 years, practices had arisen that would not survive long in a new Police Service. I suspect that such practices arose in reaction to the terrorism that was going on at the time. Some people obviously felt that those practices were acceptable for the greater good and to stop people getting killed.

If police officers have broken the law, they should go before the courts. However, policing has definitely changed. I have sat for four years on the Policing Board and have been involved in overseeing it. It has been a slow process, and we had clashes with those who were not happy with the speed at which the board wanted to move. By and large, however, most of the key elements in the Patten Report have been put in place.

However, republicans have a problem: if they bring people onto the streets in fraught circumstances — to protest against parades, for example — and those people break the law by rioting, they will come into conflict with the police. That happens in any society. If those who are parading in central London, say, start to trash the shops, the police will try to stop them. There is an onus on those who bring people onto the streets: they know that they could be creating conflict with the police.

I asked Conor about “turning the tanker”. It will be difficult for republicans to embrace policing because, until recently, their attitude has been one of “RUC secuocrats colluding with loyalist death squads” — all the usual stuff. Having told a young republican from Crossmaglen that the RUC is a dirty, filthy organisation, Sinn Féin would then have to tell him to join it, and that the party is joining the Policing Board. I do not know how you will achieve that.

If we are to have a normal society and a normal Government here, policing will have to be resolved. You and Conor have assured me that republicans can achieve that through initiatives led by the leadership of the party, and that you will hold an Ard-Fheis when the circumstances are right. However, we wait to see how

successful such initiatives will be in getting young republicans to join the police and whether republicans embrace policing reluctantly or wholeheartedly. In order to have a normal society and a normal Government, republicans will have to embrace policing.

Mr O'Dowd: We would need a normal police force for a normal society and a normal Government. In fairness, Alan, you did not answer my question about the continued use by sections of the PSNI of well-known loyalist killers. I am not talking about when that happened under Ronnie Flanagan or Jack Hermon.

I am talking about what happened under Hugh Orde and about what happens under the present Policing Board. There is no record of the Policing Board holding that section of policing to account, and no police officer has appeared before a court under any of those arrangements.

Mr Kennedy: We seriously contest and reject those allegations as unfair and untrue. We do not see the linkage that you have made between loyalist death squads and PSNI or RUC officers. We have significant difficulty with that.

Mr O'Dowd: It is not just republicans who say that. Members of your own community who have lost loved ones over the last period are coming forward and stating that the killers of their loved ones are being protected by sections of the PSNI.

Mr Kennedy: Many of those comments are unproven and are for other places.

Mr McFarland: There are issues to be dealt with. As we understand it, the Police Ombudsman has forwarded to the Director of Public Prosecutions (DPP) allegations that individual Special Branch officers went beyond their remit in dealing with informers. No doubt, that will reach the courts, and if it does not, I have no doubt that the Police Ombudsman's office will publish that report, and people can make their judgement at that stage.

It is wrong to suggest that there has not been enormous progress in normalisation and getting a proper police service for Northern Ireland. That is well under way. Clearly, there will be all sorts of residual issues such as those that we discussed concerning the Historical Enquiries Team (HET) when you were being questioned. It could be that evidence turns up against senior republicans to show that they have been involved in all sorts of crimes. Would it be right, at that stage, to castigate the present Sinn Féin party for what went on previously?

It is right to castigate individual party members, if they are found to have committed crimes. If there are new members of Sinn Féin who were never involved in the troubles, is it right that they should be tarred with the same brush as those who were combatants? A

substantial part of the PSNI is composed of brand new, enthusiastic young men and women from right across the community who believe that it is important to put their weight behind modern policing. That is what is happening.

Ms Gildernew: I do not feel that John's point about a normal society, normal Government and normal policing was adequately addressed. We have heard ad nauseum from William McCrea, among others, about how this Committee exists to scope and identify issues that are problematic to our restoring the Executive. This is a huge issue for republicans. Alan, you pointed out that there may be new, fresh, enthusiastic young people joining the PSNI. The old guard of the RUC is still there and still operating very much under the ethos of the RUC.

A number of months ago, during a search in Dungannon of a republican's home, a seven-year-old boy was threatened by a PSNI officer. At that time, we complained about that behaviour. That search and raid was conducted very much in the way that the RUC conducted searches and raids in many people's homes across the North.

You have said quite confidently that if people are found to have been colluding with loyalists — and there is plenty of evidence to that effect — they will be brought before the courts. We are not convinced. The fact is that the Special Branch is still allowed to run amok and do whatever kind of intelligence gathering or other work that it wishes. In my discussions with republicans about policing, that is the single issue that is most likely to be a deal breaker. The Policing Board cannot control those within the Special Branch and the PSNI. I do not think that Hugh Orde can control them either, to be honest.

There are difficulties about people who are still engaged in policing with a very militaristic agenda against republicans in the Six Counties.

Mr McFarland: We on the Policing Board receive regular briefings on what has happened in policing. We have been party to ensuring that changes take place, and they have taken place. I do not know whether your party receives briefings in detail on what is happening on policing, because sometimes it is hard to see these things unless you are fully up to speed with all that has happened over the past four years.

There are very many checks and balances, right from the moment when someone is to be recruited as an agent. I do not know whether you accept that that is necessary.

For example, suppose there were a non-paramilitary gang that is tiger kidnapping, and you discover that somehow you can recruit the wife of one of the key members of that gang who will provide information on the threat posed by that gang to individuals, such as

why a particular person will be kidnapped. Do you accept that it is necessary to obtain information and agents to deal with crime? If there is no acceptance of the need to obtain information — be it electronic or human intelligence — we will have a bit of a problem in society with policing. All societies right across the world have such measures.

If you accept that it is necessary to recruit agents, it raises the whole issue of whether you should be recruiting agents for your organisation. However, if your organisation is doing nothing, there is not much need to worry about agents.

There is a threat from the Real IRA, and there is a threat from the Continuity IRA. I saw in a paper last week that a new group has just been set up that was pictured standing over a grave with masks and weapons, etc. There is an ongoing threat from loyalists and republican paramilitaries, although perhaps not mainstream Provisionals.

There is a need to maintain access to information, from human or electronic sources. However, the checks and balances in this area now are just unbelievable. There are entire commissions that have to look at all of those matters before one is allowed to recruit someone. There is a complaints mechanism if a surveillance operation goes wrong. Obviously, the Police Ombudsman will deal with the case that Ms Gildernew mentioned. If a policeman has been rude to someone during a house search —

Ms Gildernew: He was not rude; he threatened a child.

Mr McFarland: That is even worse. Presumably that matter is with the Ombudsman, who will investigate it with all of her resources — and she has zillions of pounds worth of resources, both in manpower and money. If an officer is found to have threatened someone, he or she should go before the courts, because you cannot have a Police Service that contains people who are going around and threatening people. That is just daft — if it is taking place.

My point is that we now have checks, balances and mechanisms, which I agree were not there before. Therefore, we can have an improved and increased degree of confidence that people are trying to produce a genuine Police Service for all of us.

Ms Gildernew: My point is that there are, continue to be, and probably still will be, people who are outside of those checks and balances and who will be able to carry on their shady dealings without any kind of accountability to Hugh Orde, to the Policing Board, or to anyone.

Mr McFarland: They cannot.

Ms Gildernew: I disagree.

Dr Farren: I have a very quick intervention, which may be helpful at this stage. Michelle raises a very real issue. However, suppose Sinn Féin were on the Policing Board, and that kind of behaviour continued. What are Michelle and her colleagues going to do about that?

Ms Gildernew: That is my point. They are outside of accountability.

Mr O'Dowd: Can I answer that question? There are mechanisms within the power of Policing Board, outside those of the Police Ombudsman, to investigate procedures. The Policing Board has never used those powers.

Mr McFarland: The reason that the board has never used those powers is that we have a good relationship — I think that it is fair to say — with the PSNI's top team. There have been one or two occasions when we have had to get robust with them, but normally if you ask them for information, they will come and give you a briefing — albeit confidential — on the matter.

There are checks and balances all the way through the system. If there is information to the effect that police officers are not acting properly, all those who can investigate that should be alerted. Investigation systems exist at the moment.

3.00 pm

Dr Farren: If Michelle and her colleagues were on the board, insisting that such behaviour was reported and investigated, they would be in a much better position to see whether the mechanisms were being used. You are making that point and are building up the case as to why Sinn Féin should be on the board, using the available mechanisms.

Mr O'Dowd: If that is the case, Michelle and I are prepared to answer questions from everyone around the table. I thought that we were asking the UUP questions. In this Committee, we are scoping issues of concern about preparation for Government. I have said to my unionist colleagues that I am trying to understand the concerns of the unionist community. There are also concerns in the nationalist and republican community about issues such as policing. I have outlined those concerns.

Mr McFarland: Do you get briefings on policing?

Mr O'Dowd: Our party regularly debates the issue of policing — the day-to-day issues, reports from commissioners, and so forth. Are you asking me whether my party is briefed on the four years of change?

Mr McFarland: Do you engage with the police? You say that you do not engage, and perhaps this is not the right forum to discuss that issue, given that any

response will be recorded by Hansard. Logically, Sinn Féin would be better placed to discuss policing — and, indeed, to take up Ian's earlier offer to discuss and negotiate policing with all of us — if it were as up to speed on the intricacies of the progress that has been made in policing as the other parties are. The other parties sit on the Policing Board and have an intimate knowledge of what has happened. When Sinn Féin discusses policing and policing mechanisms, it is at a disadvantage if it does not have the same level of first-hand information.

Ms Gildernew: As the UUP and the DUP have pointed out, the SDLP is also at a disadvantage because the UUP and the DUP had meetings with the British Secretary of State to discuss the make-up of the Policing Board, and the SDLP was excluded from those meetings.

Mr Paisley Jnr: The SDLP was there as well.

Mr McFarland: The SDLP was in on this the whole time. Alex Attwood has never been left out of anything yet. The SDLP was in before us.

Dr Farren: We had it all sewn up. They were left with the pickings.

Mr O'Dowd: I can assure Alan that Sinn Féin is kept up to date, except for the details of the secret meetings at Westminster. I am glad that you let us in on that.

Does the Chairman want to break for tea and coffee? We have only a couple of further questions.

The Chairman (Mr Wells): We seem to be coming to the end of this discussion. We can get into the meat of the agenda later.

Mr O'Dowd: I have a couple of further questions.

Mr Kennedy: If there are only a couple of questions, it might be useful to take them.

The Chairman (Mr Wells): Some of the questions have lasted a long time.

Mr O'Dowd: These questions might not last as long, given that David has left the meeting.

Events on the street — Alan has referred to them already — can affect the wider political process. What is the UUP doing on the ground to ensure that we have a quiet summer? I know that UUP representatives will be present at parades and interfaces, but how we can prepare collectively for a quiet summer?

Mr Kennedy: In certain areas, Ulster Unionist Party members have made representations to the PSNI, to the Parades Commission, to authorised officers and to contacts in the Loyal Orders in an effort to ensure that the summer is as peaceful as possible. The issue has been well considered. In the unionist community, a strong sense of cultural identity is attached to parades,

which is often missed, or deliberately overlooked, by many nationalists and republicans.

Therefore, the onus is on everyone to do whatever they can to ensure that there is no public disorder or violence on the streets while lawfully constituted parades process.

Mr O'Dowd: My next question could wait until after the break, when we talk about our discussions so far.

The Chairman (Mr Wells): That is correct. That is the subject matter for discussion after the break. The Committee will suspend for 10 minutes.

The Committee was suspended at 3.06 pm.

On resuming —

3.18 pm

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): I remind members to switch off their mobile phones. Is Mr McFarland expected to return?

Mr Kennedy: He is.

The Chairman (Mr Wells): Is there any indication as to how long he will be?

Mr Kennedy: I am not a prophet, nor the son of a prophet.

Mr Hay: You are very like a prophet, though.

Mr Kennedy: Thank you very much.

The Chairman (Mr Wells): We are moving on to some quite important business.

Mr McNarry: He will be here in five minutes, Chairman.

The Chairman (Mr Wells): The difficulty is that the time is up.

Mr Kennedy: Mr McFarland would not expect you to wait for him.

The Chairman (Mr Wells): Let us hope that he will arrive; Mr Dallat also appears to be missing.

Dr Farren: He is not under the table.

Mr Kennedy: Missing, presumed missing.

Ms Ritchie: Chairman, Mr Dallat went upstairs but his bag is still here, so we can presume that he coming back.

Mr Ford: That is an excuse. He has escaped.

The Chairman (Mr Wells): A couple of new faces have arrived. For the record, Mr McCarthy is here in place of Mrs Long, and Mr Hay has replaced Mr Paisley Jnr.

Ms Gildernew: I am leaving shortly, and Alex Maskey will be joining the meeting.

The Chairman (Mr Wells): We have concluded what everyone will accept has been an intensive examination of the various presentations to the Committee. I thank everyone for being so patient during a long and detailed series of sessions.

We will move to what is an important part of today's meeting. We must decide how the Committee's work will be taken forward. Members will know that the two Prime Ministers are visiting Parliament Buildings tomorrow, and this floor will be taken over as a result. If the Committee decides to meet, special provision can be made to access this room, if needs be. We can decide whether to meet later.

The Committee has a number of decisions to make. Should we present a paper on the Committee's work thus far to the Secretary of State, for consideration by the two Prime Ministers? That is entirely a matter for the Committee and, once again, I emphasise that any decision must be made by consensus. No decision means that we do nothing. What are members' thoughts on that important issue?

Mr Kennedy: There are a number of scenarios. Now that the parties have presented their positions, it might be important to think about how to bring that to the attention of the Assembly. It would be useful to involve the wider Assembly, perhaps through a take-note debate of the minutes and Hansard records of the large number of Committee meetings. We could consider what we could recommend to the Business Committee, which, in turn, would make recommendations to the Secretary of State, through whatever convoluted methodology is necessary to do that. It would be good for the Assembly to put on record and acknowledge the important work of this Committee.

Dr Farren: It will be very difficult to encapsulate simply what has transpired over this series of meetings in which we have questioned each other. The Hansard report will be distributed to all our colleagues in the Assembly. However, I am not sure whether that would form the basis for a take-note debate. That is not to say that the contents of the Hansard report would not be drawn upon in any debate about how we should move forward. As I said in my questions to the UUP, the two Governments are likely to want the Committee to build on the work that it has initiated. They will not want the Committee to continue in the vein of the past few days, but to build on its work in a much more focused way.

The Committee staff have been helpful in trying to identify each party's key points from their initial presentations. Further distillation to find general headings will still be necessary if we are to provide a meaningful handle on the business that has come out of our discussions, which have covered issues that are immediately very important to issues that are important, but of less immediacy.

I have always felt that that is the distinction that we need to make. We need to consider what precise issues fall within the first and second general headings. There may be a need for further subcategories within the broad headings that I suggested.

If we decide that providing information to the Assembly is at least one of the ways through which progress might be made, perhaps we could link some of the debate to what the two Governments say tomorrow. That will mean that we will have to wait to hear what they have to say. We will have engaged with them and we will have had the opportunity to influence their

thinking and to enlighten them as to what we think must be addressed.

The question of how we take things forward has been the basis of the stand-off in the Committee, with some parties saying that the Assembly exclusively had to be either the way forward or the channel or conduit from which progress would be made through the establishment of working parties, and others saying that this Committee had to create — or be itself — the forum in which more intense discussion on specific issues would be taken forward.

We have got to get round that, and it would be regrettable if any party were to exclude itself from the process, which has been the attitude to the Assembly adopted by Sinn Féin. It has excluded itself from the means through which we could go forward. Perhaps I am wrong, but my understanding is that Sinn Féin is not totally opposed to participating in the Assembly. It would participate if there were a clear restoration focus to its business. Therefore, it may be that we could move in that direction if we suggested business with that focus.

I am sorry for being roundabout in my comments, but it is not easy to be crystal clear and precise about the kind of business that we would — if we agree that we should — hand over to the Assembly. I am not sure how precise we can be at this stage.

Mr O'Dowd: It was agreed this morning that all MLAs would receive copies of the Hansard reports. In deciding whether to hand business to the Assembly, the question is what business — other than those reports — would we hand over? The Committee was set up to scope the issues that it would be necessary to resolve or to examine to prepare for Government. Although there have been lengthy question-and-answer sessions, there has not been a serious engagement from the DUP on that matter. That is a disappointment, because this venue could have been useful in the last number of weeks to resolve issues of concern to all parties.

At this stage, therefore, we see no point in bringing a take-note debate to the Assembly. We are not opposed to bringing forward substantial work from this Committee for debate if it concerns the restoration of the Executive. As I have said on a number of occasions, that work has not been completed. Therefore, although we are at the eleventh hour, and the Taoiseach and the Prime Minister will arrive tomorrow, there is no point in reporting progress for the sake of reporting progress.

3.30 pm

The Chairman (Mr Wells): Perhaps it would be worth hearing from each of the parties. We have to reach some form of consensus. Remember, there are two issues: what we do for tomorrow and what we do after tomorrow. Therefore, perhaps we should address

the urgency of the situation because if we are going to do something, staff need a clear indication of our intentions.

Mr Ford: I see little prospect of us producing anything to put to the two Governments tomorrow, unless it is the draft working document in our papers for today's meeting, which has been prepared by the staff. However, that simply highlights the issues that have been raised individually, which does not indicate much progress, as Mr O'Dowd has just said.

In that context, I am not sure that there is anything that we can meaningfully do for tomorrow. No doubt each of the parties will individually make clear to the two Governments its position and what it believes to be the benefits — or lack of benefits — in the way that this Committee has worked.

If John O'Dowd is saying no to a take-note debate — and a couple of weeks ago there was four-party agreement around this table that we should consider something like that — then how much progress does Sinn Féin require before we can have what it determines to be a meaningful debate?

Mr O'Dowd: Sorry, Mr Chairman, did Mr Ford say four-party or full-party agreement?

Mr Ford: I said four.

Mr O'Dowd: At this stage, we would not be opposed to some progress, but we are not going to debate no progress. Our view of this Committee was that it would be a substantial Committee made up of delegations of senior members from each party, and that we were to scope the issues. We have not done that. We have expanded on a debate that could have taken place in any TV or radio studio across this island. That is what we have been engaged in for the last week.

Ideally, we believe that this Committee should have been broken down into subcommittees to examine in detail the areas of concern. For example, we could have done a fortnight's work on policing and justice, an issue about which there have been a number of questions back and forth. We could have debated and discussed at length the peace dividend, and prepared a report that could have been debated on the Assembly Floor. Those are only two examples of work that we could have done and have not done.

Mr McFarland: It is encouraging that for three weeks all the key parties have sat around the table having some sort of engagement. It is imperfect; we have had rows back and forth and up and down, but by and large I view this as some sort of progress — albeit minuscule.

We agreed originally that we would hear the parties' submissions, and we have just completed that. This is a very imperfect document; it was our first best guess when we started. We now have several days' worth of

detailed submissions on the parties' views. We are clearly not going to get them in any form by tomorrow. Tomorrow is the day for the parties to meet with the Prime Ministers and have a blether about things generally. We need now to ask the team to put together some form of document — not necessarily in matrix form, but perhaps with headings and notes of which parties subscribe to which issues, or which issues have been raised, because there are a number of common issues throughout the submissions.

We are only just getting the Hansard reports of our meetings. I have not had a chance to read any of them yet. We will get another report of today's meeting — which I may not wish to read. Committee members need time to examine what everybody has said and what the themes are, and then meet again with a clearer picture. Further questions may even be raised because of issues that were not picked up on at the time. We have produced an important body of work.

I have had a quick read of the newspapers, and people are rubbishing the Committee and having a go at the DUP for producing Taliban. We have been hard at it here, and there is much to take in from all the parties who had various opinions on the UUP's submission. Therefore, we need some time to reflect. I do not know what the timescale for producing a report should be and how much of an effort we need to ask the Committee staff to put into it. However, members could do with some time to read Hansard and discuss matters with their party colleagues. Perhaps we could regroup early next week. I understand that the Assembly will run into next week.

The Chairman (Mr Wells): The Assembly technically will, but whether there will be a plenary is a different matter.

Mr McFarland: Yes, but we have not broken up for the summer, so we could meet next week after we have all had a chance to reflect on the ins and outs of the past five days, because there is a lot of information to take in.

Mrs D Dodds: First, many around the table have reiterated the point that serious work must be done. However, that has not been helped by certain parties referring to members of delegations in derogatory terms, such as referring to them as members of the Taliban or as Talibanesque figures. It is up to individual parties to decide whom they choose to represent them at this Committee. I assure everyone that the DUP representatives are here with full authority, and they have been appointed by the party leader to do a specific job.

Secondly, I have heard much from Committee members about the progress that has been made. The DUP has faithfully attended every meeting and engaged in this process in every way that has been

expected of it. As Mr Ford said at the meeting of 16 June, there was a general agreement that, at some stage, it would be useful to engage all 108 Assembly Members in the work of this Committee and in some sort of take-note debate, along the lines of the House of Commons take-note debates when a Committee produces headings of its work, which it then puts forward to the House for general debate and discussion. It would be helpful if we tried to proceed along those lines, since this is not a process that is exclusively for a small group, but one that involves a wider audience in the Assembly.

There is a short timescale for the Committee to prepare anything for tomorrow. I strongly suspect that the parties have their agendas drawn up for tomorrow, and things should probably be left like that, unless we want to ask the Secretary of State and the Prime Ministers to take note of the work that the Committee has done over the past few weeks. That may be a reasonable suggestion. Alan talked about needing time to examine the documents, and there is some truth in that. However, we are also up against a tight deadline, in that the Secretary of State has said that work can continue on the week beginning 3 July. The Assembly would go into recess at the end of that week.

If the Committee agrees, it would be useful and informative to have a debate along those lines in the Assembly Chamber next week, and we may want to prepare headings for that. Hansard may be too wide a publication for that debate, but I am easy on that too. However, our deadline is some time next week.

Dr Farren: From what I have heard, all parties accept the value of some kind of debate in the Assembly. The trick is to find a route to finding a formulation for such a debate that enables all parties to participate.

It may be useful for one representative from each party to meet, possibly after tomorrow's meeting with the Prime Ministers. If we still agree that we should try to reach an agreed basis for an Assembly debate, we could possibly meet on Friday morning — I am thinking of the time required after tomorrow's meeting to prepare for a debate, if one is to take place next week.

Representatives could come back to the Committee, possibly on Monday, with a formulation enabling us to agree. The Committee could put that formulation to the Business Committee and give the Assembly notice that there may well be, although we could give no guarantee, a debate on Tuesday of next week. There may be holes in what I have said, but I am honestly trying to think of a way forward that meets the needs of the moment, and a lot could well depend on what transpires tomorrow.

The Chairman (Mr Wells): Before Mr O'Dowd comes in on that, there is a procedural difficulty.

Dr Farren: OK, fine.

The Chairman (Mr Wells): The Assembly must have three days' notice of a debate, so if you were going down that route —

Mrs D Dodds: Sorry, there is a matter for clarification, Mr Deputy Speaker. I recall much less notice than that for previous debates.

The Committee Clerk: Under current Standing Orders, the Secretary of State makes a direction for a sitting of which Members must have three days' notice. For example, there would be a direction on Friday for a sitting on Tuesday.

However, no notice is necessary of what the Order Paper will contain, so referral of business could be on Monday, and Members could come to a sitting not necessarily knowing what it is about. There is no need for three days' notice of the subject matter.

Mr O'Dowd: I just want to clarify something. I thought that I had made myself clear. Sinn Féin does not agree to a debate on the Committee's work whether it is next week, the week after that or any other week. The purpose of the Committee is to prepare for government. Momentum seems to be building that the purpose of the Committee is to enable us all to debate in the Assembly Chamber and play the politician.

There has been insufficient, or indeed any, progress in the Committee to substantiate debating any issues in the Assembly. If we reach a stage, and Sinn Féin wants to get to that stage, where the Committee can set up subcommittees for detailed discussion and the preparation of reports, we will take a different view.

The Chairman (Mr Wells): It looks as though we do not have consensus on that issue.

Mr McFarland: When the DUP first came to the Committee, it said that the only purpose of the Committee was to scope the issues. There would be logic to the DUP's walking out this afternoon saying that the issues have been scoped, end of story, that the Committee no longer exists and that there are to be no subgroups, nothing.

My understanding is that the DUP will not do that and that it is being positive about this whole process. I must say that, despite the first few days of shouting and roaring, the DUP has been here, playing its part and engaging with everybody, and fair play to it for that.

I am worried now that Sinn Féin is starting to try to run the show here and decide when a, b, c, or d is done.

There has been a degree of goodwill around the Committee table, and if you look at Hansard you can see that we have done some interesting stuff. What we have done here in the past five days has never been done before.

3.45 pm

I appreciate that Sinn Féin has reasons for not wanting a talking shop, and I recognise that it does not support other debates, but perhaps Sinn Féin could see its way, in the interests of harmony and good-neighbourliness, to taking a positive view. Martin McGuinness said early on that if work came out of this Committee, Sinn Féin would support a debate. One is then into a discussion about what constitutes work. I would argue that five days' worth of substantial Hansard reports is a fair amount of blethering. The DUP had four hours of questioning, we have had five hours today and Sinn Féin had six. The Alliance had a couple of hours' worth and the SDLP had four. That is a substantial body of work, which is being ignored or regarded as irrelevant. I would argue that it is very relevant.

I know that Sinn Féin has fears that this will turn into a row. However, it would be useful for our colleagues, having read Hansard, to have an opportunity to air some of these debates, because they are public anyway. When the Hansard reports are published, the press will have them wall-to-wall. What Willie McCrea said to Martin McGuinness and vice versa will be all over the airwaves, so it is not that no one will see it. That was the case until today, but now all of this is public, so one will not hear anything in a debate that the press will not have already.

The fears about stoking the fires should be gone with the publication of Hansard. In the interests of Committee goodwill and of involving the wider Assembly, it might be possible for Sinn Féin to ruminate on that and reconsider having some form of discussion on the work of the Committee, which has been good. The logic of all that would be that it might encourage all of us to continue that good work. There are several issues that merit further examination.

This Committee has gone relatively well, if not ideally. It would be a pity to unilaterally destroy what has the makings of taking us forward. It could get into subcommittees and go all sorts of places, but we need to do it as a Committee, examining our way forward with no one making demands or preconditions or things that make it difficult for others to shuffle along the road.

Despite Sinn Féin's misgivings about debates in the Chamber stoking the fires, and in light of the publication of Hansard, I wonder whether it is possible to have some form of take-note debate next week to show that the Assembly, before it breaks for the summer, is actually able to sit in a Committee, to do good work, and to bring it up to some sort of a debate.

Mr O'Dowd: If I have given the impression that we wish this Committee to end today, I am sorry. That is not what we wanted to put across. This Committee still

has work to do, and despite our scepticism, we still think it can be done.

As I have said, it is not the role of the Committee to automatically provide debates for the Chamber. As Alan has said, if substantial issues have been highlighted in Hansard then, as he has suggested, we should go away and examine Hansard and come back to the Committee to decide our way forward.

I do not wish to put across the message that we are stopping our work in the Preparation for Government Committee; we are not. An important meeting will be held tomorrow with the Taoiseach and the British Prime Minister, which might lead to more clarification and fresher thinking. It might help if people went through the Hansard report to target the substantial issues and return to the Committee to discuss the way forward.

Mr McFarland: There is nothing mutually exclusive about this. It will take us a day or two to get our heads round the Hansard report. However, that does not stop us setting a plenary date for next Tuesday, as all Assembly Members and ourselves will have had an opportunity to consider the Hansard report by then. That would not stop us meeting on Monday to refine our thinking, which I think we need to do. We need to read the Hansard report and get our thinking clear about whether other areas require further examination — I believe that they do. Some areas we can park, because most of the parties here have no influence over them; therefore we should simply register them.

That should not stop us sending out what would be a really good sign for the Assembly. The public thinks that we are a waste of rations; that we have spent the past three years earning money and doing nothing. People have not yet seen the work that goes on in the Committee; when they do, they will be genuinely amazed that the parties can sit down and have a discussion with one another. It would be even better if we could have some collectivity by involving our colleagues in this amazement next Tuesday. We could meet on Monday to refine matters. The members of the Committee would be the lead speakers in any such debate.

We have a vested interest in not blowing the lid off the Committee; we have a vested interest in making sure that it works. I do not believe that anyone here will demand that the whole thing explode. I know that that is difficult for you and that you are probably sailing under orders, but would you be happy to ask your top team whether, in the interests of the Assembly and the work of the Committee, it might consider taking part in a sensible debate — albeit limited, perhaps a couple of hours' worth — on Tuesday to show that the Committee is working?

Dr Farren: Lest there be any misunderstanding about the SDLP's position, let me state that the SDLP

does not regard the Assembly as the be-all and end-all for discussing and resolving issues. We do see continuing, necessary work for this Committee.

Among the issues identified in the various submissions — although this is not an exclusive statement — and the discussions that have arisen from them has been that of economic regeneration. The Assembly has already had a lengthy and comprehensive debate on that topic, although Sinn Féin did not participate. However, if an Assembly motion were tabled to ask the Governments to urge the Committee to continue its work and to address the question of economic regeneration — and I am not formulating precise terms for such a motion — Sinn Féin could participate in the debate on it. Others might want to contribute. We could have a take-note debate.

Perhaps take-note is too loose a term, particularly for Sinn Féin. However, I urge a motion that asks that the Preparation for Government Committee continue its work, the Assembly having noted what has transpired to date, having noted what the two Governments have said, and, in particular, having noted that there is common concern with respect to economic regeneration. One might even add other issues, if there were agreement. However, it is particularly important that we Assembly Members urge that that work continue over whatever period of time.

Such a motion might begin to meet concerns about having a debate that simply goes in all directions. It could well go in all directions, but it would have to come back to the more precise elements in the motion, if contributions were to be meaningful. Something like that might help.

Mr McNarry: I will not bow the knee to Sinn Féin in requesting a debate, but this will be the second time since I have joined this Committee that we have been faced with making a decision to which Sinn Féin is the obstacle. It is not easy for me to explain to my people that, on two occasions, when the word debate was used, Sinn Féin has sought to prevent agreement. Sinn Féin is unable to concede to the consensus that I gather exists among other colleagues sitting around the table. I do not believe that that situation can continue.

With all due respect, I agree with the sentiments that have been expressed about how well we have all got on, about how points have been put across, and about how people have had their moments. However, quite frankly, speaking personally, I am being encouraged — and I am being asked to encourage my party — to come to a meeting such as this when I know fine well that, because it does not suit one party, all the discussion, all the talk and all the reports in Hansard are great, but all that we can do is read them.

Therefore, I am not going to beg, but I do not know what could encourage Sinn Féin to, for once in its life,

give recognition to its colleagues. Why be the odd one out all the time, when there is otherwise consensus? That is not a consensus to browbeat them or anyone else into anything.

There are some in this room who have deliberated for far longer than I have; I have only been here for a week. Having put that effort in, and having listened to what Diane Dodds said in summary about how she felt about this matter, it is pretty clued-in stuff.

However, if that is the position of all parties bar one, in effect we are really telling our colleagues in the Assembly that they do not matter.

I think that that is wrong, because they do matter. If I had not been privileged enough to be here, I would expect the people who were here to come to the Assembly and seek my support for this Committee to continue. If it is felt that this Committee can continue without asking for the support of all MLAs, we are setting ourselves up to be something that we are not. We owe it to our colleagues in the Assembly to debate the issues and, in that manner, to seek their support for continuing our work.

However, if the continuance of the work all falls down because Sinn Féin does not like where it is going, or it wants to block or to veto, it makes it very difficult to sell that to my people. I am out of government because of your obstinacy and your petulance and your persistence in vetoes. I cannot get you out of government because of that veto. My ability to work for my constituency in the manner that I was elected to do has been obstructed because of vetoes. As for vetoing ourselves and our colleagues in the Assembly, I do not know how on earth you sell that, Chairman. I do not know how I can go back and talk to my party colleagues. I cannot beg; I can only ask you to see reason. If everybody else has taken a reasonable attitude, why cannot you?

4.00 pm

Mr Maskey: I do not want to take full issue with everything that David has just said. I share the frustration — certainly felt by our party — that we are a number of weeks into this process, and we cannot identify significant progress. Alan asked the question: how do you measure progress? Some may consider 20 hours of grilling as progress, but I cannot measure that as progress, to be perfectly frank. There is a bit of an irony in that a number of years ago a 20-hour grilling would probably have generated a lot of heat and perhaps less light. The interesting thing is that today it would not even generate as much heat because people have heard all of these arguments so often before. John O'Dowd made the point that a lot of what has been said has been exchanged before in interviews and debates on radio and television.

Obviously, it is important that this Committee meet. We are totally committed to it. We are very committed to trying to get substantive business conducted through this Committee and with all elected Assembly Members engaged in that process. We want that to happen very quickly, but as John has already said, we do not see that there has been significant enough progress to bring that to an Assembly debate. That is the very clear position that we adopted from day one. We have worked very hard in this Committee, as have other members, but the outcome, to date, does not, in our view, warrant or justify an Assembly debate. Arguably, you could go in there and rehearse all of the 20 hours of grilling plus the other business that the Committee has discussed. You would either put the Members to sleep or fire them up for the summer, because there is nothing to report to them by way of recommendations for future work.

Alan suggested that the Committee staff try to collate, from the Hansard reports to date, the issues that are outstanding. That might be a useful mechanism to let the Committee meet again and, on the back of that work, to take stock of whatever progress has been made. If the officials can cull from the lengthy Hansard reports an itemised agenda, we can take stock and, more importantly, decide what our next steps should be. That would be useful, because we would be able to start to scope some of these issues. It is very regrettable that we have not made sufficient progress to go to an Assembly debate. We would be delighted to go to the Assembly and report progress in this Committee. That is what we are here for — to make some headway. We do not want to be wasting our time, twiddling our thumbs or having lengthy debates in here that we could have anywhere else.

Unfortunately, we have not made enough progress, and our position has been clear from day one.

We want this Committee to knuckle down, examine the obstacles and issues, and make recommendations to tackle those matters and progress them. It is regrettable that the Committee has not done that. However, it is still not too late. We see considerable merit in the earlier suggestion of identifying, from the Hansard record, the key issues and themes. Let us take stock of the Committee report and then decide what we do next. We can continue to work over the next days and weeks.

The Chairman (Mr Wells): It is Mr Hay next. I would like to take advice on the table of issues, which has come up several times.

Mr Hay: I am not totally au fait with all the issues that have been discussed in this Committee. Listening to the debate, I think that the Committee has come to a point when decisions must be made about how we move forward constructively and deliver.

The DUP could not support leaving the Assembly behind. Listening to discussions of the issues that have been raised by all the parties, and especially by Sinn Féin, I almost have the impression — although perhaps I am wrong — that they are looking for an exit strategy to get out of the Committee and out of the Assembly. I also agree with Seán that the Assembly is not the be-all and end-all to progressing this issue. Leaving the Assembly behind, and thus having no opportunity to debate, does huge damage to other Assembly Members. They have been totally left behind. Assembly Members want to be in the Chamber, debating issues that have been identified by this Committee.

The trick for this Committee is to reach a twin-track approach, where Committee work continues alongside debates in the Chamber to which everybody can reasonably sign up. No matter how this Committee progresses, or how long it lasts, other Assembly Members cannot be left behind; they must be involved in any debate about the future.

If, for whatever reason, people are being obstructive, my party would have to decide whether there is any point in sitting on this Committee if we cannot debate in the Chamber. We need to discuss how we reach a twin-track approach to try to resolve issues that all the parties are passionate about. If people are saying that good, reasonable work about progressing the issues has been conducted in this Committee, it might be useful to have a reasonable, sensible debate in the Chamber. There is no point in the DUP's staying on this Committee if there is to be no debate in the Chamber.

It is wrong for any party to judge when enough work has been done in this Committee and that the time is right for a debate in the Chamber. There is broad support around this table for a debate on the issues. How do we get to the point where that is up and running? A debate in the Chamber would not obstruct the work of this Committee. There may be a fear that if there were to be a debate in the Chamber, Assembly Members might not bother to turn up at this Committee. One party in the Committee cannot say that there should be no debate, when there is a clear consensus around the table that there should. Our party will not continue to sit on this Committee if there is to be no debate in the Chamber. That will not be an option for our party.

However, we are prepared to attend the Committee. Alan was correct when he said that we could walk away today and say that the scoping exercise has been done. As far as we are concerned, our work is done. We shall report back to our party, and, if we cannot get to a point at which we can tell the party that an Assembly debate is achievable, it will perhaps decide that our work is done.

The Chairman (Mr Wells): Before I call Margaret Ritchie, several members have suggested that it was

the Committee staff's role to add to or amend the table of issues. As members know, it is a working document, and I think that it is entirely inappropriate for the staff to amend that table. To do so is entirely a matter for the political parties. I wish to make it very clear that it is highly unlikely that it will be appropriate for the Clerks to amend the table. I know that several members, during various sittings, approached the table of issues from different angles. It is totally understandable that people had different understandings of what the document would be. If parties have amendments, additions or deletions to make, they should draft those amendments and ask the Clerks to insert them into the table. However, if members anticipate that the Committee staff will amend the table, I do not believe that that will happen.

Mr McFarland: Our experience tells us that this Committee is, in theory, no different from any Committee that took evidence in the first Assembly. Committee staff would at that time have produced a report on the essence of the evidence that had been presented.

What we have done is to take evidence and question each party in turn. Although a substantially verbatim transcript of the Committee sittings was available in the first Assembly, that was not what the Committee produced at the conclusion of its sittings. I wonder whether, in keeping with practice in the first Assembly, it would be possible to produce a report on the essence of the key points in each submission and cross-examination; otherwise, it will be difficult to judge how much progress we can make, because each party will simply regurgitate the content of its submission.

That would mean that we would be no closer to having a Committee-produced document of the sittings. We should not all split up into our parties and cock a snook at one another again — we need a document from the Committee that each party can buy into as being a report on what was said in each evidence session.

The Chairman (Mr Wells): Not only am I depriving Ms Ritchie from attending an important meeting of Down District Council, I allowed you —

Ms Ritchie: You are so kind, Mr Deputy Speaker. You are depriving yourself as well, if I recall.

We must be mindful of whether we want the political institutions restored or not. That is the first question that each of us around the table must ask of ourselves and of our party. We are not solely responsible to ourselves or to our party. There are people out there who voted for all the parties around this table who want to see what is happening and to see the value of their money, so to speak.

Therefore, there must be some level of accountability. If we are seriously interested in — or

seriously want — the restoration of the institutions, and if, as we do, perceive as necessary participation in those debates that happen to be relevant to restoration — the findings of this Committee being one such debate — so be it; we shall participate in order to demonstrate to the public that many issues have been discussed. As Alan McFarland said, this is the first time that we have all sat around the same table and identified the obstacles to restoration or the issues that need to be dealt with.

That is novel in itself. It is not a backward step, but is something that can be built on. That debate could perhaps identify other issues, elaborate on those that already exist and help this Committee to pave the way for other work that it may need to do. However, our ultimate goal should be the restoration of the institutions.

It should be remembered that we have only until 24 November. The SDLP would hate to think that there might be parties in this room, and in the Assembly, that are deliberately trying to obfuscate that process. At the end of the day, we are accountable to the public, who want to see what is happening.

4.15 pm

The Chairman (Mr Wells): Mr Maskey has indicated that he wishes to speak. This issue has been fairly well aired. After Mr Maskey has spoken, I will ask whether there is a proposal and, if so, put it to the Committee, because members have had a good opportunity to make their points.

Mr Maskey: For the record, Sinn Féin has no exit strategy and is very much committed to the process, and we will continue to assert that.

Seán Farren will make a proposal in a few minutes. However, if it would be inappropriate for officials to try to distil the key outstanding issues from previous debates, so that we can take stock of where we are and decide the future strategy of the Committee, I presume that any or all of the parties could do so. That may be a useful mechanism. As William Hay said, we are coming to a point where we need to take stock and decide our next steps, and it would be appropriate to do that.

Sinn Féin believes that there is no point in having a debate in the Chamber to tell Members that we have been talking and airing all those issues. Many issues have been aired, but there have been no decisions or collectivity in how any of those issues are to be taken forward. That would be the only credible basis on which there could be a debate in the Chamber. As much as I want a debate in the Assembly, I do not want to regularly report to my party colleagues that, although the Committee has met several times and there has been much discussion, not one issue has been taken forward. Until we have some progress to report on any of the obstacles, or any steps that can realistically and collectively take us forward, there is

no point in allowing 108 Members to rehearse in the Chamber what 20 or so members have been rehearsing in this Committee over the past number of weeks. That is very unfortunate. However, it is still not too late for us, as a Committee, to collect our thoughts, take stock of where we are and take key decisions about what to do next. When that time comes, and there is progress to report, there could be a substantive debate in the Assembly.

The Chairman (Mr Wells): I understand that Dr Farren has a proposal. We all know the rules by now; the proposal must be agreed by consensus. If I ask whether there is consensus and any member says “No”, that is it. The proposal will fall, and we will move to another proposal.

Dr Farren: Subject to advice on the wording of any motion, I propose that the Committee gives notice that an early debate — without specifying a particular date — should take place in the Chamber. The debate would be on a motion that takes note of what transpires from tomorrow’s visit by the two Prime Ministers, if that would be helpful, and of what has taken place in this Committee.

Over a month ago, the Northern Ireland Business Alliance gave a presentation to Members in the Senate Chamber, and the proposals that it put forward were met with general consensus. Various parties suggested that delegations should meet the Prime Minister and the Chancellor, and that those delegations should focus on identifying the key elements of an economic regeneration programme.

The purpose of a debate in the Chamber would for be parties to suggest proposals for subsequent discussion in a Committee that would be established to take forward those proposals.

We have been through that already, but Sinn Féin was not part of it, and that is why it is important that it participates this time. I understand that it is a rather wordy expression of what a motion might consist of, but we need a precise meaning of what is contained in my proposal for a motion to the Assembly as soon as possible after tomorrow, and probably on Monday morning. The Assembly could be convened to discuss it as soon as possible after that if we can agree the terms of a motion, and that would help with our work on the economic regeneration issue.

The Chairman (Mr Wells): We have a proposal. Is there consensus on that proposal?

Mr O’Dowd: With respect to Dr Farren, that was lengthy and wordy. What are the bones of the proposal? Perhaps one of the Clerks could read them back to me.

The Committee Clerk: I could paraphrase a little. This Committee gives notice that an early debate should take place in the Assembly, taking note of the

view of the Governments in relation to the work on preparation for government and asking this Committee to continue its work and in particular to consider what work should be done to address economic regeneration.

Dr Farren: That more or less captures the essence of what I was saying.

The Chairman (Mr Wells): Is this a counter proposal?

Mr McNarry: No, it is a point of information.

The Chairman (Mr Wells): Will you leave it to Dr Farren then?

Mr McNarry: You might be able to answer it.

The Chairman (Mr Wells): Certainly if I can.

Mr McNarry: The Secretary of State and the Prime Minister may or may not refer to the work of this Committee tomorrow. Are you, or is anyone who is in contact with the Secretary of State’s office, aware of any enquiries that his office may have made on progress in the Committee?

The Chairman (Mr Wells): There has been no contact from the Secretary of State’s office to me as Chairman. I do not know if the clerking staff have had any contact.

The Committee Clerk: The Secretary of State is in regular contact, I believe, with the Speaker, and the Speaker has asked on occasion how the Committee is going and what work is being done. So there is no formal contact as such, but I believe that the Speaker acts as a conduit.

Mr McNarry: I do not want to go too deeply into this, but what has the response been to the Speaker?

The Chairman (Mr Wells): The minutes are published once they are agreed, and, from yesterday’s media coverage, it is obvious that the Hansard reports are now being widely distributed as well. Perhaps that is one of the ways.

Mr Maskey, is this an alternative proposal?

Mr Maskey: That last proposal seems to be a convoluted way of saying: “Let us have a debate in the Assembly at some point in the future about something that we are not quite sure about.” It has already been said that the Prime Minister and the Taoiseach are here tomorrow, so let us hear what they have to say. This Committee has a job to do, and it does not need to ask anyone how to do that job. We should be doing that job, so I will not be supporting that proposal now.

The Chairman (Mr Wells): So there is not consensus. It is absolutely clear that there is no consensus on Dr Farren’s proposal, so that falls. That is how this Committee operates.

Having dealt with that, we move on to a future work programme. What do we do in the absence of a debate

on the Floor of the House on this Committee? There was a proposal from Mr McFarland that we go back.

I just want to draw members' attention to a practical point. The Hansard for this sitting will not be available until Friday afternoon at the earliest. Obviously tomorrow is a very busy day for the Building, so if you are thinking of taking time to read —

Mr McNarry: What has tomorrow got to do with Hansard?

The Chairman (Mr Wells): I presume that Hansard is involved.

Mr McNarry: How is Hansard involved tomorrow?

The Chairman (Mr Wells): Sorry, my mistake. I believe that Hansard will not be getting these tapes tonight because of the Prime Ministers' visit, meaning that it will be too late for its staff to produce the transcript tomorrow.

Mr McNarry: Is Hansard attending lots of meetings? Hansard used to be the most efficient organisation in the Building. Since it became involved in these meetings, we have been told that we must wait for the transcripts, and now you are telling us that we must wait until Friday.

The Chairman (Mr Wells): These transcripts are not produced in the same manner as those for plenary sittings. It is unusual to receive the Hansard report for Committees on the following day. For example, if this were the Regional Development Committee, we would not get the transcript tomorrow. As members know, we have put the Hansard staff under a bit of pressure to put the transcripts through the system as quickly as possible, but I am told that the earliest that we can receive this transcript is Friday afternoon.

The report will be with members on Saturday, and we need to consider how much time to give them to read it through. The proposal was that we would allow members to have time to read the material —

Mr McFarland: Logically, if we are not agreed on a debate — and, obviously, we are not — we should not presuppose that the Secretary of State will not decide to have a debate of some sort next week. We have no idea whether he wishes to do that. Once we receive the Hansard report, it would be beneficial to have the opportunity to talk to colleagues about the issues. We will be tied up on Monday morning with our party meetings —

Mr McNarry: Ours is on Tuesday.

Mr McFarland: Perhaps the answer would be to regroup on Tuesday, having had a chance to think through the issues. I do not know whether that would be too late. We can decide then whether we wish to have further meetings later in the week.

Mrs D Dodds: From our party's point of view — and my colleague made this perfectly clear — there seems to be a blocking agenda in operation in the Committee. My party will view this issue seriously. We do not want to discuss future business until we have spoken at length with the party officers. William and I are party officers; we want to consult with the rest of the party officers. Alan McFarland expressed a wish to do that as well.

Mr Hay: Each of us has to report back to our parties. It does not bode well that we are going to report that there is a blockage in this Committee. There will not be an Assembly debate until one party in particular agrees to that. That is the issue for my party. We cannot remain indefinitely in this Committee. Our party wants to make progress and move the issues on. We should not hold back other Assembly Members. If there were an Assembly debate, the public would have a better understanding of the Committee's work and the issues that need to be resolved. Unfortunately, there is a blockage.

The Assembly is going to be continually stifled, and the parties will have to make up their minds on whether there is any point in the Committee's continuing to meet. I said earlier that there was no reason why we should not adopt a twin-track approach, with the Committee carrying on with its work and some form of debate taking place in the Assembly. One party in particular has adopted the approach that if it is not done its way, it will not be done at all. That is a tragedy. The other parties around this table need to make up their minds about the future of this Committee.

Mr O'Dowd: I have no wish to open up the debate being hinted at by Mr Hay. If Mr McFarland is proposing that we come back on Monday or Tuesday, after the meetings with the two Prime Ministers, to take stock of the reports that have been laid before us, we are more than happy to do that and to plan a way forward that, I hope, will involve all the political parties.

4.30 pm

Mr McFarland: Chairman, in the light of what William has said, perhaps the answer is for you to call parties to discuss this on Monday and then perhaps get in touch with you. Clearly if people are not going to come back, there is no point in organising a meeting today for next week that people are not going to go to — or are not in a position to say whether they will attend.

Mr Hay: I think the key for us, Deputy Speaker, to move all of this forward is opening the door of the Assembly to allow the other Assembly Members to debate that. And no one party should stop that. That is the key for us.

The Chairman (Mr Wells): May I just remind Members that if we cannot reach agreement on any future meetings, we have a slight difficulty in that we

are hanging in the air, as it were. So you need to give some thought to that, because I do not believe the Chair has got the power to call a meeting specifically — so it is left hanging.

On one practical issue, because I know people want to come in, will parties send amendments to the table of issues by 2.00 pm on Friday to help the staff.

Mr McFarland: Is this Hansard?

The Chairman (Mr Wells): No, the table of issues. Any additions or amendments you wish to make. Any issues you feel you have not included in your original draft.

Mr O'Dowd: Sorry, by 2.00 pm?

The Chairman (Mr Wells): On Friday to the Committee Clerks, please.

Mr McFarland: Chairman, the table was valuable as a quick snapshot of our original, very simple, position papers. The reason I was suggesting we had some sort of report from Hansard, as you would have in a normal Committee, was that all sorts of issues that are not in there have arisen. Now, we are in danger of having a 25-page document here, because if all the parties submit all the issues back and forth that they brought up in their submission, that document will expand dramatically. You will then have a competition in that the party who has not put in 10 pages worth of amendments will feel that it has to put 10 pages in to look the same as all the other parties. One of the issues raised here this morning by Ian Paisley Jnr was a whole lot of dismissing of the Ulster Unionists' paltry, irrelevant six topics, headings and so on. Now if we are into the business of judging how valid our positions are by how chunky our submissions are, you watch this party. We will give you 25 pages worth.

The Chairman (Mr Wells): Mr McFarland, I should add that we did agree as a Committee with consensus that any party who wished to bring additional amendments, extra material or delete from its initial papers which lead to this table could do so. So unfortunately that has been agreed already, and we cannot go back on that.

Mr McNarry: Chairman, just on a point of order. We seem to be jumping. Two colleagues here have made very pertinent points. Unless I have missed the point, the relevance of adding this or adding that by Friday would seem to have been missed: I will not be coming back here unless my colleagues in the Ulster Unionist Party are of the view that it is worthwhile. Mr McFarland was asking that we would leave our future decisions in abeyance until such times as our party under its own strength should report to you or to the other Chairman or to both our views on progress in this Committee.

So I am just wondering what the point is in continuing with business now if that is the view that seems to be prevalent?

The Chairman (Mr Wells): We have Dr Farren, Mr Maskey, Mr Hay and Mr Ford. The only point I am trying to make is that if we do not reach consensus on any resumption of meetings and it is left hanging in the air, I am unsure as to whether the Chairmen have the power to ever bring this Committee back. It may be that the only person who can do it is the Secretary of State.

Mr McNarry: I appreciate that but Mr McFarland was not alluding to your powers but to the courtesy of informing you about whether or not we would be returning to future meetings.

Mr Hay: To follow up, Deputy Speaker, on what David has said, what has annoyed everybody is that the SDLP made, I believe, a reasonable proposal. I think everybody was saying that there are a number of things we want to take away and come back and discuss. But once again one political party has just said "No". It was not even prepared to say: "Well, I hear the proposal, and I am prepared to take it to the party and at least discuss it." It is just "No". And the worry for myself and for the Unionist bloc here is that the door is now firmly closed.

The Chairman (Mr Wells): Seán Farren has been very patient.

Dr Farren: The relevance of the table of issues has now been lost. Therefore, unless we can clarify its relevance for our future business, the SDLP will not submit any further points for inclusion in the table. I do not think anyone should put staff to that task.

Notwithstanding what has been said about attendance in the future, it would be helpful if we could pencil in, at least tentatively, a meeting for Monday afternoon or Tuesday morning. Meetings can be cancelled and the secretariat advised. However, to ease the burden on you — you say that you cannot exercise the authority to call a meeting if there has been no agreement that one should be called — I suggest that we agree tentatively. If parties decide in the meantime that they should not and will not attend, there will be no further meetings. At least I would know that there might be a meeting on Monday afternoon or Tuesday morning — I would go for Monday afternoon.

Mr Maskey: It is imperative that the Committee meets again. I reiterate that Sinn Féin does not rule out debates in the Assembly at some point, but they must be on the basis of some progress having been made. We do not measure progress by the fact that all the parties are sitting in the same room for x number of hours or days. At this stage of the game, in 2006, that is not a measure of progress.

Mr McFarland: It is definitely progress, Chairman.

Mr Maskey: David mentioned that we have been here for a week, but some people have been in this process for 10 years and perhaps a lot more.

Mr McNarry: You can go back as many years as you like, Alex, but we are talking about this process.

Mr Maskey: I appreciate that, but this Committee needs to meet. Members around the table say that progress has been made on the issues, but we have not heard an example of that progress.

Dr Farren: What about economic regeneration?

Mr Maskey: There was a debate, as you well know.

Dr Farren: Martin said that we could do it in two days.

Mr Maskey: There was a debate in the Assembly, which involved most parties. There was not a very positive outcome to that, but time will tell. We want to have sensible, constructive, substantive debates and discussions with the rest of our colleagues on the basis of work done and progress made. There is absolutely nothing that would preclude Sinn Féin from future debates in the Assembly — far from it. We want to have discussions with the rest of our colleagues. However, we feel that, at the very least, this Committee has a responsibility to meet again to take stock and to identify the progress that has been made. It is not good enough to say that we have made progress; let us identify where progress has been made. Perhaps that is a slight advance on Alan's suggestion about identifying the issues. Let us identify what we consider to have been progress and then determine what we can do to take that forward. We all say that we want to take this process forward, so let us agree that we will meet again, identify the areas where progress has been made and determine where we go from there.

Sinn Féin wants to ensure that we build on any progress that might have been made, but no one around this table is advancing where it has been made. There has been insufficient progress to warrant an Assembly meeting. People here seem to be focused on one outcome — a debate in the Chamber. However, that is not why this Committee is in business.

The Chairman (Mr Wells): Mr Ford will speak next, followed by Mrs Dodds. Then I will look for a proposal.

Mr McFarland: I second Seán's proposal.

The Chairman (Mr Wells): We will take your proposal, Mr McFarland. There will be two more contributions, and then we will try for consensus on that.

Mr Ford: We are rapidly reaching the point that proves that after six and a half hours sitting around this table, we are in no mood to agree anything. If we can at least agree a date for another meeting that may be as much as we can manage.

It is clear that all parties now have to take stock and have discussions with other members of their teams. Most of those discussions will take place on Monday morning, so we should seek to meet as early as possible — perhaps around 12.30 pm. If we cannot meet on Monday because others want to take all of Monday to consider the issues, then, given the fact that the Business Committee is meeting at lunchtime on Tuesday, perhaps the best suggestion would be to meet at 2.00 pm on Tuesday. I support those who think that we should fix a date now; otherwise we will be in major difficulties if we do not at least have that ahead of us.

Mrs D Dodds: It is interesting to see Sinn Féin trying to get some wriggle room on the issue. I suggest that it is trying to sell us something on the never-never. That is what Sinn Féin's latest positioning really means. The Committee has run into a serious situation.

As I said before and repeat for the record: the DUP has come to the Committee and has identified and put forward serious issues that must be addressed. It is time for the rest of our colleagues to be given the opportunity to consider and debate those issues with us. Seán Farren's proposal was wide-ranging and sensible.

Yesterday, I spoke to members of the business community and to our representative on the Northern Ireland Business Alliance, which meets regularly. They are very anxious for the Assembly to get down to work and consider the issues that affect the country's economy. The blocking-and-wrecking agenda is a serious tactic — so serious that we should now forward details of that position to the Secretary of State.

The Chairman (Mr Wells): Both proposals can be forwarded; they are not mutually exclusive.

Dr Farren: I propose that the Committee identify Monday afternoon for its next meeting. I am not available on Tuesday and possibly not on Wednesday, but that does not mean that the SDLP will not be represented. Taking cognisance of my timetable, my only point is on consistency — I have attended every meeting, and I do not want to miss the next one.

Mr McFarland: I suggest 2.00 pm on Monday, subject to the parties' agreement.

Mrs D Dodds: What will we be meeting to do?

The Chairman (Mr Wells): The specific issues to discuss are the outcome of the meetings with the Prime Ministers, the resulting documentation and the results of the party meetings. Everyone has indicated that, having received copies of the Hansard report on Saturday, they will have issues to discuss in depth. I hope that they will have a chance to read it over the weekend and report back to their group meetings.

Mr Kennedy: Is the Deputy Speaker aware of the existence of correspondence from the Speaker that

indicates how business may proceed in relation to the Business Committee, Assembly plenaries and perhaps the Secretary of State's wishing the Committee to continue its work? Apparently, a letter from the Speaker is in circulation this afternoon. Can that be clarified?

The Committee Clerk: Do you want me to send someone to the Speaker's Office to ask about that?

Mr Kennedy: Yes. My understanding is that a letter, perhaps to party leaders, has emerged from the Speaker's Office.

Mr Maskey: Mr Chairman, you identified two items for an agenda should the proposal be agreed. Neither of those items is relevant to the work of this Committee. We have no difficulty discussing those matters, but, given the way in which people have expressed frustration, the real purpose of the Committee is to take stock of any progress that has been made and to decide on our next steps.

We should talk about what will be said tomorrow and reflect on what the parties are saying, but the Committee needs to determine what progress it has made and what its next steps will be. That is the primary purpose of the Committee.

4.45 pm

The Chairman (Mr Wells): Mr McNarry has opted out of his opportunity to speak.

Mr McFarland: It is my traditional speech. It is 4.45 pm. We have had a very long day, and I suggest that we should not get into a long discussion. We have a plan for Monday that we can either go with or cancel. Can I suggest that —

Mr Maskey: We need to agree on what we are going to talk about next week. I mentioned two items.

Mr McFarland: Yes, we can include your suggestions as well as taking stock of our discussions here.

The Chairman (Mr Wells): Do we have consensus?

Mr Hay: If we are talking about an agenda, one item that should be included is a future debate in the Assembly.

The Chairman (Mr Wells): Are we happy to discuss that on Monday? OK, we are moving here.

Mr Hay: In saying that, it should not be left on the long finger, just because it is on the agenda.

The Chairman (Mr Wells): Are we agreed on the time: 2.00 pm on Monday in this room?

Members indicated assent.

The Chairman (Mr Wells): There will be no lunch.

Mr Kennedy: No free lunch.

The Chairman (Mr Wells): That is good. We are making progress.

Mr Ford: Does that mean we can take a break?

The Chairman (Mr Wells): No, no, we have to push on.

Mrs D Dodds: Sorry, Mr Chairman, I did say that a report on the serious nature of the blockage that has been caused in this Committee should be sent to the Secretary of State.

The Chairman (Mr Wells): I apologise. Mrs Dodds did make that request.

Mr McFarland: Tomorrow, all the parties will discuss the issues with the Secretary of State and the Prime Minister. I am not sure that we will get agreement.

Mrs D Dodds: It should be formally recorded.

Mr McFarland: The difficulty with that is that I am not sure that we would get agreement.

The Chairman (Mr Wells): Is there consensus on Mrs Dodds's proposal?

Mr O'Dowd: No.

The Chairman (Mr Wells): No consensus.

Mr Kennedy: It will appear in Hansard anyway.

The Chairman (Mr Wells): There are a few changes to the minutes of the meeting of 26 June, which was last Monday. For instance, the meeting was suspended at 3.06 pm, not 3.05 pm — I am sure that you all spotted that — and it reconvened at 3.24 pm rather than 3.23 pm.

Apart from those changes, are there any other amendments, additions or corrections that members wish to make? Shall we take them line by line or en bloc?

Mrs D Dodds: I am looking at point 5 in the minutes. I would like clarification and want to see how these minutes will be presented. If the minutes for 16 June are presented as having everything deleted after 4.47 pm, we will not have registered the fact that there was no consensus on the minutes of the remainder of the meeting.

The Chairman (Mr Wells): That issue was noted in Hansard yesterday and was dealt with.

Mrs D Dodds: Yes, but that will not appear in the minutes of the meeting. They will simply say 4.47 pm and end.

The Chairman (Mr Wells): The fact that you have read it into the record now means that we have covered that point.

Mrs D Dodds: Exactly.

The Chairman (Mr Wells): Are the minutes agreed?

Members indicated assent.

Mr Kennedy: Set my people free.

Mr McFarland: There is one more issue.

The Chairman (Mr Wells): Please note that the letter from the Speaker dated 23 June 2006 has been referred to the Clerk of the Assembly, and, at this stage, we have not received a substantive reply.

Adjourned at 4.49 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Monday 3 July 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Jim Wells
Mr John Dallat
Dr Seán Farren
Mr David Ford
Ms Michelle Gildernew
Mr Danny Kennedy
Mr Kieran McCarthy
Rev Dr William McCrea
Dr Alasdair McDonnell
Mr Alan McFarland
Mr David McNarry
Lord Morrow
Mr Conor Murphy
Observing: Mr Francie Molloy

The Committee met at 2.06 pm.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): All the parties are now represented. As the first few items on the agenda are simple preliminaries we will start.

I welcome Lord Morrow to our meeting. This is the first meeting of the Committee since his elevation, and I am sure that the entire Committee will wish to congratulate him on becoming Lord Morrow of Clogher Valley. We will address him by his proper title from now on. Congratulations.

Can we agree the substitutes for today's meeting?

Mr Murphy: Apologies from Martin McGuinness.

The Chairman (Mr Wells): Who is his substitute?

Mr Murphy: There is no replacement.

The Chairman (Mr Wells): Mrs Dodds will be along; Mr Kennedy and Dr McDonnell, of course, are full members of the Committee.

The Committee Clerk: John Dallat is here for Mark Durkan.

Mr Ford: Apologies from Naomi Long. She should be here shortly.

The Chairman (Mr Wells): She has gone downhill since we last saw her. *[Laughter.]*

There are no further apologies.

I draw Committee members' attention to the original agenda, wherein item 3 was mentioned twice, and I apologise for that. You all have an amended agenda.

We move on to the minutes of the meeting held on 28 June. Are members content that they are a true and accurate record of that meeting? Are there any comments or questions? That seems to have consensus.

The next item on the agenda is important. On 29 June the two Chairmen of the Committee and the two Clerks met the Secretary of State and gave him a report of the Committee's deliberations. We said that the Committee had met nine times and that its work had focused on the presentations by each of the five parties, followed by question-and-answer sessions. We said that a wide range of issues had been dealt with and that we were meeting today.

The Secretary of State said that he considered the role of Chairman to be somewhat wider than the way we had been using it to date. He sees the role as facilitating and directing the work of the Committee, in addition to simply chairing the meetings. Members may wish to make their views known on that when we return to the issue later.

Crucially, the Secretary of State said that he is minded to issue a direction that the Assembly will hold a plenary session this week on a subject to be determined by the Committee. We will return to that at item 5 on the agenda.

We hoped to have received that direction in time for this meeting. It has not yet arrived, but the Clerks have informed me that they are in regular contact with the Secretary of State's office. As soon as the direction arrives, it will be brought to the Committee for consideration.

Mr Molloy, who was also at the meeting with the Secretary of State, and is here as an observer, may wish to add his comments on what was discussed.

Mr Molloy: From the Chairs' point of view, the meeting was certainly useful in that we were given lines of direction. The Secretary of State's clear line, as the Chairman said, was that he would be giving directions with regard both to the subcommittees being set up and to a plenary this week to discuss the issues. He indicated that he would not issue a direction until this Committee had discussed the matter of a plenary. That seems to have changed slightly, but his thinking was on the lines that this Committee should discuss it today and then advise him. Maybe he is still waiting for that.

The meeting was useful in the sense that it gave guidance to the Chairs on how to create and facilitate more discussion around the table. The Secretary of State indicated that if the subcommittees are set up, he wants the two Chairs, or Deputy Speakers, to chair them.

The Chairman (Mr Wells): Although there appears to be a discrepancy, that is not the case: the Secretary of State can issue a determination today that the Assembly should meet, probably on Thursday or

Friday. However, it is up to this Committee to decide what should be on the Order Paper for that meeting. That is the difference. He must give three days' notice to Members of a meeting, but can give notice as late as the day of the plenary meeting as to the subject matter. We can make a decision on that today.

It is clear that the Secretary of State is minded to call a meeting of the Assembly on the work of this Committee and devolution-related issues. Whatever we decide today will be referred to the Business Committee, which meets at 12.30 pm tomorrow. I will be chairing that meeting, because Madam Speaker is not available. After that, it is up to the Business Committee.

Dr McCrea: The Business Committee seems to have little function other than to rubber-stamp things. The Secretary of State appointed the Deputy Speakers to chair this Committee, but with the greatest respect it is not up to them to direct the Committee — and I do not accept that we are to be directed.

The Committee has been given a responsibility and a task that it must fulfil through making decisions by consensus. Nevertheless, the Business Committee should not be sitting there simply to be ordered around. It seems that this Committee can practically tell the Business Committee what to do and the Business Committee facilitates whatever it is ordered to do. One must ask what the Secretary of State sees as the Business Committee's role, other than to be bullied by everyone and told exactly what to do.

A Business Committee has a proper function in any democratic society. It should be allowed to function properly and appropriately without interference from others. Although the Business Committee will certainly accept whatever this Committee sends to it, it should also have the freedom to send business to the Secretary of State in its own right. I thought that the Business Committee was allowed to participate in that process and that the Secretary of State would issue a direction thereafter. The Business Committee seems to have been demoted to something less than what it is supposed to be.

2.15 pm

Dr Farren: The SDLP has made it clear that it wants to see progress. At the last meeting of this Committee, we put forward a motion to try to achieve progress.

Now that the Secretary of State has intervened — and I accept that he intended to be helpful — it would also be helpful to have some clear sense of how he views things. Has he put anything on paper that would clarify what he foresees as the direction of this Committee — which would probably be the easiest thing to understand — and, in particular, how the subcommittees would be established and how they

would relate to this Committee and its business? It is to be hoped that they will. According to the communiqué issued by the two Prime Ministers on Thursday, they foresee this Committee being engaged in ongoing work over the next few weeks — in particular, leading to reconvened sessions of the Assembly and a more urgent pace behind all political movement in the autumn.

The Chairman (Mr Wells): Dr Farren, you have raised a very important point. I am going to ask Mr Molloy to stay for this discussion, because it will deal with a meeting that we both attended.

The issue of subcommittees came up at the meeting on Thursday, and the Secretary of State may issue a determination on that, but we do not expect that today; however, we expect a ruling this afternoon on the plenary session. He felt that the issue of subcommittees was best left to this Committee, but if we do not make a decision, he could well make a determination that, in addition to the plenary, subcommittees or working groups should deal with specific issues that have arisen during meetings of this Committee.

Mr McFarland: I am worried that we are getting slightly ahead of ourselves. At the last meeting we said that we would decide today what we are going to do, and we have not had that discussion yet. Out of our discussion about where we are going may well come the logic that this Committee would want to involve the wider Assembly membership.

We issued a plea to Sinn Féin at the last meeting — at which John O'Dowd was present — to reconsider their outright opposition to a plenary session towards the end of this week to discuss what is now a substantial body of work. If one reads the Hansard reports, one can see that we have done quite a lot of fairly good work here, and surely that should be enough to persuade Sinn Féin that there are issues that we should share with our colleagues in the wider Assembly.

In addition, at the last meeting we identified broad issues that may require some form of expansion and digging down into because the exact issue was not necessarily clear. The actual problems could be further down and need to be “mined out”, and that might involve further meetings of this Committee or subcommittees over the summer.

Discussions today might result in Sinn Féin accepting that there is a perfectly sensible logic to holding a plenary to discuss the good work that the Committee has done — indeed, we might identify that this Committee has more work to do and we may find a way of carrying that out over the next few months.

I suggest that we discuss the matter, and with a bit of a goodwill all round we could reach agreement, because it would surely be much better if the Committee could agree what it wanted to do rather

than having to rely on the Secretary of State to fly in to issue edicts on what he thinks we should be doing.

The Chairman (Mr Wells): We are moving towards a discussion on the report from the meeting with the Secretary of State and future business, and it will be difficult to discuss each in isolation. Are members happy enough to have a general discussion on the way forward, including the Secretary of State's determination, rather than simply putting the two items in different silos? What are members' views on that?

Mr Ford: It appears to make sense; they are clearly interrelated.

The Chairman (Mr Wells): As the two have been running together, I think that we should keep Mr Molloy where he is. We may return to a discussion on the meeting, and, when that has finished, we can go back to the main agenda. Are there any other views on that?

Mr Molloy: I will just add to what you said about the Secretary of State's thinking, and what he said he was minded to do. First, he would direct that subcommittees be set up, and, secondly, that there would be a plenary. The Preparation for Government Committee would then deliver reports that could be debated in September plenaries, which would be part and parcel of that.

The Secretary of State also said that he was interested in an earlier plenary, because September is a long way off, and work would need to be done in the summer in order to deliver those reports. If all parties request it, there can be a plenary this week.

The Chairman (Mr Wells): Any decision has to be by consensus, but it is clear that even if we do not reach consensus the Secretary of State may take the decision anyway. It is important to realise that we are still bound by those rules.

Mr McNarry, I will give you wide latitude today, because you were cut off last time.

Mr McNarry: I accept your apology, Mr Chairman. *[Laughter.]*

Dr McDonnell: Could we qualify that, Mr Chairman? Not too wide, because he will take advantage.

Mr McNarry: It makes sense that agenda items 2 and 5 go together and that we treat them as such. I have spoken before of the manner in which the Secretary of State appears to treat us. This sounds like more of the same. He is treating the Assembly with disdain and is making little of the commitment that has already been shown by the Business Committee. He is toying with us on his directives for plenaries.

If I heard Mr Molloy right, the idea is that we can talk and talk, but the discretion of the Secretary of State remains, and he will decide what he is going to

do. He would probably be much better with a consensus or a recommendation from this Committee. It appears to me that he would much rather have all the boltholes blocked up, because this Committee would then send its recommendations to the Business Committee for the 12.30 pm meeting. In the meantime, however, a directive from the Secretary of State regarding a plenary may be winging its way to us as we sit. I find all of that hard to tackle in terms of doing business.

Mr Chairman, I understand that there may not have been scope to do it at your most recent meeting with the Secretary of State: but next time, if you find yourself in that position, perhaps you would convey to him that although it is known as his Assembly, it is either totally his to do with as he wishes, or he must give some control to this Committee or the Business Committee. If he does not, Mr Chairman, quite honestly he is toying with us, and I find that very difficult.

Whether or not I am judging on past performance, decisions to move forward have been taken on the basis of consensus. We know, after everyone has had their say, whether we are going to get consensus or not. Yet Hansard will show — because we all like talking, including myself — that after four hours we reached a conclusion that could have been reached in five minutes.

If it is possible, without interfering in anybody's freedom of speech, and while wishing to hear from everybody, the sooner we can move to consensus the better. I would appreciate that very much, because then we would be on a business footing, and we would know where we are going.

The Chairman (Mr Wells): I will call Mr Ford next. Then, if anyone wishes to object to having a plenary on Thursday or Friday it would be useful to hear that, so that we know where we stand.

Mr Ford: After many sessions, today we have finally got to the kernel of the issue, which is the role of the Committee and what more it can be expected to do. I mean no insult to the Chairman or the Co-Chairman, but I am unsure whether we will get a definite direction from the Secretary of State or whether he will wait to see if we can reach any consensus in the Committee first.

The Chairman (Mr Wells): It is highly probable that we will get a direction today that there shall be a plenary this week. The agenda for that will be entirely up to us.

Mr Ford: As others have said, the Secretary of State can do whatever he wishes; that is the nature of the Committee and the Assembly in which we are operating. It is clear from our experience so far that consensus has never been easy, even on relatively uncontentious matters, and it has never been possible on contentious matters.

Alan McFarland referred to the circumstances in which Sinn Féin Members might accept the concept of a plenary. The Secretary of State hinted that others might have to consider their attitude to the potential formation of subcommittees to carry out more detailed work over the summer than has been achieved so far. No one seems to be changing their minds and, if that proposal is presented as a one-off, perhaps parties will enthusiastically embrace that and we will get consensus. The nub of negotiations may be that everyone must accept that if one party gets something, another party will get something else. If the Committee established some consensus on that, weighing one thing against the other rather than taking one thing at a time, we might be able to get past the Secretary of State. However, that depends on whether people are prepared to strike a balance as opposed to considering issues one at a time.

Mr Murphy: Sinn Féin has outlined its position several times in relation to how it sees the Committee doing its business and how that business relates to the wider Assembly. It is fairly straightforward, along the same fashion that other Committees have conducted their business in the previous Assembly: members carry out work, a report is produced, and that report is taken to the Assembly and debated there. We have no difficulty with that.

We have no opposition to plenaries per se, but we are not in the business of playing the shadow-Assembly game of having debates in the Chamber to occupy ourselves or to show a disinterested or cynical public that we are somehow occupying ourselves. Sinn Féin genuinely wanted to come to the Committee to prepare for Government, to deal with the issues that everyone has identified and to get some serious work done so that we can meet the British Government's deadline of 24 November. However, Sinn Féin believes that date could be met much sooner.

Members have done some work in this Committee. We have put forward papers, we have examined each other on the issues that were contained in the papers, but we have not got down to serious engagement. The DUP has told us that it is not here to negotiate, and it is not working to the deadline of 24 November. It considers the work of the Committee as simply to identify the obstacles to the return of devolution.

There are possibilities of the Committee getting down to serious work in the next couple of weeks. We look forward to that and we will be part of that, if that is what people wish, but we have not done any work that would justify rewarding ourselves with a plenary. There is no report; there is simply a series of questions and answers in relation to preliminary papers, and all of us have been publicly identifying those issues for a long time. I am unsure how that would be further developed in a plenary debate, other than by allowing

the parties to repeat the same thing but with more Members.

We all identified issues such as peace dividends or economic packages — or however people wish to describe it — and also policing and justice. People need to get down to some serious work on those issues and produce reports, which can then be the subject of debates.

This is not some abnormal opposition to debating in the Chamber; we are simply clear that we neither want, nor will not get into, some form of shadow Assembly in which people justify their existence. We are trying to cobble together some sense of progress in the Committee, and we will work towards that. We want to work with the DUP, and the other parties, to achieve progress.

2.30 pm

We will say it as we see it. Sinn Féin will not be part of tactical engagements to facilitate debates in the Chamber. That is all that we have seen to date: a tactical engagement in this Committee to justify a demand for Assembly debates. When we get beyond that, Sinn Féin will be quite happy to debate in the Chamber the substantive issues on which this Committee has worked in the Chamber. To date, however, that has not happened, and I hope that we get to that point fairly soon.

Sinn Féin must make its own assessment on the work of this Committee. That has begun, and will continue over the summer so that we can see how the prospects for the autumn are shaping up. We are prepared to get down to serious work, but we have not seen any yet. Therefore, we will oppose any notion of a plenary meeting. Sinn Féin's opposition may not matter; if the Secretary of State directs that there will be a plenary on Friday, he can open the Assembly for a debate. However, we will not consent to a plenary on Friday to debate this Committee's work because we do not believe that sufficient work has been done.

Dr McCrea: We have just listened to the usual from Sinn Féin. It has been unwilling to tackle the issues that have been highlighted here. Paramilitarism, criminality, decommissioning and policing are the major obstacles to the restoration of devolution in Northern Ireland. Sinn Féin has not been willing to face those issues, or to even practically acknowledge that they have any credence. Those issues have not gone away, you know. They will not go away until they are dealt with honestly, honourably and democratically. As far as the DUP is concerned, Sinn Féin will not participate in the Government of Northern Ireland until that happens.

I was unable to attend the last Committee meeting. Apparently folks say that most weapons have been decommissioned. However, after the ammunition find in the Irish Republic, the Garda Síochána said that

there is much more. The DUP did not say that; even the Independent Monitoring Commission (IMC) did not say it — the guards said it.

There was another revelation at the weekend that a huge arms haul was found in a secret IRA bunker. A source in the Irish Republic said that enough explosives had been found to turn parts of Belfast into a car park. Bomb gear, timers and 500 rounds of ammunition were found. None was rusty and none dated from the periods mentioned in one of our last meetings; they were all up to date and could have been used to catastrophic effect.

This is no joke; this is serious. Anyone who says that the decommissioning of all weapons, from whatever source, is not a serious issue that must be dealt with before there is stability and a democratic Government is blowing and whistling in the wind. That issue must be faced and tackled. With the greatest respect, only Sinn Féin/IRA can deal with that issue over the summer. No one else can do it. Sinn Féin needs to stop this evasion. All that we have got from its pile of the answers is evasion. The public can read the answers that came from the lips of the Sinn Féin spokespersons who attend these Committee meetings. When it came to presentation and examination, the leadership ran away. Evasion will not solve this; Sinn Féin must deal with the obstacles.

With the greatest respect, my colleagues and I were not sent here to negotiate with anybody. We are here to clearly identify the problems that we, and the public, face in establishing a Government. There cannot be a Government unless it is solidly and only built on a democratic foundation that can stand the test. Therefore, the security forces must be supported when they tackle any group, irrespective of who they are, that seeks to undermine the future of any democratic Government.

Criminality and paramilitarism continue and the structure of democracy is being demolished.

I attended a conference in the Great Hall with folks from south and north Armagh who had produced a book entitled 'Legacy of Tears', which is an account of 30 years of Protestant suffering at the hands of Irish republican terrorists in north and south Armagh from 1969 to 1999. I recommend that everyone read that booklet, because it reminds us of the reality of the terrorism that has plagued this country. We want a complete end to that terrorism, whether from republicanism or loyalism; we want there to be no possibility that the nightmare of terrorism and the savage butchery of our people should continue.

I have no doubt that the Secretary of State has an end agenda to which he, along with his leading civil servants, and Dublin are working. However, neither I nor my Committee and Assembly colleagues are

nodding dogs for the Secretary of State. We will not nod our heads to his agenda. We have a policy and principles that we have put before the people, and we will not allow those who are wedded to terrorism or who support it to continue to pollute the democratic process in Northern Ireland.

It is a disgrace that the Secretary of State and others have impeded the pathway of the economic working group — which the Secretary of State has acknowledged is under the Business Committee. The economic working group should already have been set up. There is no reason for our having to wait. No instruction has come to this Committee, even though the Secretary of State has been reminded that the Assembly resolved that the Business Committee should take forward the establishment of an economic working group. It is not the business of the Secretary of State: it is the business of the Assembly. The Secretary of State acknowledged that an economic working group was to be set up, yet it is still in abeyance. It is a disgrace that the Secretary of State has prevented the economic working group from having a meeting. Will he get off his backside and give instruction that a working group be set up under the Business Committee? That is the appropriate place for it. Those who have impeded the formation of an economic working group should realise that they do not have to wait for this Committee to act on the matter; the working group should already be under way. Those who do not take the working group seriously have impeded something that is of vital importance to the future stability and prosperity of our country.

The DUP representatives are not here to negotiate. Furthermore, we have no instruction from our party that we are to set up subcommittees through the Preparation for Government Committee. This Committee was to do its own work, not the work that the Secretary of State would like it to do. We are not here as his obedient servants.

Mr McFarland: It is fair to say that, by the end of Wednesday of last week, we had had a fairly good five days and that the Hansard reports of our meetings are fairly substantial documents. I understand that the team that William's party sent here on Wednesday sought a plenary this week. The general belief of four of the five parties present was that it would be extremely healthy for the Assembly to have a plenary sitting before we break for the summer, which we do at the end of this week. If we do not have a plenary by the end of this week, there will be none until September.

Given that four of the five parties on the Committee thought that they had done a fair amount of work, we made a plea to the Sinn Féin representatives to go back to their high command — they were clearly sailing under orders — to get authority to produce something

useful from this Committee so that we might have a plenary.

In return, the Democratic Unionist Party might understand the need to investigate some of the issues further. Whether that would be done by subcommittee or by some other means is for the Committee to discuss.

However, I am worried that we are competing to see who is the biggest or the toughest, or to see who can beat their chest the loudest. If we fail to agree a plenary — with the best will in the world, Sinn Féin may be playing the blame game — it is difficult to see how the DUP will agree to any Committee work over the summer. The Secretary of State may direct whatever he wants, but if the DUP fails to appear here, the Committee's usefulness ceases.

The Committee has done much hard work and much good work — it was working well. I return to the question of good faith. We can all play sillies, but serious engagement must be acknowledged. I said it on Wednesday and I shall say it again: for all its noise, the DUP has been engaging seriously in the process in Committee. Its representatives have attended each day, and they have asked questions and been questioned, and they have treated the Committee seriously, as have the rest of the parties. It seems sensible to me that we continue to treat the Committee seriously, but if we want a whole row and are unable to agree a plenary to discuss the issues raised in Committee, we shall all go off for the summer with the public thinking that we are even more useless than they had previously thought.

In Committee on day one, Martin McGuinness said, "If it comes from this Committee, we will be there to debate it." It now turns out that we have all sat here in good faith for five Hansard reports' worth, and Sinn Féin, having told us all that it would debate with us in the Chamber if we did some work, is now being silly about doing that. The Sinn Féin representatives either did not go back to their party, or they did go back and the party has decided to play hardball. That is quite dangerous, because four fifths of no Committee is no Committee, and I am afraid that we need to give the matter some serious thought. The rest of us believe that we should have a plenary to discuss the good work that the Committee has done, and I cannot understand Sinn Féin's reasoning as to why it should want to prevent that happening.

The Secretary of State can call a plenary, and I have no doubt that he will call a plenary, because he has told the Deputy Speakers that he intends to call one. I would rather that that plenary was on business that this Committee had referred than on something that individual Members have submitted to the Business Committee. That is not such a daft idea. It would look much better if this Committee could produce

something for a plenary debate rather than have the Secretary of State decide what should be debated.

Dr Farren: As someone who regards himself as a self-respecting Irishman, I am never terribly happy to dance to the dictates of a British Secretary of State. From what Conor and Willie McCrea have both said, we seem likely to find ourselves back in a situation in which we have no discretion on the matter and in which all that we can do is to respond to what a Secretary of State sets down.

Like Alan, I thought that we were reaching a consensus towards the end of last week. Although I have to accept the credentials of the DUP delegates who attend, I am not terribly sure which voices from the DUP really are to be believed, because we hear different emphases, if not completely different messages, coming across the airwaves to those emphases that are delivered here. People agree that there is work for the Committee to do. We heard one of the DUP delegates say last Wednesday that they foresaw work for the Committee over the next few weeks.

I do not in any way deny or want to suggest that the DUP should not bring to the Committee the concerns that it has expressed on arms finds or on other issues linked to paramilitarism that it seems to think are important. However, the Committee cannot resolve those issues, even if we do find ourselves able to negotiate. The DUP would do far better to make its views known to those agencies that at least have some responsibility for overseeing such matters, and to let the Committee get on with what it is able to address.

2.45 pm

One way or another, our presentations have identified a range of issues. I point out, in particular to Sinn Féin, that for over two and a half years, Sinn Féin had a delegate — Dara O' Hagan usually — who sat with representatives of all the other parties that are represented here. They talked about, and ultimately agreed to, a basic framework document on economic regeneration. Is Sinn Féin saying that all that work is not sufficient to be referred to through this Committee to the Assembly, at least for its consideration, so that the responses that would be obtained in the Chamber could be distilled into further work?

That is one of the issues on which a significant amount of progress has been made. Indeed, I have referred several times to the presence at the beginning of May of the Northern Ireland Business Alliance, the very people with whom we worked for two and a half years. Its members presented themselves and their views to us, and asked for our support, without which the ideas in the economic regeneration package, or framework document, could not be progressed.

There is not an awful lot more that needs to, or should, be done on that matter. Perhaps Sinn Féin sent

someone who was speaking without authority, but I understood that everything that its delegates said at that series of round-table meetings — many of them intense, over a long period of time — was said with the authority of the party.

Work has been done that looks to the restoration of Government, so it cannot be said to have been something on the margins or something that was simply indulged in for the want of doing something else. That work was serious and has a considerable degree of outside support. Therefore, that could now be referred as a work in progress for further consideration.

The Chairman (Mr Wells): The next contributors will be Dr McDonnell, Mr Murphy and Mr McCrea, but I think that we have been here before. I get the impression that, when it comes to a vote, we will not reach consensus on this issue. I suspect that that could happen. Therefore, if Mr Murphy holds to that view, I propose that, after Mr McCrea speaks, unless anyone has anything new to bring to the table on this issue, we will take a decision on the matter of a plenary. Once we have done that, we can move on to what we should do next, based on that decision. I hope that members are happy with that. Dr McDonnell, you have been very patient.

Dr McDonnell: Mr Chairman, I will be very brief, because you are quite right; we have been here before. There are a couple of things that burn me about the issues that we are discussing. First, at street level, people — not just my own friends and supporters, but supporters of the DUP, the UUP, the Alliance Party and Sinn Féin — have one thing in common; they want to see progress. There may be a variation in what each group means by “progress”, but they expect movement. They will be disappointed if we do not get moving.

Secondly, I wish to emphasise that we all, to a greater or lesser extent, resent the puppet-on-a-string position in which we have been placed by the Secretary of State, who is pulling us this way and that, and switching us on and off. However, in spite of that, the beginning of a degree of respect and trust is emerging among parties.

I have a simple question that I want to address to Mr McCrea with all honesty and sincerity, and it is on the issue of residual arms and ammunition that may be out there, which he feels very strongly about. At what point does this issue — and we have heard the reports that he mentioned — create a barrier? Does this create a barrier to our talking and doing some preparatory work?

If I was to follow my own logic through, and I may be wrong in this, the barrier that he suggests is one that should emerge much further down the road. If I read him correctly, it is a barrier to the formation of an Executive or a Government, rather than a barrier to our

current talks. At what point does this barrier come in? If it comes in now and prevents us from doing any serious talking and advancing serious engagement here, then to some extent we are wasting our time going round this circuit on a weekly, if not daily, basis.

I respect the feelings of Mr McCrea and his party, and I respect his interpretation, although I may not always agree with him on these things. The important point is that I can accept that from his perspective it is an obstacle to government, but surely it should not be an obstacle to our clearing the way for government.

The Chairman (Mr Wells): Dr McCrea, you are the next speaker but one. Do you want to address that?

Dr McCrea: No, I will deal with it when it is my time.

Mr Murphy: I am of the view that our position has been very clear and consistent in relation to what we consider to be progress in this Committee and where that progress will take us. I appreciate Alan McFarland getting agitated about all of this, and there may be a degree of pressure from within his party to have debates in the Chamber. However, we have been very clear. I was not at the last meeting, but I have checked and Alex Maskey made exactly the same comment at the end of that meeting as I have made this week; exactly the same comment that we have made throughout.

Alan might measure progress in terms of hours spent in this room, but I measure progress in the fact that we asked the DUP whether it was serious about 24 November and going back into government. We have had no response. They are not here to negotiate; they are here merely to list the obstacles to devolution as they see them. I do not measure that as progress.

I am at a loss as regards having a plenary debate on Friday. Alan remarked that it might make us look good. We are not in the business of trying to look good. There is either progress or no progress. We are not about wasting our time here. We are about serious engagement with the DUP and the other parties and trying to progress some of these issues, but all we have had so far is a listing of issues that are well out in the public domain anyway. I am happy to stay here to continue that engagement and try to develop it, but it has not yet developed into a serious engagement.

As for importing the work of other Committees or groupings into this Committee and trying to describe it as progress from this Committee that merits a debate: Martin McGuinness suggested that we could have had the work done in relation to an economic package in two days, and other people laughed and scoffed at the idea. If that degree of work is there, let us bring it in.

Let us get the people who are tasked with economic regeneration issues to work on that, and let us get it back as a Committee report and have this Committee

look at it and refer it to the Assembly for a plenary sitting, rather than try to import the work that some other Committee has done and describe it as our own in order to claim that there is progress on this Committee. This Committee was set up to prepare for government. That is its title.

People lifted the issues that they wanted to see addressed. A lot of those issues are common, particularly the financial package. That is common to all the parties here. Work can be done on that, on policing and justice and on other issues. Some people think progress is measured by the number of hours that we sit here; that is not the standard of progress that Sinn Féin applies. We apply our standard when there is actual work being done here that merits being brought to the Assembly for debate.

We do not try to look good, nor do we try to convince the public that something is happening when it is not. We are not under that kind of pressure. I do not know why other parties feel that way — perhaps it is the 24 November deadline closing in, with the resultant loss of salaries, constituency support, etc.

If there is progress to be made, we will debate the issues in the Chamber. However, if no progress is being made, we are not afraid to stand up and say so. We do not cobble together the work of other Committees, or fancy up as progress whatever engagement there has been in order to justify ourselves. We want to see progress in this Committee and are willing to stay here over the next weeks. However, it must be said that we have not yet seen the kind of engagement that we want, and that we outlined at the outset.

Dr McCrea: My leader, after a meeting with the Secretary of State, the Prime Minister and the Prime Minister of the Irish Republic, said that he was under no pressure. I can assure you that I am under no pressure from my colleagues. In their last meeting, my colleagues kept in constant contact during that entire day. Therefore, we were absolutely as one.

Let me remind you of what Mr Hay said:

“If, for whatever reason, people are being obstructive, my party would have to decide whether there is any point in sitting on this Committee if we cannot debate in the Chamber.” — [Official Report, Bound Volume 19, page CPG 201]

He then said:

“If people are saying that good, reasonable work and progress on the issues have been conducted in this Committee, it might be useful to have a reasonable, sensible debate in the Chamber. There is no point in the DUP’s staying on this Committee if there is no debate in the Chamber.” — [Official Report, Bound Volume 19, page CPG 201]

I heartily agree with my colleague. There are no mixed signals; that is clearly the position of every one of us, and it is a sensible position, because there is no use in pretending that something wonderful is happening.

When we sought clarity on Sinn Féin’s position concerning the IRA, their weapons and the rest of it, all we got was evasion. Did they do it for the IRA? Were the instructions from the IRA? Was the person a criminal or not? If they did it for their own personal gain, they could be considered a criminal. However, as long as robbing banks, extorting money, evading tax, money laundering and fuel laundering were carried out under the instruction of the IRA, those were not crimes.

Those people are supposed to be partners in a democratic Government, and we are meant to see that they are ready for that. That is their up-to-date position, expounded only a week ago in this Committee. The persons who do those things, as long as they have the cover of the IRA, are not criminals.

I want to see progress. In fact, I suggest that the unionist community wants it more than most, because it has been at the receiving end of the Provisional IRA murder campaign for 35 years.

However, even in this Committee, there are those who are unwilling to face the issues. They will talk about anything and everything except the real issues. I have the greatest respect for others, but none for Sinn Féin/IRA. Do not expect me to turn into someone who has.

I do not accept Sinn Féin as another democratic party on the same lines as the SDLP, the Ulster Unionist Party and the Alliance Party. I do not accept that it has moved away from its inextricable link with the Provisional IRA. Therefore — and we make this abundantly clear — we will not get into government and we are not tied to 24 November, even though the Secretary of State has tied himself to that date.

We are tied to getting a democratic settlement in Northern Ireland, based on the solid foundation of democracy alone, with no knobs on. With the greatest respect, I remind Dr McDonnell that it was the guns issue that four times brought down the Executive. When are the SDLP going to face that?

The truth of the matter is that we have been lied to; the IICD told us that all the guns were gone. Yet the Garda Síochána said just last week that there are a lot more out there. Who am I supposed to believe? If we have turned the corner, if the IRA is no more and if the war is over, then what does the IRA want with guns and bombs and timers? Those guns were found thanks to an informer.

3.00 pm

We need to get guns out of politics and to ensure that the only basis for any party getting into government

is its democratic principles, not the number of its guns or the size of its bombs. The tragedy of this situation is that our Government have not forced Sinn Féin into that position, rather they have kowtowed and crawled to Sinn Féin over the last number of years even when they were reminded after the ceasefire, in the famous words:

"They haven't gone away, you know."

That was the Provisional IRA. So it sits in the wings. What would terrorists linked to a political party have for the future of Northern Ireland other than their terrorism?

I want to see progress and a devolved Government but on the solid basis of democracy and democracy alone. I believe that there are other parties around the table that want that too. Some are willing to take a gamble. The Ulster Unionists under Mr Trimble took a gamble — "we'll jump; now it is up to you" — and the Provos and Sinn Féin laughed at them. I can assure you that we will not allow the people to be lifted up and thrown down again. Whatever is resolved for the future of Northern Ireland, we will ensure that it will be something that we can build upon with a peaceful society for everyone, irrespective of your political philosophy or where you hang your hat on a Sunday. The only basis on which you will challenge one another will be on the basis of the argument not on the power of the bomb or the bullet. That is the democratic society that I believe in with all my heart, as do many others.

However, it is no good closing our eyes. I heard Sinn Féin say today that it is not afraid to stand up — well, neither am I. Should I be standing on my own, I shall not be afraid to say exactly what needs to be done. Sinn Féin must get rid of the philosophy that if an instruction comes from the Provos telling you that you can rob a bank or extort money or threaten people and not be considered a criminal, it is all right because you are doing it for the cause. There is no cause that does those things in a democratic society. That is why it is imperative that any Government here is based on a democratic foundation with the full backing of the forces of law and order so that those who threaten democracy will be put down and defeated, which will allow that democracy to grow. That is what I stand for.

The Chairman (Mr Wells): We are going round in circles. We are all trying to get consensus, and it is fairly clear the direction in which this is going. Mr Kennedy has a proposal that may move things on.

Mr Kennedy: I am not sure if it will move things on. However, having listened carefully to what has been said, I think is time to put proposals and see what emerges after that.

I propose that this Committee recommend to the Business Committee that a take-note debate be held in the Assembly to consider the Hansard reports produced

by the Preparation for Government Committee and that this Committee proceed to conduct ongoing business and establish all necessary subcommittees to bring forward the work of the Preparation for Government Committee.

The Chairman (Mr Wells): Did everybody get that?

Mr Kennedy: I am happy for that to be tweaked — not substantially changed, but perhaps tweaked.

Mr McFarland: Could the wording at the beginning of Mr Kennedy's second motion be changed? The motion mentions "the Committee". It should be made clear that the motion refers to the Preparation for Government Committee; as it stands, it could mean the Business Committee.

The Chairman (Mr Wells): That has been amended.

Are all members clear on that proposal? I am not asking for views on the proposal; I am asking whether members are clear on it. Does the proposal contain anything new to anyone who feels desperately that they must raise another issue?

Is there consensus on Mr Kennedy's motion?

Mr Murphy: I could certainly not consent to the first part of Mr Kennedy's motion, although I could consent to the second part.

The Chairman (Mr Wells): It is quite clear that there is not consensus on that motion.

Are there any other proposals? Mr Murphy hinted at a motion earlier — I do not know whether he intended it to be so — suggesting that this Committee sets out terms of reference to examine the economic issues identified by the parties in the Preparation for Government Committee. I was not quite certain whether that was a motion.

Mr Murphy: No. I was referring to how this Committee will conduct its future business as part of that discussion. Sinn Féin envisages, and has maintained all along, that this Committee needs to examine some of the issues that are common to us all. Sinn Féin has no difficulty in facing the issues that people want addressed.

The Chairman (Mr Wells): As it stands, there are no further proposals. Is there any other matter on which a member wishes to make a proposal? Any proposals must be substantially different from Mr Kennedy's in order to be considered.

Mr McFarland: It is clear that there is no agreement within the Committee on proposals to have a plenary. If the Secretary of State directs that there shall be a plenary, does the Committee have a view on whether the subject of that plenary should be decided by the Business Committee? We are not discussing whether a plenary should take place, but what should happen in the event of the Secretary of State directing

that a plenary will take place. Would the Preparation for Government Committee wish the Assembly to have a take-note debate on its work so far?

The Chairman (Mr Wells): Do members have any views on that?

Mr Murphy: Sinn Féin's previous view stands: we would be quite happy to debate any work that the Committee had done that was worthy of a debate. However, in our view, the Committee has not yet done any such work. It is quite simple: this is a hypothetical situation, no matter how hard people try to dress it up and turn it around. Sinn Féin will be quite happy for a plenary debate to be held when this Committee gets down to serious work and produces reports. To date, however, this Committee has not done that.

The DUP has given a clear signal that it has no intention of getting down to serious work. I noticed that Mr Kennedy's was phrased so that the DUP was not asked whether it was interested in establishing subcommittees. We will, no doubt, return to that issue at some stage. When this Committee gets down to serious work and produces reports, those reports can be debated.

Sinn Féin is not interested in attending plenary debates for the sake of repeating in the Chamber the same things that have been said here and trying to justify its own existence. However, Sinn Féin would be content to take part in plenary debates that have some purpose and substance.

Mr McFarland: If the Secretary of State wishes there to be a debate, and makes such a direction, either he will have to direct that the Assembly hold a take-note debate on the work of this Committee thus far or the Business Committee will have to choose one of the other motions already before it.

The Chairman (Mr Wells): Mr McFarland, is it your view that, if the direction is received, the Business Committee should recommend a motion?

Mr McFarland: I sense that the Business Committee will not fare any better than this Committee, because it also relies on consensus for motions.

The Chairman (Mr Wells): No. The Business Committee goes round the table, but it does not have to reach a consensus. Unanimity is not required, and the Committee can make recommendations. Both Deputy Speakers are in attendance at Business Committee meetings, and I am absolutely certain that, at every meeting, one party reiterates its views on plenary sittings. The other four parties state that they wish to make recommendations to the Secretary of State.

Mr McFarland: However, it is the Secretary of State's decision whether or not to accept those recommendations.

The Chairman (Mr Wells): Yes, it is his decision. The Business Committee does not have a complete blocking mechanism; it can make recommendations to the Secretary of State. If this Committee cannot reach a consensus, it cannot make recommendations.

Mr McCarthy: Can the Secretary of State refuse to accept recommendations?

The Chairman (Mr Wells): He has refused to do that. However, the Business Committee has the opportunity to make recommendations to him.

Mr McNarry: The Secretary of State may take the view, contrary to the view of Sinn Féin, that serious work has been done in this Committee. He may, therefore, call for a plenary sitting on Friday to debate that work. I take it that Sinn Féin would not take part in that debate. Is the Secretary of State waiting for our decision, not on whether we agree on a motion for debate but on whether we agree, in principle, to having a debate at all? If that is the case, can we have a five-minute break to ascertain whether the Secretary of State's direction is on its way and whether he needs to be told what we have done before anything is expedited?

The Chairman (Mr Wells): We anticipate that the Secretary of State will issue a direction this afternoon for a plenary sitting on Friday; no motion will be attached to the direction. We had anticipated that the direction would have been brought into the Committee as we met. That has not yet happened, but it is pretty clear that it will happen. If we do not make a decision, the Business Committee will have to do that tomorrow. It can make a recommendation, by majority opinion, to the Secretary of State.

This issue was discussed at our meeting with the Secretary of State last Thursday, because we knew that it was unlikely that we would reach a consensus. He is aware of that likely lack of consensus, which is why he is using this mechanism to ensure a plenary sitting before the recess. That is my understanding of the situation, but I shall ask Mr Molloy for clarification.

Mr Molloy: That is exactly the position. The Secretary of State was minded to make a direction on the subcommittees and the plenary sitting before the end of this session of the Assembly.

The Chairman (Mr Wells): We are in the position of nothing having been agreed. If a plenary sitting is imposed on us, there will clearly be no consensus on what the business should be. Please speak up if I am wrong, but that is my view. We have no proposals for business for a plenary sitting. Does anyone want to make a proposal, or will we simply move on and accept whatever happens?

The Ulster Unionist Party delegation put a question to Sinn Féin about attendance at a plenary sitting. Does Sinn Féin wish to answer that question?

Mr Murphy: I do not know whether the question was addressed directly to us. If a plenary sitting is called for Friday, Sinn Féin will not attend. Our position has been consistent; if a plenary is called to debate an issue that has resulted from a substantive piece of work, we will participate. However, if people are calling for debates simply for the sake of having debates or to reward themselves for having sat through nine of these Committee meetings, Sinn Féin will not be there.

The Chairman (Mr Wells): Mr Kennedy, do you have another proposal?

Mr Kennedy: I do not have another proposal; my previous proposal did not get very far.

It appears that the Secretary of State is to issue a direction on a plenary and the establishment of a subcommittee.

The Chairman (Mr Wells): Yes, but we do not expect to receive the direction on the second issue today.

Mr Kennedy: With the lack of consensus in the Committee, we appear to have reached a considerable deadlock. Sinn Féin has stated that it will not attend the plenary, and it is difficult to imagine how we could allow the Secretary of State to establish a subcommittee when we are not prepared to do so ourselves.

The Chairman (Mr Wells): At the meeting, the Secretary of State said that he could not force anyone to attend anything. Therefore, he cannot force any party to attend the plenary or to nominate representatives to the proposed subcommittee.

Mr Kennedy: Therefore, the likelihood is that if the Committee is not already in a deadlock situation, it is fast approaching one.

3.15 pm

Mr Chairman (Mr Wells): Of course, that is subject to the consideration of other business on the agenda, but it is a view that could be held.

Are there any other contributions on this issue? It is looking inevitable that we will not have anything to refer to the Business Committee. Is everyone agreed that that is the case?

Members indicated assent.

Having agreed that, our discussion of the meeting with the Secretary of State is complete. We will move on to future work for the Committee, particularly how we should deal with the Prime Minister's statement.

Mr McNarry: Will the Committee meet tomorrow?

The Chairman (Mr Wells): We will decide that when we have ascertained whether we need a meeting.

Members will have received a copy of the statement and work plan that were sent out with the Committee

papers. I think that other MLAs received them as well. Members may wish to discuss the future work of the Committee, taking the statement and work plan into account. Also, members will remember that, at the last meeting, it was agreed that every MLA would be given an opportunity to read the Hansard report.

I am extremely grateful to the Hansard staff who managed to get all the material out to MLAs by Saturday morning — certainly, mine arrived on Saturday morning. I am sure that members read every word of the Hansard reports over the weekend — or, at least for some of us, on Saturday — and have, therefore, familiarised themselves with the contents. The idea behind issuing the Hansard reports was to allow that to happen and to give those MLAs who are not members of this Committee the chance to make their views known at their party meetings.

Do members wish to discuss the two sets of documents?

Mr McFarland: I presume that the Wednesday Hansard is not yet closed to suggested amendments, as the others, presumably, are by now. In fact, the others have been printed and issued. Am I right?

The Chairman (Mr Wells): Yes.

Mr McFarland: My party meeting is not until tomorrow morning, but I have spoken at length to party members. The Hansard reports are there for the record. Are we now discussing what the Committee does from here?

The Chairman (Mr Wells): Yes, and there is another issue that we need to mention. On Thursday, all five parties met the Prime Minister and the Irish Prime Minister. Members may wish to report their views on those meetings. Those are the three items that we can throw into the pot and discuss to see whether we can distil a way forward for the Committee.

Mr McFarland: A number of issues are not necessarily crystal clear. For example, have we identified the issue that needs to be solved or is there a broad issue that needs to be solved? There are clearly areas that we need to discuss at some point. The hard bit is working out what constitutes sensible discussion — with all five parties here, that seems to be a good idea — and identifying the areas that the DUP will not negotiate in this forum and from which it might shy away. Obviously, there may be issues that it will not wish to discuss.

Therefore, it might be useful to identify whether all the parties are willing to mine down into the areas that we have identified. This would confirm whether those are the problem areas or whether particular parts of those areas are the problem.

We have all had a general canter through the issues with the parties and have asked questions. However, there are things that are not yet clear.

There is still work to be done, but, not wishing to repeat what I have said previously, other members in our parties are better qualified in some of those areas. It was agreed early on that, if particular topics were discussed on which present members of the delegations were not expert, we might include people who were experts in party delegations.

It would be useful if we could identify the areas for further discussion. By and large, and whether or not we agree with them, those areas have been agreed as being problematic for one party or another. Where there are areas of common agreement, those matters could be set aside. The ministerial code is one such issue; as far as I can gather, all parties are agreed on that. I suspect that the Government will have produced a ministerial code. Would it be worthwhile for the Committee to ask for that so that it could be agreed and parked?

There is work to do over the summer. However, we must look very carefully to the delegations to ensure continuity. There is a danger that issues discussed during the last three weeks may be revisited if new teams come to the Committee because current members are on holiday. Even though they may have full authority from their parties, new members may feel the need to beat their chests to show that they are as good as their predecessors. A lack of continuity could cause problems.

The Chairman (Mr Wells): The Clerks have read the Hansard reports and have produced a list of the headings of the subjects raised. It is quite extensive, running to 25 headings, but there are no great surprises. They are listed alphabetically and in no order of priority; some examples are the Belfast Agreement, a bill of rights, and the Civic Forum. The list will be given to Members.

That list does not change the table of issues: the Clerks have simply gone through the Hansard reports and come up with main headings raised by each party. Members may wish to have a brief look at the list.

Dr Farren: Although I am glad that we are getting down to this task, is there a clear willingness to engage in whatever debate may transpire around any or all of those issues? From the hiatus created by our failure to agree on the previous issue, the question of whether all parties are willing to contribute to further discussion in this Committee in whatever format we decide — whether it is in plenary or through subcommittees — has yet to be clarified. Before we get into the issues that need to be discussed, we must know whether we are all prepared to put our weight behind the wheel and participate further. I thought we were coming close to a full stop about 10 minutes ago. I do not want that

to happen, but we must know whether we are discussing matters that will be taken forward.

The Chairman (Mr Wells): The Clerks have kindly identified four core issues that members agreed were important and needed to be clarified: economic regeneration; devolution of policing and justice; the institutions, both North/South and east-west; and the Programme for Government. That does not pre-empt anyone's view on whether we go forward at all to discuss those, and in what mode. However, it should be put on record that the Clerks have identified those issues.

We now move on to the substantive issues. Do members wish to go forward to deal with those, and if so, in what mode? Remember that there must be consensus.

Mr McFarland: I am slightly worried. On Wednesday, I spoke at length about the comprehensive agreement, including issues relating to the First Minister and the Deputy First Minister. Those do not appear to feature.

The Chairman (Mr Wells): North/South and east-west issues and the comprehensive agreement come under the heading of 'Institutions'.

Mr McFarland: The comprehensive agreement was the follow-on from the Belfast Agreement, which is listed, and encompasses all sorts of issues that are listed elsewhere. It was a major issue on Wednesday: you will find it mentioned throughout most of Hansard. I am worried that putting the comprehensive agreement under the heading of 'Institutions' means that we all have to guess where it is. The same applies to the First Minister and the Deputy First Minister issue. That is on a par with the bill of rights and the Civic Forum. Those are all in the comprehensive agreement but have been listed separately. May I have those included, please? As you will see from Hansard, they are key issues.

The Chairman (Mr Wells): OK. Is everyone agreed?

If a party believes something to be important, we must accept that as its perception.

Dr Farren: My question stands, Chairman. Before we add to or subtract from this list, we need to discuss it. There is no point to having a list if we are not going to discuss it.

The Chairman (Mr Wells): We should at least let individuals know that if we were to agree a model for discussions, that is the sort of thing that we would discuss. However, again that requires consensus.

The four common issues are economic regeneration, devolution of policing and justice, institutions, including North/South and east-west issues, and A Programme for Government/priorities for Government as per the Prime Ministers' work plan.

All parties identified those as important issues that must be resolved.

Dr McCrea: Why are we coming back to that? Why have we not allowed the establishment of an economic regeneration committee, which was supposed to operate under the Business Committee? That work could be done in the summer. It seems that no one is willing to take it on and that either the Secretary of State is sitting on his backside or hands in relation to that, or he is not allowing the Business Committee to take it forward.

This Committee forwarded the matter to the Business Committee. Why has it stopped there? What is the motive behind that? We say that we are concerned about economic issues and the business fraternity and that Assembly Members could start work on that over the summer. Why has that not happened?

Mr McFarland: I do not understand why, because this Committee backed it, but there was no cross-community support, as both Sinn Féin and the SDLP objected to it at the Business Committee. So, even if four members of that Committee had agreed and one had not, it could not have gone forward to the Secretary of State.

Dr McCrea: The question of establishing an economic regeneration committee arose from a debate in the Assembly and went from there to the Business Committee. Then the Secretary of State started messing around and brought it to this Committee. We sent it to the Business Committee, and in a letter the Secretary of State said that he would instruct the Speaker to take it forward. Why has that not happened? It should be moving along.

Those who pretend to be concerned about economic issues have put a block on the establishment of that committee because they want the issue to sit here — even though it was sent from here to the Business Committee to take it forward. People are messing around. They are not going to play games — certainly not with the DUP. It was supposed to have happened. The business community was supposed to sit with Assembly Members and take that forward. That could have started in May, but there has been fooling around.

What is this Programme for Government that everybody has identified in the list of issues?

3.30 pm

The Chairman (Mr Wells): The Programme for Government/priorities for Government was identified as an issue by all parties

Dr McCrea: When did all parties list that as an issue?

The Chairman (Mr Wells): The Prime Ministers issued a work plan.

Dr McCrea: As far as we are concerned, they did not issue it to us. The first that we heard from the Prime Minister is in this letter.

The Chairman (Mr Wells): That work plan was issued to all members. It was attached to the statement that was issued after the meeting on Thursday.

Dr McCrea: When did I, or my party delegation, mention the Programme for Government?

The Chairman (Mr Wells): That was raised by the Prime Minister.

Dr McCrea: It was said that the parties mentioned the Programme for Government, which is why it was included in the list of issues.

The Chairman (Mr Wells): You are correct. I should have said that the first three points were common to all parties. The fourth point was raised by the Prime Ministers. You are absolutely correct; that was my mistake.

Lord Morrow: Does that heading need to be changed?

Dr Farren: The DUP talked about a financial package. There are various ways of describing economic regeneration. One can use the term “financial package” if it encompasses what economic regeneration is about. As far as the SDLP is concerned, that would be part of a Programme for Government. The administration of available resources must be part of a Programme for Government; that cannot be done separately. We can have ideas about economic regeneration, which would form part of a Programme for Government.

Mr McNarry: If we do nothing else today, can we clear up the situation of a financial package and economic regeneration? I share Mr McCrea’s exasperation about this, and he is right to ask where it stands.

My colleague, Mr McFarland, is also right in that when the issue was discussed, the Committee, to all intents and purposes, reached a consensus. My recollection is that this Committee adjourned because there was a meeting of the Business Committee at 12.30 pm. We adjourned; the Business Committee met. It was then reported, much to the surprise of Seán Farren, that his colleagues on the Business Committee did not share the same opinion as the SDLP members in this Committee. I commented that SDLP members here are talking with a different tongue to SDLP members in the Business Committee.

Will this item be on the Business Committee’s agenda when it meets tomorrow? Could we agree that we should let the Business Committee know that we would like that pushed forward?

The Chairman (Mr Wells): It is worth mentioning that the Committee discussed this issue on the 20 June and consensus was not reached. A decision has been

made on this issue, although several groups in this Committee did not like it. Would you like a second decision to be taken?

Mr McNarry: I thought that consensus had not been reached on whether to have a debate because the Sinn Féin delegation decided that it was not prepared to allow such a debate.

The Chairman (Mr Wells): I will read the minute. It states that:

"1. The Committee considered a letter from the Speaker to the Committee enclosing correspondence she had received from the Secretary of State about the establishment of the working group on the economy.

2. Dr McCrea proposed that the Committee asks the Secretary of State by direction to set up the working group on the economy and invite the Business Committee to determine membership and arrangements for the chairing of the Committee.

There was not consensus and the proposal fell."

Mr McNarry: We are jolly fortunate that the leak to Mark Devenport does not seem to have highlighted our inability to address this issue. The business community must think that we are a quite pathetic lot, in that the Assembly makes recommendations, which are then blocked because of party politics.

I am only asking for a direction. If you are telling me that we cannot go back on it, then I accept your ruling. We have talked about financial packages and economic regeneration again this afternoon, and there seems to be a consensus that there is a need to address those matters. We are falling down on the vehicle with which to address them. Is it not possible that, given that those issues are so important, that consensus could go back from us to the Business Committee? If we cannot do it, I accept your ruling.

The Chairman (Mr Wells): The next two members to speak are Mr Murphy and Mr McCrea, and perhaps we will tease out a consensus on this issue.

Mr Murphy: Just to correct the recollection, the letter from the Speaker reflected on two options offered by the Secretary of State to take the proposal forward. One was a separate committee and the other was a subcommittee of this Committee. We argued at the time — and the logic still stands — that if all of the parties have listed this as an important issue for preparation for government, which they have done, the logical thing would be that a subcommittee would report back to this Committee and then to the Assembly. At the Business Committee, the SDLP also agreed that that was the better of the two options, but we did not get agreement from the other parties as to which option to go for.

Dr McCrea: It is correct that four groupings agreed to send the matter to the Business Committee and that recommendations would be formed there. That included the Ulster Unionists, Alliance, the SDLP and the DUP. I am led to believe that when the proposal went to the Business Committee, those four went down to three when the SDLP delegation changed its mind. If we have to look at the record we will find out exactly who did or did not agree. The truth of the matter is that this should have gone ahead in May.

The Secretary of State has to carry some of the responsibility. He muddied the waters, because the matter went straight from the Assembly to the Business Committee, and at least it was being taken forward at that time. Then it was put back for further discussion to allow this Committee to be established. It was established, and then we saw different shenanigans taking place thereafter. The matter ought to be sent back to the Business Committee, which should be asked to put it into action.

That can be done, and it would be good to get the Secretary of State's letter to Mrs Bell out as well, just to see exactly what he did say on the matter, because he was instructing the Speaker to set that up. That is what it said in his letter.

Mr Murphy: Is Dr McCrea making a proposal?

Dr McCrea: Yes, I am.

The Chairman (Mr Wells): Is there a consensus on Dr McCrea's proposal?

Mr Murphy: This proposal has already gone to the Business Committee. It has been discussed here, and discussed there. There was no agreement on how it was to be carried forward. There were two options. We have it listed here as an option or a topic of interest. We argued all along that it should be treated as a topic of interest for this Committee. There was no consensus in the Business Committee as to which of the two options was the best. There was a difference of opinion. I cannot see that sending it back to the Business Committee will produce a different result.

The Chairman (Mr Wells): So there is no consensus.

Mr Murphy: No.

The Chairman (Mr Wells): The Clerks have kindly advised me that there are several options before us. We could set up our own subcommittee, or, as a Committee, we could deal with this issue as a substantive agenda item. In other words, economic regeneration would become one of the issues that we would deal with over the summer. Allied to that, we could invite the economic experts in our parties.

I am only putting those out as the options that are available. As Chairman, I cannot make any proposals, but whatever we decide, it must be by consensus. If we

do not, it will not be carried forward. It is as simple as that.

Dr McCrea: That is exactly what was suggested. It is nothing new. That is exactly what the other committee was to do; it was to bring in experts from the parties and from the business community.

The Chairman (Mr Wells): The fundamental difference, Dr McCrea, is that that would be driven by this Committee rather than a separate economic development committee elected from the Assembly.

Dr McCrea: There has not been consensus; therefore that does not stand. As the Chairman said, the decision has been made. After debating the issue, it was decided by four parties to one that the Business Committee was the proper and appropriate place to take forward the establishment of a working group.

Mr Murphy: There cannot be consensus to send something back if all the parties do not agree to it.

Dr McCrea: There was not consensus — I said that it was decided by four parties to one.

Mr Murphy: One cannot take action based on a ratio of four parties to one.

Mr Kennedy: I would like clarification. Will a subcommittee address the issue or will that be the main work of the Preparation for Government Committee?

Dr McCrea: The Business Committee will address the matter.

The Chairman (Mr Wells): The two options have been tabled to help to direct members' thoughts, but, again, we need consensus. As it does not look as if we will get that, we will ask the Business Committee to set up an economic working group.

Mr McFarland: It was referred back to the Business Committee because we could not get consensus, but the Business Committee could not reach consensus either. Technically, it is now a matter for the Secretary of State or for this Committee; all of us would like the issue to be addressed as it is on our agenda, notwithstanding all that has gone before. Is there any need for us to examine economic regeneration or financial packages as part of this exercise? We have all identified the topic and it is on our agenda separately from the debate that took place in the Assembly. The record of the Assembly debate is sitting on the Secretary of State's desk, so it is up to him whether he establishes a committee, separate or otherwise, to take forward that issue. The issue is also on our agenda, because it has been identified in discussions around this table. One could argue that those are separate issues. The report is sitting on the Secretary of State's desk but nothing is happening, as he seems to be reluctant to establish a committee; however, the issue needs to be discussed at some level as part of our deliberations

because it is on the list and all the parties brought it up. Therefore we either leave it with the Secretary of State in the hope that he will do something about it at some stage, or we address it as part of our discussions in this Committee or in a subcommittee.

Dr Farren: I remind members who have been quick to try to identify where the SDLP stood on this issue some weeks ago that I recognised then, as I recognise now, the impasse that we were in. I stated that the SDLP's preference was for the work to be taken forward through the Preparation for Government Committee either in plenary or in subcommittee. However, recognising that we were not going to get consensus or a clear way forward through the Business Committee, I proposed a compromise whereby the Business Committee and the Preparation for Government Committee could take the issue forward together. We did not say one thing here and say something different in the Business Committee. The SDLP put forward a helpful compromise, but it failed. There was no point in the Business Committee's moving ahead with something that was equally likely to fail. We are now in the same position as we were four weeks ago. I recognise that the same arguments about how we proceed will lead us into the same impasse; therefore I have contributed little to this part of the debate. The SDLP was trying to be helpful; it is not in the business of one hand not knowing what the other is doing.

3.45 pm

Mr McNarry: If we are dealing with the three main issues that the Prime Minister laid down, plus this one, how will the Committee deal with other matters? Will it do everything in the same way? In other words, if the Committee feels that it could deal with this matter, it needs to be clear and consistent in what it does, given that it is being asked to deal with devolution, policing and justice, as well as the institutions and North/South and east-west matters. We are unlikely to have any of those issues debated by the Assembly, because there will not be consensus for that. We are also unlikely to reach consensus to break into subcommittees to discuss those three main issues. What is to stop this Committee from taking the financial package and economic regeneration issue and deciding that it will prepare the report and take expert witness evidence?

The Chairman (Mr Wells): If, by consensus, we agreed to bring in our economic experts to help with that, there would be absolutely nothing to stop the Committee from doing that. We have four simple options: set up a subcommittee; take it as a substantive item for the Committee to deal with; do nothing at all; or, given that we may not have had the chance to consult our parties on the issue, we could defer it. I get the impression that there have not been too many

group meetings today, so it may be an option to adjourn so that we can consult our parties.

Mr McFarland: I would like to ask William McCrea about subcommittees. Part of the difficulty that we will have is that a substantial number of issues clearly need some sort of discussion. My sense is that we will not have a massive number of meetings over the summer with people coming back and forward and going here and there etc, but it would be good to have some meetings, if everyone is happy with that. Therefore, it may well be that, in order to get the ground covered on those different issues, there may be some merit in looking at the Committee's taking on the large issues such as those that Mr McNarry mentioned. Perhaps subcommittees of experts from our parties could examine the areas in which they have an expertise.

What are William's latest thoughts on how we proceed? At one stage, there was a suggestion that, so far as the Democratic Unionist Party was concerned, there would not be any subcommittees because that party would not be comfortable with that. Is that still the case, or is there wisdom and merit in examining whether we need to bring colleagues into subcommittees to discuss some of the topics, rather than taking up time from this Committee's dealing with larger issues?

Dr McCrea: I have no authority whatsoever to make any determination or agreement about subcommittees. Our party will not meet until Friday, if there is a plenary. Our colleagues are in other places and no Assembly group meeting has been called.

However, there is nothing to stop the Secretary of State from doing that. The Assembly referred the matter to the Business Committee, which was unable to reach consensus. The Secretary of State then lifted the economic package and sent it up to this Committee, there was no consensus, and it was sent back down to the Business Committee. There is absolutely nothing to stop us from sending the matter back to the Secretary of State and requesting that he set up an economic committee.

Make no mistake: he has not turned down that possibility. He was waiting for the Business Committee to refer the matter to him, but it could not agree to do so. There is nothing to prevent the Secretary of State from setting up an economic working group. Since he was flexing his muscles and since he told us in his determination that he was going to set up committees, let us find out exactly what he does. This is his test.

Mr McFarland: The matter is with the Secretary of State for his decision. My worry is that if he has not made a decision — and, clearly, he has not — can we find out whether he intends to do so? If the Secretary of State is determined not to make a decision, the Committee cannot ignore that. It is, after all, a major issue in which the business community has been

involved. I am not sure that we can ignore the issue on the off chance that the Secretary of State might, at some time, decide to act. It would be useful to know whether he intends to establish such a working group. However, the issue has been round everyone and is now back on his desk.

Dr McCrea: With the greatest respect, I thought that the import of the report that the Deputy Speakers gave us was that either we would have subcommittees or that the Secretary of State would set them up.

Mr McFarland: He was talking about subcommittees of this Committee.

Dr McCrea: Yes, but he has the authority to set up any subcommittees —

Mr McFarland: Yes, but he is refusing to do that.

Dr McCrea: He has not acted because he is waiting to see whether we would refer the matter, but we have not been able to reach consensus and neither has the Business Committee. However, it is within the power of the Secretary of State to set up a working group. If he believes that this matter is important, there is nothing to prevent him from ensuring that an economic working group be set up to start its work. It has already been agreed that Assembly Members would be off from 7 July to 4 September — I think that that is in the letter. Some Members are already away. Let us not say that they should forgo their rights — just because the Secretary of State and everybody else forget about them — to debate the matter in the Chamber. There is nothing to prevent the Secretary of State from ensuring that an economic working group be set up to work with the business community and its experts.

The Chairman (Mr Wells): I will refer to Thursday's meeting for clarification. If the Secretary of State issues a directive that subcommittees be established, it is inevitable that one of them will be on economic matters; it is unimaginable that that would not happen. Perhaps that is the reason —

Dr McCrea: The Secretary of State knows that there is an impasse in this Committee. Therefore if he is really interested, he should remove the matter from the contentiousness that exists between the political parties and set up a committee to deal directly with economic issues.

Mr McNarry: Is it clear, Chairman, that he will not issue such a directive for another week or 10 days?

Dr McCrea: If he did issue a directive in 10 days' time, we would be better off than we are now. We started in the month of May and now we are in the month of July, yet the Secretary of State has done nothing.

Dr Farren: Neither have we.

The Chairman (Mr Wells): I came away with —

Dr McCrea: With the greatest respect, I would like to respond to that. We cannot have it both ways. Certain of your statements say that we have done some things and that we are moving on. You praise one day, only to cut the feet from under us the next. Make up your mind. Scripture says that:

“A double-minded man is unstable in all his ways”.

Therefore if you have two double minds on it —

Dr Farren: I question my stability every time I leave this place.

Dr McCrea: Do you want to stop the meeting? We can do that if the member wants.

Mr McNarry: Seán Farren should go back to Parnell.

Mr Dallat: Kitty O’Shea.

The Chairman (Mr Wells): Where do we go from here? Do we want subcommittees, do we want this Committee to take the subject on board, do we do nothing at all, or do we adjourn to consult our parties?

Mr McFarland: William told us that his party has not been able to consider the matter yet. There are logical arguments for taking issues forward either as this Committee — and there is merit in that suggestion — or as a subcommittee in order to involve others. It would be useful for us to discuss that proposal with our parties because it is clear that this Committee cannot currently make decisions.

The Chairman (Mr Wells): To clarify, what do you intend to consult your parties about, and when?

Mr McFarland: The Committee might meet tomorrow, and our Assembly group’s meeting normally takes place on Tuesday mornings. Our party group is agreed that we need to take the matter forward. There is no doubt that the Committee needs to examine and expand on some issues. Therefore, by and large, we would be happy enough to take the matter forward, because certain issues require further discussion. We have no objection in principle to the establishment of a working group.

As William has just told us, the Democratic Unionist Party clearly needs to discuss the issues. I do not know the other parties’ positions.

Mr Murphy: We are happy to allow other people to go off and consult. We want to get down to work, and we have already advocated the best way of getting down to that work.

Although William says that there is nothing to prevent the Secretary of State from following a course of action, our party’s opinion and that of the SDLP should prevent him. We were offered two options, and we opted for one of those. The Democratic Unionist Party and the Ulster Unionist Party opted for the other option, and the Alliance Party — without my trying to

state its position — would perhaps have been happy with either. There is a job of work to be done, and we have always advocated the way in which we see that work going. We are happy to decide now, but if other parties want to consult on the structure of the working group, we are happy to return to make a decision in a future meeting.

The Chairman (Mr Wells): Do we have consensus that parties should be given time to consult? Is there any objection to that?

Mr Dallat: How much time shall we allow for consultation?

The Chairman (Mr Wells): That is a matter —

Dr McCrea: With the greatest respect, Mr Deputy Speaker, it is not a matter of whether you give the parties time to consult. As far as we are concerned, we will take the time to consult with our party, and we are not taking a gift from anybody.

The Chairman (Mr Wells): Parties can of course consult. Mr Dallat asked on what date the Committee would resume after parties had been consulted.

Mr Kennedy: It would appear, Mr Chairman, that the earliest day on which we could meet would be next Monday.

The Chairman (Mr Wells): It is looking like that, because one party group does not meet until Friday, one meets tomorrow, and I do not know when the SDLP is meeting.

Mr Kennedy: There is potentially a plenary on Friday.

Dr Farren: If there is a plenary on Friday, I do not know what the urgency is to meet this week. I am happy enough for the Committee to meet if it is necessary, but, given what Mr McCrea has said, the DUP will not be in a position to advise us of its opinion until Friday.

The Chairman (Mr Wells): Is Monday at 2.00 pm an option?

Dr Farren: Yes.

Mr Murphy: It might prove a difficulty for me, but I am sure that we will be represented.

The Chairman (Mr Wells): Are there any other problems with meeting on Monday at 2.00 pm?

Mr McFarland: I wonder where we stand. It is my understanding that the Assembly breaks on Friday.

The Chairman (Mr Wells): Yes, but the Secretary of State, when he met the parties last week, said that this Committee could continue to meet.

Mr McFarland: No, we cannot. The problem is that —

Dr McCrea: With the greatest respect, I thank the Secretary of State very much for his kindness. Who does he think that he is?

The Chairman (Mr Wells): I am only reporting what the Secretary of State said.

Mr McFarland: As I understand it, the Assembly breaks on Friday for the summer.

Dr McCrea: You might be nodding dogs to the Secretary of State, but some of us certainly will not be.

Mr McFarland: The difficulty is that this is the Secretary of State's Assembly.

Dr McCrea: Absolutely. Therefore it breaks on 7 July and, as the letter says, that break lasts until 4 September. That is the Secretary of State's Assembly.

Mr McFarland: Yes. The Secretary of State's Assembly breaks on Friday and reconvenes on 4 September. We clearly have work to do in this Committee, and, according to what the Prime Minister has issued, we will meet over the summer.

There is a traditional holiday for a fortnight over the Twelfth. If we are wishing to meet when one half of our community traditionally disappears down South or overseas during that time, are Sinn Féin and the SDLP likely to be present, or will they be in Cork on holiday? Are we likely to see the DUP and ourselves, when some of us are apt to be involved in other things? What are the chances of people attending next week with concentrated minds? We need next week to confirm where the Committee is going with issues. We may then need to take a short break, as people will be off on holidays or whatever. However, if they are not, we can carry on.

Dr Farren: We must first establish whether we can move forward.

4.00 pm

Mr McFarland: We should meet on Monday at 2.00 pm to confirm whether this is a starter. Would that be sensible?

The Chairman (Mr Wells): Some of us have problems with Wednesday, but Monday 10 July should be OK.

Mr McNarry: Sinn Féin members are all going to the "orange-fest".

The Chairman (Mr Wells): We seem to have reached agreement to meet on Monday 10 July at 2.00 pm. We have one other very important issue to deal with. All members have received copies of the Hansard reports for the period of 20-28 June. We must decide whether to place those reports on the Assembly website. That will make it a public document for all of the community to read.

Mr Ford: Before or after Mark Devenport?

The Chairman (Mr Wells): That would be the corrected version. Members will have an opportunity to correct the reports before they appear on the website.

Mr McFarland: As I understand it, we are issuing the reports to Assembly Members.

The Chairman (Mr Wells): They have already been issued. Members received them on Saturday.

Mr McFarland: I hope that last Thursday's report was not issued, because it is being corrected. However, if the Assembly Members have received the reports, the press will almost certainly have them too.

The Chairman (Mr Wells): They are supposed to be confidential, but —

Mr McFarland: The press almost certainly have them, and, if that is the case, there is not much point in trying to pretend that they do not exist. We are famous for not being able to hold our confidences.

Dr Farren: Are we issuing the unedited or the corrected version to Assembly Members?

The Chairman (Mr Wells): Only the corrected version.

Dr Farren: That is OK.

The Chairman (Mr Wells): Mr Ford, are you happy?

Mr Ford: I wish to check the time scale. The version for correction that we received on Saturday morning has now expired its 24 hours.

Mr McFarland: That is working days. The corrections need to be in today.

The Committee Clerk: The corrections should come back as soon as possible. There is flexibility. The corrections should be in by lunchtime tomorrow.

The Chairman (Mr Wells): Once the Assembly Members have received all of the corrected versions, we are proposing that they go straight on to the website. Have we reached consensus on that?

Members indicated assent.

Dr McCrea: We said from the word go that they should be placed on the website.

The Chairman (Mr Wells): The Hansard staff know where they stand on that issue. We meet again at 2.00 pm on Monday 10 July. Mr Molloy will be in the Chair.

Adjourned at 4.05 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Monday 10 July 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Francie Molloy

Dr Seán Farren

Mr David Ford

Ms Michelle Gildernew

Mr Danny Kennedy

Mr Kieran McCarthy

Rev Dr William McCrea

Mr Alan McFarland

Mr Martin McGuinness

Mr David McNarry

Mr Alban Maginness

Mr John O'Dowd

Ms Margaret Ritchie

Mr Mervyn Storey

Observing: Mr Jim Wells

The Committee met at 2.02 pm.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): Members, we will kick off. Everybody is ready. I remind Committee members to switch off their mobile phones as they interfere with the Hansard recording.

Do we have deputies or replacements, whichever term you want to use, for each party?

Mr O'Dowd: I am standing in for Mr Murphy.

Ms Ritchie: I am standing in for Alasdair McDonnell.

Mr McCarthy: I seem to be the permanent one, but I am standing in meantime.

Mr Kennedy: We prefer the term "replacement".

The Chairman (Mr Molloy): Replacement, sorry.

Mr Kennedy: "Deputies" has other connotations.

Mr A Maginness: I think "deputy" is very good.

The Chairman (Mr Molloy): David McNarry is standing in for whom?

The Committee Clerk: David McNarry is here for Michael McGimpsey.

Mr Kennedy: That is now a permanent change.

The Chairman (Mr Molloy): Do members agree the minutes of the meeting of 3 July?

Mr Kennedy: There is no "u" in Clogher Valley.

Mr McFarland: I was going to ask if Lord Morrow was comfortable with that spelling.

The Committee Clerk: Apologies.

Mr Kennedy: Is that a County Armagh fellow?

The Chairman (Mr Molloy): Perhaps that was the Ulster-Scots spelling.

The next item is the letter of 4 July 2006 from the Speaker — which members should have in their papers — including directions from the Secretary of State for three subgroups to be set up: on economic issues; changes to the institutions; and the devolution of criminal justice and policing. The direction from the Secretary of State is that the Committee should actually set up those committees. Are there any comments or views?

Dr McCrea: My party has instructed me that an economic committee should be set up under the Business Committee, as per the letter of 19 June 2006 to Mrs Bell, the Speaker.

The DUP is to meet the Secretary of State to find out exactly how the other two subcommittees fit in with the Secretary of State's initial instruction to this Committee, which was to scope the issues. I agree that economic issues must be taken forward immediately. That should have happened immediately after the debate under an Assembly motion and in line with the Secretary of State's suggestion in his letter of 19 June 2006 in which he said that:

"If the preference is for a separate committee to be set up by way of a direction from me, I would intend to do so immediately and to invite the Business Committee to determine membership and arrangements for chairing the Committee."

The issues of changes to the institutions and the devolution of policing and justice are more akin to negotiations. The DUP wants to find out exactly where those sit in relation to the Secretary of State's initial brief, and I will not agree to the setting up of those subgroups.

Mr M McGuinness: It would be helpful if the DUP could tell us when the proposed meeting between the Secretary of State and the DUP will take place. I am sure that other parties will be interested in that too because given what we have just heard, it is hard to see how we can sensibly take forward the work with which this Committee has been charged.

Dr McCrea: In response to you, Deputy Speaker, I have no knowledge of when the meeting will be, because the party leader and the Secretary of State will arrange it. The DUP is endeavouring to find out how those two subcommittees on policing and justice and changes to the institutions fit in with scoping the issues, because we have scoped and identified a number of issues.

As I have said, probably ad nauseam to some, this Committee is not the place for negotiations. I have not been instructed, nor given the mandate, to negotiate, and I am in total agreement with that decision. That is the appropriate and proper stance for the leader and deputy leader of my party and for those of us whom the party has chosen to be a part of the team that negotiates with Government. The purpose of this Committee is certainly not to negotiate. Therefore, the DUP must ascertain how those two subcommittees fit in with the Secretary of State's initial remit to this Committee.

Mr M McGuinness: Nothing that has been said by the Secretary of State vis-à-vis the establishment of three subcommittees conflicts with any previous correspondence between him and the Speaker, or, indeed, this Committee. We had hoped that we could do some productive work today and see an agreement on the establishment of subcommittees, so that people could begin the serious work of dealing with these issues in the near future.

As a result of William McCrea's contribution, we are not going to be in a position to take things forward. Not only does the DUP seek additional information about the subcommittees relating to the institutions and to policing and justice, but it appears to be totally opposed to the Preparation for Government Committee's establishment of a subcommittee on the economy and the peace dividend.

I am at a loss to see how we can sensibly proceed today.

The Chairman (Mr Molloy): The main issue from the Committee's point of view is that we have been directed by the Secretary of State to set up the subcommittees. Parties can decide to go to the meetings or not; that is the current position. It would obviously be beneficial to have all the parties in those subcommittees, but our task today is to set them up. We have been given a clear direction on that.

Mr McFarland: The Committee's mission is clear: we have spent several days discussing our remit, and, as William McCrea has said, identifying issues. However, at our previous meeting, we recognised that many of those issues were substantial ones, and that other concerns might be contained within the broader matter, meriting further investigation or an attempt to expand matters or seek clarity. That was the logic behind the establishment of the subcommittees: not to negotiate, but to try to ensure that we had identified all the different parts of the broader issue. So there was some sense in trying to identify those.

The Secretary of State has made two directions on the institutions and on criminal justice, and the other one is in response to his previous intention to set up an economic committee. Is that right?

The Chairman (Mr Molloy): Yes.

Mr McFarland: What is the status of these subcommittees? Am I to understand that they are in existence? Either the Secretary of State has directed that they exist, or he is inviting us to set them up. It is unclear, because logically, if he has set them up, then it is a question for parties as to whether they take part in them or not. If it is up to us, then whether or not they should be set up is an issue for discussion around this table.

Is it possible to clarify that?

The Chairman (Mr Molloy): My information is that the Secretary of State has directed that this Committee set up the subcommittees, and the parties nominate to them. The Secretary of State's letter is there among the papers.

Mr McFarland: The question is whether or not the Secretary of State can direct the parties around this table to do anything. In every other pronouncement that he has made, he has said that it is up to the Committee to elect its Chairs, and to do a, b, c and d. In fact, in one of the instructions here, it says that we have to decide on terms of reference and nominations to membership, etc.

Have these been set up — in which case, parties have a choice as to whether they attend them or not? If they are not set up, then the parties have a choice as to whether we set them up or not.

The Chairman (Mr Molloy): We must discuss the terms of reference for the subcommittees, their membership and arrangements for meetings. The letter is very clear that the Secretary of State is directing the Committee, under paragraph 4 (1) of schedule 1 to the Northern Ireland Act 2006, to set up a subcommittee.

Mr McFarland: The subcommittees have been set up. We have now to decide whether our parties will attend, and, if so, what the terms of reference and the rules of the game will be. Is that correct?

2.15 pm

Dr McCrea: That cannot be right if the subcommittees are to be set up by the Preparation for Government Committee.

Mr McFarland: That was my question.

Dr McCrea: The subcommittees, therefore, have not been set up. The Secretary of State is directing the Committee to set them up, so it is up to it to do so. If they were already set up, he could not possibly be directing the Committee to set them up.

Mr McFarland: That was my question. It is not at all clear whether the Secretary of State is telling the Committee to set up the subcommittees, in which case it can say: "Oh no, you do not"; or whether he has set them up, and Members are being invited to join them, or not, as we see fit.

Dr Farren: Once again, I feel that we are close to reaching an impasse. An inconclusive debate will ensue if we continue with these exchanges. My reading of the letter is that this Committee is being directed to set up subcommittees. Of course, it can refuse to obey that direction and refuse to nominate people to attend the subcommittees, if they are established.

However, we should now move to setting up the subcommittees as directed. Referring issues back to the Secretary of State and bringing his responses to the Committee will leave us in the same situation that we are in now. Either we decide that we want to move forward or we accept that there is no possibility of us doing so. We should accept that, however regrettable, we have to be directed to do things, and we should establish the three subcommittees.

Mr Ford: I agree with William McCrea on the logic of this matter — if not on much else. The letter clearly states that this Committee is directed to set up subcommittees but that it can also decide otherwise.

On the fourth page of the letter the Secretary of State repeats his direction regarding methods of reaching agreement, which is consensus interpreted as unanimity. That is a completely contradictory position. It seems illogical for the Secretary of State to direct the Committee to do things but then also direct that unanimity is needed on every issue; unfortunately, the pattern of events in this Committee shows that it frequently attains a certain level of consensus but not complete unanimity.

Co-chairman, I know that you and Mr Wells had a meeting with the Secretary of State a couple of weeks ago. Are you planning further meetings with him, or is asking the Speaker to write to him our only method of communicating to him how impossible we find the position in which he has left us? It seems that if this Committee is bound by reaching consensus, meaning unanimity, it is unlikely to agree anything, yet the Secretary of State's directions leave large gaping holes.

I agree with Seán Farren; we should accept the Secretary of State's direction and do the work that we have been instructed to do. However, if one party objects, we will not be able to do that today. Until the Secretary of State resolves how the Committee reaches decisions, he will have to issue directions to it on absolutely everything. He must ease up a little on the rules of consensus so that it is possible and realistic for the Committee to decide things.

The Chairman (Mr Molloy): We made no further arrangements to have a meeting with the Secretary of State. The meeting to which you refer was held after the visit by the Taoiseach and the Prime Minister. I am quite certain that if the Committee, through the Clerks, wrote to the Secretary of State, the issue could be dealt with directly.

My interpretation of the direction is that, because the Secretary of State has directed that the subcommittees be set up, this issue does not need consensus. He made it very clear to Mr Wells and myself that he could not force Members to attend the subcommittees in the same way that he could not force them to attend a plenary. Those were his words. We have a clear direction from the Secretary of State that the subcommittees be set up.

Whether parties wish to attend them or not is up to themselves, although we would like everyone to attend them to make them work. However, that was the direction from the Secretary of State. Perhaps Mr Wells wishes to add to that.

Mr Wells: We asked the Secretary of State several times whether establishing subcommittees was a matter for consensus in the Committee or whether it was a done deal. He made it clear that he would make a ruling on two issues: that there would be a plenary on Friday — and neither the Business Committee nor the Assembly had a say in that; although people could not be forced to turn up — and, equally, he made it clear that he would establish subcommittees, although he cannot force anyone to attend them. The two issues were seen in parallel: the first was Friday's plenary; the second will be the subcommittees.

I am absolutely clear on that. We asked him whether the Committee had the right to decide on subcommittees, and the answer was that it does not.

Mr McFarland: Chairman, that clarifies my point.

Dr McCrea: With the greatest respect, it does not clarify the point. That is not what the Secretary of State says in his letter. We have it in writing, and I will not take dictation from anyone else on the matter. The Secretary of State in his letter states:

"I am ... directing ... that the PFG set up sub-groups"

— but the setting up is the responsibility of the Committee. The Secretary of State is not setting up the subcommittees: he is asking or directing us to set them up.

With the greatest respect, this Committee will decide whether it sets up subcommittees or not. That is not within the power of the Secretary of State. He is directing us to set up subcommittees. I am informing the Committee that my party will not be setting up subcommittees; there is no consensus in the Committee on setting up subcommittees or on the other issue in that paragraph.

Mr M McGuinness: The only course of action open to us is to proceed with establishing the subcommittees. Sinn Féin accepts that subcommittees need to be established. If we are to be involved in the serious work of properly preparing for Government, we must address the issues that are of huge significance to everyone in this room. Some of the issues deal with

matters that the DUP raised in its submission, particularly Sinn Féin's attitude to policing and justice. Establishing a subcommittee to deal with that issue would enable everyone to be fully apprised of how Sinn Féin thinks that it should be taken forward. We believe that whatever outstanding difficulties may be attached to the issue can be resolved. Therefore it is in the interests of every party around the table that a subcommittee be established to deal with that crux issue.

All the parties have expressed great interest in the issue of an economic dividend; it certainly exercises many in the business community and throughout society. We should attempt to establish the subcommittees, and parties should make nominations to them, as Sinn Féin intends to. If the DUP, in effect, vetoes that today, we need to go back to the Secretary of State to establish exactly how he intends to take the matter forward.

We appear to have a measure of consensus among the Ulster Unionists, the Alliance Party, the SDLP and ourselves on the need to take the work of the subcommittees forward. Therefore, rather than beat about the bush, we should accept Seán Farren's proposal and try to move the situation forward. If we hit a brick wall, we will have no choice but to go back to the Secretary of State to establish on exactly what basis we can take this forward, with or without one party.

The Chairman (Mr Molloy): I draw members' attention to the next paragraph, which states that the membership of the subcommittees should comprise one PFG member from each of the five parties, plus one other member from each party. That is very clear.

Mr McNarry: As has happened previously here, no consensus has meant no movement forward, and matters have been redirected back to the Secretary of State. If we operate like that, and given David Ford's valid points about consensus, how can there be consensus if a subcommittee is set up with one party or more not participating? What is the status of a subcommittee that is not inclusive? It does not appear that you have the basis to set up subcommittees if one party, or more, refuses to participate in them. The rule of consensus has operated throughout and is heavily recorded in Hansard. It has been our practice to talk for hours until the Chairman asks for consensus, and somebody says no, and that has then been the end of the story. We need to know what we could be talking ourselves into or out of. If a subcommittee is weakened because it is not inclusive, it becomes devalued.

Finally, you have just said that the Secretary of State directs that the subcommittees should comprise one member from each party that is represented on this Committee and one other member from those parties. Is that a directive? Is there an enforcement with that? Can there be a subcommittee only if it comprises one

member from each of the parties that are round this table and their nominees?

The Chairman (Mr Molloy): There is clear direction that that is how the subcommittee should be set up. When we met the Secretary of State he was very clear that he could not force people to take part, but that, otherwise, the positions would not be filled.

Mr McNarry: If the Secretary of State issues a directive as to how the subcommittee should be formed, his directive fails if one member from each party is not represented.

Dr McCrea: As far as the economic issues are concerned, the DUP has been urging the establishment of an economic committee since the Assembly debate on the matter. It could have been set up then. Sinn Féin/IRA is the only party that has blocked that subcommittee. Those who talk piously as though they have a genuine concern about economic issues did not think about that in May, which was when the subcommittee was supposed to have been set up. The whole project could have been well progressed, but, of course, that party rejected it. Everyone is bowing to the whims and wishes of Sinn Féin. The Assembly, not the Secretary of State, proposed the idea. He has agreed in his letter that, if we want a separate committee, he is willing to set it up and allow the Business Committee to take it forward and decide on the membership. Let no one try to get off the hook and have some pious concern for economics, especially after 30 years of trying to blow the economy out of existence with bomb after bomb. Let no pious platitudes come from Sinn Féin on that.

As far as the other issues are concerned, Sinn Féin is talking about changes to the institutions, and the devolution of criminal justice and policing. Neither of those are the real impediment to the restoration of devolved government here: paramilitarism, decommissioning, criminality, guns and bombs brought down the Executive. We were told that those were dead issues.

2.30 pm

Therefore, once again, Sinn Féin is crawling and bowing to those who have a vested interest in keeping the situation as it is. If one views the statement that a Sinn Féin councillor in Cookstown made, one realises that those are not dead issues. He was goading the so-called Real IRA and the Continuity IRA by asking them where their dead bodies are. He said that if they are the real heroes of republicanism, where are their dead bodies of British soldiers and of policemen? When was that statement made? It was reported in the 'Dungannon News and Tyrone Courier' last week. Therefore, that is the up-to-date thinking of Sinn Féin — goading the Continuity IRA and the Real IRA into producing dead bodies, in the same way that calling

my colleagues and me the Taliban could produce a dead body.

Let us be quite honest about it: games are being played here. Members can set up their little subcommittees, but they are not dealing with the issues. Until the problem is solved; until we see that criminality is finished, and finished for good; and until we know that there is credible decommissioning, where all the weapons have been decommissioned, not some of them, we will not enter into devolved government. I stated at the previous sitting that enough weapons to turn Belfast into a garden had recently been found.

What about paramilitarism? Remember that the IRA is still in existence. Who made a statement about Mrs McConville after the Police Ombudsman's findings were announced? It was the IRA — it is still fully in existence. The IRA declared that it was right and fair for it to kill her, because it had decided that she was working with the security forces.

People are closing their eyes to the reality, folks, but this party will not do that. We are a devolutionist party, but if we are to have devolved government, it will be something that will stand the test. It will not be knocked down by anyone's statements or actions.

That is the reality, and I make it abundantly clear that my answer to Seán Farren's proposal is that there is not consensus. We want to find out from the Secretary of State how subcommittees fit in with the work that has been started through the setting up of this Committee.

Dr Farren: The DUP needs to make up its mind on the whole issue of consensus; it cannot have it both ways. On the one hand, it says that we should proceed on some issues on which we obviously have no consensus, because that is the way in which it wants to proceed on those issues. On the other hand, it says that there will not be consensus on other issues without its assent.

The DUP must operate by one set of rules or else rethink its whole approach to how we determine the Committee's procedures. Indeed, with respect to some of Mr McCrea's recent remarks, by preventing progress on the establishment of subcommittees this afternoon, some issues that he has identified will not be aired in the manner in which he thinks it would be most appropriate for them to be aired. Without risking the atmosphere becoming more tense and fraught, my proposal is that we accept the direction from the Secretary of State, move to establish the three subcommittees and begin discussion on the terms of reference and the timings for the subcommittee meetings over the next few weeks.

Mr Kennedy: I seek clarification and confirmation from yourself and Mr Wells in your role as Deputy Speakers. I would certainly appreciate Mr Wells's

involvement. Is it your joint understanding that failure to nominate to or failure to attend any of the subcommittees will invalidate their work?

What is your take on that, or your interpretation of the letter, following your meeting with the Secretary of State?

The Chairman (Mr Molloy): My interpretation is clear, as are the Secretary of State's words in the letter. If subcommittees are set up, he cannot force members to attend. That does not indicate that they will be considered invalid if not every member attends.

Mr Kennedy: Is it your view that non-nomination or non-attendance by any particular group would not invalidate the work of the subcommittee?

The Chairman (Mr Molloy): That is my interpretation.

Mr Kennedy: Mr Wells, it would be helpful if you were to indicate your view.

Mr Wells: The context of the discussion was the demand by parties for there to be a plenary. It was made clear to the Secretary of State that the issue had arisen many times in Committee. It was recognised at that point that not all parties would turn up for a plenary; however, neither that plenary nor what was decided at it would be considered invalid.

Similarly, the discussion moved to several parties' demand for subcommittees to be established. The Secretary of State made exactly the same point. He said that he would direct the establishment of subcommittees but that he could not force people to attend. My interpretation was that that did not invalidate the work of subcommittees.

I accept that that is not good news for some people in this Committee, but I simply report my understanding of what the Secretary of State said. I put no weight on it, nor state whether I am for or against it. I report only what was said at that meeting, and I left with no doubt that he would make those two directions. That he did so, indicates that our understanding was correct. If the Clerks who were present have any different understanding, I would be interested to hear it, but we were 100% clear on that issue.

Mr Kennedy: I accept the interpretation of the two Deputy Speakers. It seems that, although the work would not be invalidated, it could be seriously impeded.

The Chairman (Mr Molloy): Obviously, we would like all members to attend the subcommittees. It has been left open for Members outside of this Committee to be on subcommittees, because parties expressed an interest in involving their experts in various fields, such as policing or the economy. That is what was meant by subcommittees having 10 members.

This Committee was set up by direction of the Secretary of State. The two Chairmen were appointed, not as a result of agreement in Committee but by direction of the Secretary of State. My interpretation is that he has done the same now. He has directed that the subcommittees be set up, and it this Committee's job to do that. We want all parties to attend, but that is up to the members.

The Committee's job today is to set up the subcommittees and outline their terms of reference. There may have to be agreement around this table on that; alternatively, the subcommittees could set their own terms of reference.

Mr M McGuinness: I propose that the motion be moved. I support Seán Farren's proposal that this Committee accepts that the subcommittees be established.

We all know that there will be a vote on that during this meeting. The DUP has expressed its opinion and will vote against the motion. The Secretary of State should inform the Committee of what he intends to do against that backdrop. I assume that he will continue with the establishment of the subcommittees, as he directed, with the support of four of the parties at this table. Although it remains to be seen, if we reach a situation in which the DUP is not prepared to play its part on subcommittees, those subcommittees will effectively be holed below the waterline.

It would be much better if the largest party in the Assembly contributed, with the rest of us, to the essential work of dealing with the economic dividend, the institutions, and how we bring about the devolution of policing and justice.

We do not need a circular debate; we need to decide how we move forward. I have resisted coming back to some of the things that William McCrea said. I could talk about William McCrea/LVF, but I will not. I could launch into a history of his party leader and his responsibility for the events of the past 40-odd years, but I will not do that either.

Dr McCrea: Be thankful that you have not —

Mr M McGuinness: I think that —

Dr McCrea: — some folks in here have a privilege that could be taken from them.

The Chairman (Mr Molloy): Could members please deal with the three subcommittees?

Mr M McGuinness: Absolutely. That is what I have tried to focus people's minds on. However, it would be helpful if people would stop misrepresenting the name of the party that the three delegates on this side represent. We represent Sinn Féin and nobody else.

Mr McFarland: My understanding is that the remit of the Committee and the subcommittees is to produce a report that will be taken to the Assembly for debate

on 4 and 5 September. The logic is that we would work over the summer and produce a report, and that there would be a couple of plenaries on it.

If there were to be plenaries on 4 and 5 September, would Martin McGuinness's party take part in them? Will we do another summer's worth of hard work here only to have Sinn Féin decide that it is not enough and that it will not take part in those plenaries?

Mr M McGuinness: From the outset, I clearly indicated to this Committee, and in Sinn Féin's meetings with the Secretary of State, the British Prime Minister and the Taoiseach, that we will play our part in any subcommittees because we believe that there is important work to be done. Sinn Féin passionately hopes that progress will be made and that the Preparation for Government Committee will be in a position, on the basis of the productive work that is being done, to put forward issues for debate in the Assembly. That is our position.

Mr McFarland: Is that a commitment to take part in debate? We have had discussions on "productive" work before. Some Members would argue that although we have not made enormous progress in the past five weeks, we have made some progress, but not enough for Sinn Féin. Must we wait until September for adjudication on what is or is not progress? By then, we might have joined the subcommittees in good faith and worked hard on them, only for Sinn Féin to judge that not enough work had been done or that not enough commitment had been shown for it to take part in a plenary.

Mr M McGuinness: Unlike the Ulster Unionists, the SDLP and the Alliance Party, we are not content to go along with what has been the DUP's game plan from the beginning: the institutions would not be re-established until the DUP decided that it was ready to go into Government. All the informed opinion suggests — although I do not accept the informed opinion — that the DUP might be prepared to do that some time next year.

The Taoiseach and the British Prime Minister clearly stated that 24 November is the cut-off point; that is the backdrop against which we are working. I have said from the outset that we would involve ourselves in the Preparation for Government Committee and in subcommittees but that we would have to satisfy ourselves that we were dealing with a political party — the largest unionist party — that was shaping up to do a deal with the rest of us to restore the institutions.

If, at the end of the summer, we feel that the DUP is not shaping up to do a deal, we will not participate in the type of talking shop that all the other parties participated in last Friday.

2.45 pm

Lo and behold, everyone came out saying that it had been a waste of time. Sinn Féin will not waste its time trying to fool people that we are here working when work is not being done. The talking shops in the Assembly go on against a backdrop of no one knowing when the institutions will be restored or when the DUP will be prepared to come on board. That leaves us with no option other than to make it clear, not only to the DUP but to everyone on this Committee, that we want to see progress.

A large part of our judgement on any progress will be based on whether there is real engagement between all parties on this Committee. One could argue that the mere fact that Hansard, for all sorts of reasons, has been brought into play, works against the initial idea that this Committee might produce a relationship between all parties that would move the process forward.

To be honest, when I hear the DUP's contributions, I hear people playing to the gallery. Everyone knows that someone will hand the Hansard report of this meeting to Mark Devenport or Martina Purdy, and it will be all over the news. Will we get engagement with the DUP on that basis? I hope and pray that we will, but it is most unlikely.

Whether committees are established will also play a big part in our coming to a judgement on whether progress has been made. If they are established and the DUP does not play its part, whatever work we engage on in the Committee is in danger of being vetoed by the DUP. However, I am not fully satisfied that the DUP would be able to do that, because a case can be made that some important work can be done, which would be of huge benefit to both the Irish and British Governments as we move this process forward.

If the institutions are not restored by 24 November 2006, we move into a wholly new situation, wherein the economy and many other issues relating to the Assembly will come into play in an important way. We must establish, at this meeting, whether we attempt to set up subcommittees. I support Seán Farren's proposal to do so, and I am sure that there is much support from the other parties around the table. We should vote on that, send the result to the British Secretary of State and consider how we take forward the situation, against the declared aim of the DUP to frustrate the efforts not only of Sinn Féin but of the two sovereign Governments.

Mr Kennedy: That was a long and convoluted answer to Alan McFarland's perfectly legitimate question. When it is all boiled out of the pot, I understand the answer to be a highly cynical definite maybe.

Mr M McGuinness: You can interpret it in whatever way you wish. I have made a very honest contribution.

Mr Kennedy: I am giving you an honest assessment of your answer.

Mr M McGuinness: That is fair enough.

The Chairman (Mr Molloy): I remind members of the short timescale to meet the deadlines. We have to set up three subcommittees that must meet and report to this Committee, which must then compile a report for plenaries on 4 and 5 September 2006. It is up to this Committee whether those reports are prepared. If there is nothing to report, that is another issue.

Within those three subcommittees there is the opportunity and space to deal with all the issues that Rev McCrea raised as obstacles to progress.

Dr McCrea: Absolutely not, and, with the greatest respect, it is not your place to lead this Committee or to act as if you were the Secretary of State. The DUP will make up its own mind. The issues must be dealt with.

It was said earlier that we either fiddle to Sinn Féin's tune or it will not play its part in the Assembly Chamber. That is exactly what Sinn Féin said. The DUP is saying that the decision to form a working group to deal with economic issues was taken by the democratically elected Members of the Assembly. That is why we said that it was different, as did all the parties that agreed to it.

All I say is that anyone waiting for us to have some cosy love-in with Sinn Féin has another thing coming.

We cannot play around the edges with wee subcommittees that do not deal with the real, cardinal issues. Why does Sinn Féin want a policing subcommittee? Because it has its own agenda on policing and justice. Until we deal with the issues of criminality and paramilitarism, guns and all the rest of it, the last thing to be dealt with will be policing and justice. Make no mistake about it; those matters will have to be dealt with either here or by the Government. They are not dead issues.

The Chairman (Mr Molloy): Mr McCrea, I will remind you of the Secretary of State's other direction, which is that it is the Chairs' job to facilitate —

Dr McCrea: Facilitating is one thing; this was going further than facilitating.

The Chairman (Mr Molloy): I do not believe that it is. It sets out very clearly the timetable laid down by the Secretary of State, if we are to do the work that we are supposed to as the Preparation for Government Committee. That is our role, and we need to get the subcommittees in place, to establish the terms of reference for their meetings, and to report back to this Committee.

We have a proposal to set up those subcommittees. I put that to the Committee. Is there a consensus?

There is obviously no consensus, but we do have a clear direction from the Secretary of State to set the subcommittees up, whether or not the parties attend them. Therefore, I will proceed to that position and deal with the terms of reference for those three subcommittees. Are we agreed to do that?

Mr McFarland: We have a problem here. We either approach this in a positive state of mind and in good faith, in an attempt to take things forward, or we do not. The DUP clearly has a difficulty with this, and unless it changes its mind it is not taking part. It objects to one of the three subcommittees for which a directive has been given. Either way, from what William said this morning, it will not take part in any of the subcommittees.

So the DUP refuses to soldier, as Sinn Féin refused to soldier last Friday by not showing good faith and not taking part in the plenary, whatever it thought of the outcome. People will not play the game, and we will not get anywhere.

It was interesting that the Secretary of State's letter sounded more robust about whether any one party was able to stand in the way of the general consensus of the meeting. However, he copped out by encouraging people to try to seek a way forward. Until the rules of the game allow a majority — which some parties demand — we must abide by consensus. If the DUP does not agree, we are going nowhere unless the Secretary of State changes the rules of the game.

There is no point in us spending any more time beating around the bush or making speeches. It seems that we will not get off the ground unless the Secretary of State produces different rules under which we should operate.

The Chairman (Mr Molloy): To clarify the issue of the validity of the subcommittees, last Friday's plenary went ahead regardless of whether parties attended. The same applies to the subcommittees, as far as the Secretary of State is concerned. The plenary went ahead; the Secretary of State gave a clear direction that it should happen — and it happened. He gave a similarly clear direction with regard to the subcommittees, and they will happen. The role of this Committee is to set them up, regardless of whether Members decide to attend them. That is exactly what the Secretary of State said, and that took place.

Mr McNarry: We should listen carefully to what Alan McFarland said. If the Secretary of State comes up with some rules, does he include retrospective majorities? It is OK to talk about the plenaries, and how people were not forced to go to them, but this Committee tried to support a consensus-led committee on the economic question, there was no consensus for it, and it fell. It has been batted about like a tennis ball and has come back here. That is unfair.

The Chairman (Mr Molloy): We now have a direction to set it up.

Mr McNarry: We now have a direction to set up a subcommittee, which is contrary to the consensus or the majority agreement when the Committee last discussed the issue. We must try to get a hold of the management of this; otherwise I will ask, retrospectively, why we cannot deal with the economic issue in the way in which we wanted to a week or so ago.

The Chairman (Mr Molloy): If the Committee takes control of setting up the subcommittees, then we will be in control. However, if we continue to bat the matter back to the Secretary of State for further direction, we are simply handing power back every time it is handed to us.

Mr McNarry: With all due respect, Chairman, the Secretary of State is the cause of this problem. He set the game rules, and the issues go back and forth to him. He has steadfastly refused to give either the Business Committee or this Committee an opportunity to run its own affairs.

The Chairman (Mr Molloy): It is his Assembly.

Mr McFarland: The question is; are we operating by consensus or not? The Secretary of State has invited us to set up subcommittees, and no consensus has been reached. Unless the Secretary of State sets them up and says: "We have moved away from consensus now, and I will accept a majority agreement from four out of five parties", how do we set up subcommittees without consensus?

For example, if four out of five parties wanted to have a plenary in the middle of August, and Sinn Féin objected, it would not matter; the plenary would go ahead. Similarly, if four out of five parties agreed to set up subcommittees, and the DUP objected, the subcommittees would be set up. However, under the current rules of the game, we cannot do that.

The Chairman (Mr Molloy): I am no great expert on English directions, but my interpretation is that the Secretary of State has not invited us to set up subcommittees, he has directed us to do so.

Mr McNarry: What happens if we cannot?

The Chairman (Mr Molloy): He has not raised the issue of consensus on setting up subcommittees. He has directed us to set them up.

Mr McNarry: To be consistent, Chairman, he has to.

Mr Storey: Deputy Chair, if there was a plain interpretation of the Queen's English, it would be obvious to everybody —

Mr M McGuinness: Can members simply interject, or do they need to put their hands up?

Mr Storey: I had my hand up for some time. I will not take direction from the Member who is sitting across this table; I take direction from the Deputy Speaker.

The Chairman (Mr Molloy): You had your hand up before.

Mr Storey: Yes, I had. There is a difference between a determination and a direction. It is abundantly clear that the Secretary of State determined that only two obligations were to be fulfilled: one, that there should be a plenary on 7 July and, two, that the Assembly should rise for recess on 7 July and not return until 4 September. The Secretary of State has given a direction to the Committee, and the rules of this Committee are such that it must operate on the basis of consensus. From what my colleague Rev McCrea has said, there is no consensus. That is very simple and clear, and it does not take an Einstein to work out our current situation.

The Chairman (Mr Molloy): We have not had consensus on many things. The Secretary of State gave us a clear direction to set up this Committee, and, because we could not reach agreement on who should chair the Committee, he gave us a clear direction on that, too. This is where the interpretation comes in. We had a clear direction to have a plenary on Friday, and we have a clear direction on subcommittees: one has happened, the other has not.

Mr Ford: Mervyn Storey is certainly not right to say that there is a difference between a determination and a direction. The language changes in the course of the Secretary of State's letter, and they mean the same thing.

It may or may not be directed that there should be three subcommittees. However, if we are still required to operate on the basis of consensus, I am not sure how we are supposed to agree the terms of reference, the membership, the chairmanship, the procedures and the other matters on our agenda. The Secretary of State has left us in an impossible position. Unless we operate this afternoon as if four to one is an adequate consensus — which has not been the procedure to date — we can take no further decisions. We require the Secretary of State either to change the rules on consensus or to issue directions on those matters.

3.00 pm

Mr M McGuinness: There is no consensus on the establishment of subcommittees, and I find that particularly disappointing. Since the Secretary of State has gone so far as to direct the establishment of subcommittees, he should have had some indication that a level of consensus would be required to establish them. I do not know whether the Democratic Unionist Party gave the Secretary of State any commitments vis-à-vis their willingness to co-operate in the establishment of subcommittees. It is clear from today's meeting that the DUP has set its face against such a proposal.

The only thing that we can do is send a report to the Secretary of State to tell him that the DUP has set its face against the establishment of subcommittees. He then needs to come back to us with a remedy. I say that in the knowledge that, without the DUP, those subcommittees can achieve very little. The dilemma is one for the Secretary of State. My proposal is that we send a report of this meeting to the Secretary of State telling him clearly that the DUP has set its face against the establishment of subcommittees and await his reply.

There is not much point in going ahead with terms of reference until we get an indication from the Secretary of State on how he intends to deal with the situation.

Mr Kennedy: It appears that we are fast approaching the deadlock that I indicated at our previous meeting. Rather than deadlock matters completely today, we should refer to the direction from the Secretary of State, with all its anomalies, and ask him for further clarification. In the meantime, Dr McCrea has indicated that the DUP will meet the Secretary of State. Perhaps progress might emerge from that meeting that will assist the Preparation for Government Committee. I suggest that we move forward on that basis and then adjourn any other business.

Dr Farren: At this point, adjournment is virtually all that we can do, although I regret the impasse at which we have arrived. Realistically, however, any subcommittees that were established without full consensus would not have led us to a satisfactory position. Is it not more likely that the Secretary of State, having been made aware of what transpired — or did not transpire — this afternoon, might establish the subcommittees directly himself and invite the parties to nominate members to them? Waiting on the outcome of a meeting between the DUP and the Secretary of State as if that will resolve our problems is not a plan in which we should put our trust.

The DUP may want a meeting with the Secretary of State, but our business is to let the Secretary of State know the position. I imagine that he is likely to establish subcommittees by direction himself. He will set the terms of reference, will invite nominations and allow the subcommittees to indicate when they can meet — that may be all the discretion left to them. They could report matters to this Committee, and through it to the Assembly, for debate in September. That seems to be the only realistic prospect, given the impasse.

Mr McCarthy: In reply to Mr Kennedy, Willie McCrea did not give the Committee any indication as to when they were going to meet the Secretary of State. God knows when it could be, and we do not have the time. Therefore, I think that what Seán Farren has said is sensible.

The Chairman (Mr Molloy): We have two proposals in front of us.

The Committee Clerk: Martin's proposal was that the Committee send a report to the Secretary of State indicating that the DUP has set its face against the establishment of subgroups.

The Chairman (Mr Molloy): Do we have consensus on that?

Members indicated assent.

The Committee Clerk: Danny's proposal is that we should refer the direction back to the Secretary of State for clarification of the anomalies raised during the meeting, and that we now adjourn.

The Chairman (Mr Molloy): He may need to actually set them up. Perhaps it would be worthwhile for me, Mr Wells, and the two Clerks to meet the Secretary of State again so that we are clear.

Mr Kennedy: If the other Deputy Speaker is content with that, we do not have any objection.

Mr Wells: Yes.

Ms Gildernew: Could you bring back something in writing? Some of the difficulty today has been around interpretation.

Mr Storey: It should also be noted that we would not agree with any interpretation placed on a referral from this Committee by Sinn Féin as to what our position is or is not on that matter. It may be convenient for Sinn Féin to go into the public domain and convince its troops that somehow it was able to get the Committee to have a consensus on the position that the DUP has set its face against a particular course of action. We are not taking any direction from Sinn Féin as to what our position is, other than has been stated by Rev McCrea at this meeting.

The Chairman (Mr Molloy): We have a consensus on that. Do we have consensus on Danny Kennedy's proposal?

Mr Kennedy: I am happy to have the add-on.

The Chairman (Mr Molloy): OK. Are we agreed on that?

Members indicated assent.

The Chairman (Mr Molloy): That leaves us where we can do nothing but adjourn.

Adjourned at 3.08 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Monday 17 July 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Jim Wells
Mr John Dallat
Mr George Dawson
Mrs Diane Dodds
Dr Seán Farren
Mr David Ford
Ms Michelle Gildernew
Mr Danny Kennedy
Mr Kieran McCarthy
Rev Dr William McCrea
Dr Alasdair McDonnell
Mr Alan McFarland
Mr David McNarry
Mr Conor Murphy
Mr John O'Dowd
Observing: Mr Francie Molloy

The Committee met at 12.04 pm.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): Let us get the ball rolling. Are any deputies here this afternoon?

Mr O'Dowd: Yes, Deputy Speaker. I am standing in for Martin McGuinness.

Dr Farren: Alasdair McDonnell will be here later.

Mr McCarthy: I am standing in for Naomi Long.

The Chairman (Mr Wells): The Ulster Unionist Party has a full complement; its main team is here.

Dr McCrea: Diane Dodds will be here for the DUP.

The Chairman (Mr Wells): The minutes of the meeting of 10 July 2006 have been circulated. Do members have any comments to make about those?

Dr McCrea: The minutes state that:

"the Committee should send a report to the Secretary of State."

Mervyn Storey said that he did not agree with that and that he agreed with Mr Kennedy's proposals.

The Chairman (Mr Wells): Initially, Mr Storey did not raise a concern but, on reflection, he subsequently objected.

Ms Gildernew: However, by then the proposal had been agreed.

The Chairman (Mr Wells): Yes. The difficulty was that when that meeting's Chairman, Mr Molloy, put that proposal, Mr Storey did not comment. However, he later indicated that he did not agree with the interpretation of consensus. By that stage we had passed that point, and it was difficult to unwind. However, Mr Storey clearly stated that he felt that that was not a fair record.

Dr McCrea: I want that drawn to the Committee's attention.

The Chairman (Mr Wells): Are members happy that Mr McCrea's comments be noted?

As there are no further additions or corrections to the minutes, we shall move on.

As you remember, at the meeting of 10 July 2006, two proposals were agreed by consensus, although Mr McCrea has pointed out that the DUP group subsequently indicated that it had not assented to one of those. However, Mr Molloy, Mrs Dunwoody, Martin Wilson and I put the two agreed proposals to the Secretary of State on 11 July 2006.

We pointed out the anomaly in the Secretary of State's direction of 3 July 2006. He appeared to instruct this Committee to set up subgroups but then stated that the decision to do so should be taken by consensus. We sought clarification on that and on the establishment of the three subgroups. Mr Molloy was at that meeting, so I will ask him to come to the table because questions might be asked of the entire group that attended that meeting.

The Clerks made strenuous efforts to ensure that, over the holiday period, everyone received the Secretary of State's subsequent letter and determination. I assume that it is dated 11 July 2006 and that it is in your packs for today's meeting.

A helpful letter, which is also dated 11 July, is attached. I will read the salient points. The Secretary of State wrote to me; did he write to you, Mr Molloy?

Mr Molloy: Yes he did, Mr Chairman.

The Chairman (Mr Wells): As directed by this Committee, we asked the Secretary of State whether he was making a direction to set up subgroups under paragraph 4(1) of schedule 1 to the Northern Ireland Act 2006. He stated:

"I confirm that I am making a direction and a referral to set up the three specified subgroups."

In other words, that is not a decision that has to be taken by consensus of this Committee: it is something that he is directing us to do.

We asked if the Secretary of State intends that the subgroups operate by consensus or by majority vote. He is saying that he is content with simple majority voting. We must remember that the subgroups will report

to the Preparation for Government (PFG) Committee, and that decisions taken by the PFG Committee remain on a consensus only basis. It is important to emphasise that that is still a safeguard — as some people might see it — if they disagree with something that has been agreed by majority in the subgroups.

We also asked the Secretary of State what would happen if one or more parties did not attend the subgroups. He has directed that the subgroups be made up of two individuals from each party: one will be the party's representative on the PFG Committee and the other will be a party nominee. For example, if the subject were economic development, the nominee would be the party's spokesman or expert on that issue. He added that if, for any reason, parties fail to nominate or attend a subgroup, its work would continue: full attendance is not a requirement. He is also content that substitutes could be appointed if the main spokesmen could not attend the subgroups.

The question arose of whether the Secretary of State envisaged that the subgroup on the devolution of policing could discuss criminality and decommissioning. He said that he is content for that to happen — if the subgroup agrees.

Those were the questions we were asked to put to the Secretary of State, and he has issued what I perceive to be a reasonably clear direction, and that has been issued to all members. Members may wish to discuss the contents of those important documents.

Dr McCrea: The Secretary of State has made a direction, and, under the Act he can do that. The next step would be to establish the subgroups and receive nominations. I made it clear that Northern Ireland faces economic challenges and that this is the wrong place for work on that to begin. However, if the Committee accepts the Secretary of State's direction then the DUP would be making nominations to that subgroup. However, I have no direction from my party to make nominations to the other two subgroups.

Dr Farren: I did not hear the Member's last point.

Dr McCrea: I have no direction from my party to make any nominations to the two other subgroups — devolution of policing, and changes to the institutions. I am only giving members the facts.

The Chairman (Mr Wells): Are there any other comments on either the letter or the direction? We will be moving on later to the actual mechanics of establishing the subgroups.

Dr Farren: I assume, given that decisions in the subgroups will be by simple majority voting, that parties which are not part of the majority will be able to submit their views on a particular issue as part of the report, so that views which did not form the basis for the majority support would also be transmitted to this

Committee, and that no party would find its voice excluded from the report.

The Chairman (Mr Wells): That is the convention of the Assembly generally, and the Secretary of State mentioned the issue. Groups have the right to try to convince the PFG Committee that their arguments are correct and to try and get the report changed. The proceedings would be minuted, reported by Hansard and put into the record.

Mr McNarry: If a party were unable to nominate to a subgroup, will a place be left open for them?

The Chairman (Mr Wells): Yes. It can be filled later if necessary. We will not beef-up the Committee with other parties. The positions will be left free.

Mr McNarry: Would the group that was unable to attend be kept fully informed of the deliberations and receive the minutes and reports.

The Chairman (Mr Wells): The subgroup would have to decide whether it wanted to have its proceedings reported by Hansard, as the PFG Committee has done from early on. If that happened, the parties that did not attend would get full details of what happened. However, that is a decision for the subgroups. I suspect that it would be best to keep the entire Assembly informed about what was going on in each subgroup but there may be reasons why that is not possible.

12.15 pm

Mr Murphy: Is it then possible for a party not to attend subgroup meetings but use the requirement for consensus in PFG Committee meetings to substantially nullify any work done by a subgroup?

The Chairman (Mr Wells): That could happen; a party could block a report from a subgroup. Everything has to be done by consensus, and the default position would be that there would be no report. Do you want to come back on that, Mr Murphy?

Mr Murphy: Given the position outlined by William McCrea, it appears that two of the subgroups will be operating with one hand tied behind their back. If they are going to work on the devolution of policing and justice powers, and on the institutions — issues that all parties here have identified as necessary for the preparation for Government — then whatever work is done in those subgroups could simply be blocked when it comes back to this Committee. It is an unfair position to put the rest of the parties in. The DUP has decided to participate in the one subgroup that it is interested in and to not participate in the rest.

The Chairman (Mr Wells): I know that Mr McFarland wants to come in, and I want to come to Mr Molloy as well. Mr McCrea, were you saying that you were not yet in a position to nominate to the other two

subgroups, or that you were not nominating to the other two subgroups?

Dr McCrea: I have no authority to nominate anyone. I do not believe that the subgroups should have been under the PFG Committee: I have stated that many times. However, I have to play by the rules. Other Members will find that they have to play by the rules too.

Mr McFarland: I understood from our last meeting that Martin McGuinness said that there was no point in having subgroups if the DUP were not playing on them, as it would effectively nullify them for the reasons that Conor has just pointed out. We could spend all summer beavering away, producing the most brilliant things to which, when it gets back here, the DUP says no because it was not involved. I have more to do with my life than spend all summer in here beavering away, trying to do good, and have the whole thing wrecked when we come back at the end of August because the DUP has not been engaged. The logic is that either the DUP is engaged, or it is not. If it is engaged, then we will all work hard at this. If not, then I do not see much point, as Martin McGuinness said the last day, in us all spending time trying to solve things here if one of the major parties is not involved.

The Chairman (Mr Wells): That only applies to two of the subgroups. The DUP is nominating to the economic subgroup.

Dr McCrea: Mr McFarland should exercise his mind and find out what Martin McGuinness did say. He said that after beavering through the work, if Sinn Féin did not like the final report, his party would not even go to the Assembly to debate it. Why did Mr McFarland just choose the DUP? Why did he not reflect the fact that, after all the beavering away, and even if an excellent report which could be accepted at the PFG Committee were produced, Martin McGuinness said that if it did not suit him, none of his colleagues would go to the Assembly to debate it. It is supposed to be reported to the Assembly. He said that after all your work, as far as he was concerned, he would scupper it all, because he would not allow it to get to the Assembly. So perhaps Mr McFarland could turn some of his thoughts to Sinn Féin/IRA.

Mr McFarland: Chairman, at our last meeting I made the comment strongly to Martin McGuinness about the difficulties that we faced if Sinn Féin were going to keep blocking normal debate. In fact, at one stage, several meetings ago, I made an impassioned plea to John O'Dowd that he take the issue back to the hierarchy and see whether it could reconsider its blocking of plenaries etc. Therefore, I am on record as stating that Sinn Féin should play its part in this. I am not one to speak for Martin McGuinness, but he said

that if the DUP were not fully engaged in this, Sinn Féin were not going to take part.

That is daft. We need all the parties in the Assembly to genuinely engage and try to find a way forward so that we can have a profitable summer and a profitable debate in September. However, I say again that there is no point in the rest of us working away here if either Sinn Féin or the DUP is not playing the game.

Dr Farren: I ask the DUP to reflect on the curious position that it is adopting. It is hard to understand. The subgroup to deal with institutional matters would, I imagine, have as most of its agenda the very issues that were under discussion during the review of the operation of the Good Friday Agreement.

As I understand it, the DUP had worked out the changes that it wanted to see to the operation of the institutions. Since those institutions — if we get up and running again — have to be operated by all of the parties, I fail to understand why the DUP is refusing to engage with the other parties or to try to convince them that its proposed changes should be adopted. Otherwise it is going to find that there is to be, as far as we are concerned, no engagement with them in any subsequent situation.

That raises a fundamental issue. Perhaps it is because the DUP already has a sense of some guarantees from the Northern Ireland Office and Minister David Hanson with respect to the institutional changes that it is seeking. When this matter was being discussed in the House of Commons some months ago, David Hanson said that, given its mandate, the DUP had to have changes. Therefore, the party is taking it as read that the changes it seeks are already conceded.

If that is the case, the Secretary of State must clarify to us what recognition he would give to any recommendations for change and what their purpose would be, particularly if we found ourselves in a situation in which one party seeking many changes decided to absent itself. Would that be because it already has guarantees that those changes would be made, and there was no point in talking to the rest of us?

The Chairman (Mr Wells): Mr Murphy and Mr McNarry are due to speak, but I think it is important, since we are dealing with the meeting that we had with the Secretary of State on 11 July, that Mr Molloy should let us know if there is anything that we have missed, or if there is anything that he wishes to add about the outcome of that meeting.

Mr Molloy: You have covered all the issues of concern that we asked questions on, Mr Chairman. It is important to recognise the Secretary of State's line that we set up the subgroups as quickly as possible. He made it clear that he wanted all the parties to engage in those subgroups and come up with reports to this Committee. He also said that in doing that, he hoped

that this Committee would have a report to present to a plenary sitting in which all parties would take part.

The question is whether the work will be done in this Committee to produce a report, and whether this Committee and the subgroups are going to be inclusive. We talked to the Secretary of State about the fact that some issues, particularly policing, justice and criminality, were being covered over. They were not being discussed, or were being brushed under the carpet.

We asked him whether those issues would be dealt with. He clearly said that it would be up to the subgroups to deal with the issues. The subgroups would also be responsible for the issues raised by political parties in documents, reports and presentations. The roles of the subgroups and the direction of the Secretary of State are clear: the Committee must set up the subgroups and get the work done so that we have something to report at the end of the summer.

The Chairman (Mr Wells): Can I ask you to stay, Mr Molloy, because we will return to this issue?

Mr Murphy: I was not in attendance at the previous meeting, but I have read the Hansard report. Martin McGuinness's comments on Sinn Féin's stance on the work of the subgroups are clear. He also expressed his support for that work being debated in a plenary sitting.

The DUP's position on being involved in only one subgroup raises questions about the effectiveness of the other two subgroups. Seán Farren has asked a legitimate question about the institutions. If there were to be agreement and a report were to be compiled on how the outstanding issues arising from the review of the Good Friday Agreement should be handled, what would its status be, considering that, despite the DUP's non-involvement, that party could still veto the report even going through this Committee? Although Sinn Féin is prepared to be involved in this work, I am loathe to ask members to come in and spend the summer working if there is no clear view of how their work will be progressed if one party is not involved and can block the work of this Committee. Where will that work stand in relation to both Governments — particularly the British Government — and what will its status be at the end of the consultation period? The DUP's attitude raises questions as to how either of those two subgroups could work.

The Chairman (Mr Wells): A party may sit in a subgroup and subsequently try to overturn a report at this Committee. We have checked with Arthur Moir, the Clerk to the Assembly, on this issue: if the report reached the Floor of the House, it could be made the subject of a petition of concern, which requires cross-community support. The report could also be blocked at that stage. It is important that members realise that several mechanisms could be used.

Mr Murphy: If members were participating in a subgroup, the level of agreement on certain issues would be clear. It is proposed that four parties go off and discuss different issues. They will be completely in the dark about the DUP's attitude on the subjects that they are discussing and may find that all their work comes to nought. That is a poor basis on which to ask people to spend their summer working.

Mr McNarry: On the basis of what I have heard so far — and it is within my remit to say this — I am happy for a subgroup on economic challenges to produce a report in line with what is being discussed. However, is there consensus that a subgroup report would be sent to the Assembly for debate? We have talked about it loosely and have said that that might happen, but I want specifics. If a subgroup compiles a report and brings it to this Committee, would that report have a fairly quick passage to the Assembly for debate? Various mechanisms are in place, but we need to establish the status of the subgroup reports and the Assembly debate.

It would be unsatisfactory to return to take-note mode. Mr McCrea has said that he does not have the authority to move on the issue of the two subgroups. We could deal with the issue of one subgroup, where there might be movement and on which we all could agree, or we could hold out for all three subgroups; that would be unfortunate.

We must bear in mind that we have already debated the economy in the Assembly. The Assembly requested that a working group be set up and handled by a Committee other than this one, and that not only party experts, but outside experts, should be consulted. Either way, we can see the mechanism for setting up such a working group.

However, simply setting up a subgroup will not be enough: we must be certain that if it meets and prepares a report for this Committee, the filibustering will not begin again because this Committee works on the principle of consensus — and it has yet to be decided whether the subgroup would have to reach unanimous or majority agreement on any such report, or whether, as Seán Farren asked, members who disagree with it can input into it.

It would be appropriate that consensus in principle should be reached before we go down that route so that if this Committee received a report from a subgroup, a debate on it could take place. That seems logical, and the public would want it, too.

12.30 pm

The Chairman (Mr Wells): It would be difficult for the Committee to make an upfront decision that there would be consensus before knowing the content of the report or the deliberations. That would be unusual.

Mr McNarry: I did not say that; I said that there would be consensus in principle — in other words, the blocking mechanisms should sit here. Let us not forget that we are in this position because, for as long as I have been on the Committee, Sinn Féin has blocked every attempt to have a debate on the issues that we have discussed here. When there has been a debate, Sinn Féin has refused to go to it, yet its members sit around this table and talk about engagement. I am all for engagement, but that also involves debating.

The Chairman (Mr Wells): I will take that as a proposal, Mr McNarry, and we will vote on it after Rev McCrea has spoken. I understand that has a tight deadline.

Dr McCrea: Let me make this clear: the Secretary of State has told us that he is directing us. All we want is the Secretary of State's mind on the matter. We must play by the rules. The Secretary of State said that he was directing the Committee to set up subgroups; therefore it is not in the Committee's gift to set them up. However, he said that he could not direct any party to participate in any subgroups, although he may want it to do so.

Some members want to set up subgroups. I am sorry, but they have no power to do so. The Secretary of State has the power. I was reminded at the last meeting that this is the Secretary of State's Assembly and that he had the power to issue directions. Members wanted direction and now they have it. The Secretary of State has directed them to set up subgroups; now that we have them, those that wanted them can be participants in them. The DUP is not preventing anyone from being a participant and from discussing those issues.

Most of the Committee wanted to report to the Assembly on progress in this Committee, but, once again, Sinn Féin blocked that debate. Let us play by the rules. Sinn Féin cannot play by the rules one day and then object to another party playing by those rules the next. What is sauce for the goose is sauce for the gander. Do not forget that.

I want to make it abundantly clear that the Secretary of State's direction said that he could not make any party participate in the subgroups. If parties were to participate, they could nominate one member from the Preparation for Government Committee and one other individual. I have made it clear from the very beginning that we are not here to negotiate. The Secretary of State gave the Committee a clear remit to scope the issues, and we are seeking to do what he told us to do. We have scoped the issues and have identified major obstacles to getting devolved government back — ongoing paramilitarism, criminality and thuggery, and the lack of support for the security forces in their efforts against the criminals in our society. I am sad to

say that that support has not been forthcoming and was even regarded as a dead issue.

I am pointing out that you can talk around the subject and cajole yourselves as much as you like, but the DUP delegation is stating that it will participate in and nominate to the subgroup on the economic challenges that face Northern Ireland, even though it does not believe that that subgroup should have come through this Committee — it should have come through the Business Committee. As the Secretary of State has directed that that subgroup should get off the ground, there is no reason why that cannot happen. However, I have no authority whatsoever to nominate to the other two subgroups.

Mr Ford: Contributions from around the table have shown the limitations of this Committee with or without subgroups and emphasise that the significant business of restoring devolution will happen only when the two Governments engage in the process at whatever stage in the autumn they get round to it.

There are dangers in taking the line that we should merely examine the economy, because, in one sense, that is too easy. Economic challenges face Northern Ireland regardless of whether there is devolution and regardless of the structures of that devolution. Frankly, the work done with the Northern Ireland Business Alliance and the other social partners in the past year or two has shown that very little prevents the five parties and the social partners from coming together on economic issues anyway.

Therefore we could suggest that establishing the subgroup on the economic challenges means that some sort of work was being done. However, that would merely prove that we can discuss an easy topic but cannot tackle the real issues, which are the institutional issues and those that are concerned with the devolution of justice. If this Committee cannot tackle meaningfully those issues, perhaps it does not have a role to perform.

I would have thought that, over the coming weeks when nothing else is happening, the Committee has a role to play by working on those issues. That may mean that a party that does not take part in the subgroups will have the power of veto in this Committee. However, I do not regard this Committee's discussions and an Assembly debate as being the end of the process; they merely open it up for the negotiations in which the two Governments have to be major parties in the autumn. Frankly, the sooner we get down to that, the better. If that means that the subgroups work over the next six weeks — when the Governments are asleep — and get some of the groundwork done, I can see virtue in all three subgroups doing whatever work they can.

Mr McFarland: We are possibly getting ahead of ourselves. For the fifty-fifth time, we must remind

ourselves that this Committee was set up to scope or identify the issues; it is not a negotiation Committee. At the last meeting, we discussed the fact that we have identified some outline issues but that the detail of those is not at all clear. Therefore more work has to be done to identify exactly what we should look at within those larger issues.

There is a difference between the two other subgroups that were discussed in the Secretary of State's letter and the subgroup that the Assembly recommended. Mr McNarry's suggestion that the subgroup on the economy should go ahead if we are all willing to take part in it makes lots of sense. Certainly, my party would need to consult further with its leadership if the DUP is not playing on the other two subgroups. There are concerns about whether we spend time blethering over the summer and have the whole thing crash in August. We support the formation of the subgroup on economics, because that was a separate Assembly recommendation, but we would need to have a timeout and discuss further whether, if all the parties are not engaged, it is worth our taking part in the other two.

The Chairman (Mr Wells): Mrs Dodds, does your point refer to the proposal?

Mrs D Dodds: There are a couple of points that I want to raise. I would like Mr McNarry to restate his proposal so that we can go through it. There is an interesting point in that: we can do everything and anything that we want to with an economic subgroup. The report can come here and can be vetoed from going to the Assembly anyway, if that is the desire of one particular group.

Mr McNarry has made a valid point, and it is worth teasing that out.

The DUP has expressed concern about the subgroups. Our party is due to meet the Secretary of State to discuss those issues with him, and, until that happens, we have no authority to take those matters forward in this Committee.

The Chairman (Mr Wells): That is very helpful. Are you saying that the DUP is not saying no in principle to joining the subgroups, but that, as things stand, you do not have the authority to nominate?

Mrs D Dodds: We do not have the authority to nominate to the subgroups, and I do not know whether we will nominate to them at all. However, as Mr McCrea said, the economy is a pressing matter that has been pushed through the Assembly and spoken about several times. Economic issues will be ongoing for a considerable time.

Dr Farren: Given the more negative starting point, what has just been said is a little more positive. When will the DUP's meeting with the Secretary of State take place? If that happens fairly soon that party could

get clarification about the subgroups. Its concerns would also be allayed, and it would feel free to nominate — as it already can to the economic subgroup — and we would know for sure where we are likely to be. Given that members here have reservations about joining one subgroup because not everyone will join the other two, would it not be more appropriate for us to postpone taking decisions? Before we make our final decisions, therefore, would it not be better to hear definitively from the DUP whether it will nominate? Given that we are good at losing time, another day or two will not add to, or subtract very much from, our endeavours.

Mrs D Dodds: I am happy to clarify as best I can. A number of telephone conversations took place last week, and those will be firmed up at a meeting reasonably soon. I do not have a diary date for that meeting because of holidays — the Westminster recess is due to start next week. However, I presume that it will be firmed up fairly soon.

My party is firmly of the view that this Committee was set up to identify and scope the issues. Even though we do not agree that this matter should go through this Committee, the DUP is happy to take part in the economic subgroup because that subject has been debated and proposed as the will of the Assembly. However, the other subgroups will require further consideration.

The Chairman (Mr Wells): Before I bring in Mr McNarry and Mr Ford, Seán's proposal about postponing for a few days causes practical problems for the Committee's Clerking arrangements. It is incumbent upon me as Chairman to point out that it will be incredibly difficult to complete our work in time, even if we had agreement this afternoon. We are talking about debating a report on 19 August so that the Committee can refer it to the Business Committee the following week for debate on 4 and 5 September.

I have had discussions with the Clerks, and they have a full team that is assembled and ready to go. That is entirely in order, as it does not pre-empt any decision of the Committee. However, it had to be done in case we take the decision to go ahead.

Dr Farren: My proposal tries to put pressure on the DUP to state a definitive position so that we all know precisely where we stand on the matter. Parties that feel that they would not participate in any of the subgroups because another party would not participate in two of them would know for definite that that was the situation. Would the DUP not bear in mind the points that were made about the pressures of servicing the subgroups? Could it expedite its consultation with the Secretary of State and let us know its position within 24 hours?

Mr McFarland: Earlier, Dr Farren raised a point about whether there was any point in our discussing the issues if a deal has already been done between the Secretary of State and the DUP. He asked that clarification be sought from the Secretary of State on the position with regard to the DUP's having been promised the measures contained in the comprehensive agreement. If such a deal has been struck, our discussions here are irrelevant.

The Chairman (Mr Wells): Next to speak is Mrs Dodds, definitely followed by Mr McNarry. Mr McNarry has asked several times to speak, and I am conscious that having had one walkout I do not want a second.

12.45 pm

Mrs D Dodds: I thank Mr McNarry for his patience. Diary dates are beyond my control. I do not want to take away from what Mr McNarry said, but there is a point that must be debated and a conclusion that must be reached. Will there be agreement that whatever comes back to this Committee from the subgroups will be debated in the Assembly? I read in the newspapers this morning that the Secretary of State would negotiate directly with Sinn Féin on policing and justice. I wonder, therefore, about the point of our discussions.

Mr McNarry: Sinn Féin is in an enviable position. When the Ulster Unionists were in the position that the DUP is in now, there were separate negotiations and deals. We understand that, as we have experience of it. Sitting here, we have a sense of *déjà vu*: the situation may be new to the Democratic Unionist Party, but it is not new to Sinn Féin, which knows how to play its part well.

Mrs Dodds has been open with us; she has told us what she can do and where the difficulties lie. However, she also told us of the likelihood of a decision being taken at an appropriate time. I do not know what the rest of the Committee thinks, but the weather is lovely —

The Chairman (Mr Wells): That is the only thing on which we agree, Mr McNarry.

Mr McNarry: On the basis of what I received in the post — and I thank the Committee Clerk for getting it to us in time — I came here today thinking that there was scope to move matters on. We can take a decision, Seán, on forming one subgroup, and we should. The Secretary of State's direction stands irrespective of whether we move the matter back. Mr McCrea said that we would play by the rules, one of which says that a subgroup may meet whether or not all party representatives are present.

I dislike intensely Sinn Féin's attitude to debates; nevertheless, I respect its right to take that attitude. We should adopt that approach when making a judgement on any party, and implement point 5 of the Secretary of

State's letter. We should get down to work and get on with the subgroup on economic issues, in line with the Secretary of State's direction.

However, I have one reservation. It does not matter whether we take that decision today, although I would like us to do so. However, whenever we take that decision, we must reach consensus in principle that a report from the subgroup should find its way to the Assembly for debate. Otherwise, we are wasting our time because people will adopt the tactics of staying away or of saying that they need not say too much, and instead wait until matters come before this Committee where the rules require consensus. Therefore, the type of compromise indicated in the Secretary of State's letter about decisions being taken by a simple majority is useless.

The Chairman (Mr Wells): I shall call Mr Ford, who has been waiting for a while. After that, in the absence of anyone's indicating disapproval of Mr McNarry's proposal, I shall ask for consensus.

Mr Ford: I met the Secretary of State last week. He said he would be setting up meetings with the five party leaders before Westminster rises for the summer, which effectively means that we are potentially waiting until the middle of next week. I presume that will create huge difficulties about the timetabling arrangements you spoke about. If we are examining that matter, we really must know that the potential timescale for the DUP to take a decision will be much sooner than the end of next week.

I am not sure that we are in a position to proceed if the DUP cannot give us a better undertaking.

Mr Molloy: On the original matter, we have a clear direction from the Secretary of State to set up the subgroups. Why do we not set up the subgroups? Some parties will wish to tie into that, other parties will still have the option to pull out. All parties have the option to pull out of those subgroups. The clear direction is for us to set up the subgroups today. After that, it is up to the parties whether they wish to participate. That may apply to one or more parties.

The Chairman (Mr Wells): If we do not set up the subgroups today, it will be practically impossible, from the pure mechanics of it, to get this process finished. Mr McNarry has made a proposal. I think that I detect a proposal from Dr Farren as well.

Dr Farren: On a point of procedure, I do not think that any proposals are required if we are moving to implement the direction of the Secretary of State.

The Chairman (Mr Wells): It is a different proposal, Mr Farren. It is the principle that if a report comes from the subgroups, it will be referred to the Assembly and that the Committee will not be exercising a veto to stop that from happening. I understand that you have a

proposal seeking clarification from the Secretary of State on the comprehensive agreement.

Dr Farren: That will come up in the course of discussion on the matters related to subgroup's work, if the subgroup gets under way. I was probing the DUP at the time, if you recall.

The Chairman (Mr Wells): I shall take Mr McNarry's proposal. Mr McNarry, do you wish to formally move the proposal that we accept the principle that whatever comes from the subgroup or subgroups will go to the Assembly for debate?

Mr McNarry indicated assent.

Mr Murphy, what is your comment on that?

Mr Murphy: It is difficult to accept the proposal on the basis that something may happen in the future. We have made it very clear that we want the subgroups to work. The logical process of that work is that whatever reports they can put together should come to this Committee for approval and then go to the Assembly for debate. We are quite happy for that to happen. However, it is illogical to make a commitment now on the basis that we are not even sure that the subgroups will work at all because the DUP will attend only one of them. That is the DUP's indication to date. Others may, in the light of that, review their participation in all of the subgroups. It is not logical to make commitments on what we will do with the reports in six weeks' time on the basis of this very shaky start.

I can assure members, if they want assurance, that if the subgroups work properly and get reports back to this Committee, we are quite happy to debate those in plenary. However, I am not going to make a commitment now when we are not even sure that the subgroups are going to get off the ground at all.

Mr McNarry: Conor, perhaps you understand that when Martin McGuinness was sitting where you are sitting, he was unable to give that assurance. He was unable to give any assurance. Sinn Féin's position is based on whether it likes what it hears or reads, and an assurance has not been made. I have heard Sinn Féin's words before, not just from your mouth, but from other representatives of your party. There is still an exit for you in what you have said.

Mr Murphy: I was not at the last meeting, when Martin McGuinness talked about indications we had given to the Secretary of State, the British Prime Minister and the Taoiseach that:

"we will play our part in any subcommittees because we believe that there is important work to be done. Sinn Féin passionately hopes that progress will be made and that the Preparation for Government Committee will be in a position, on the basis of the productive work that is being done, to put forward

issues for debate in the Assembly. That is our position."
— [Official Report, Bound Volume 19, page CPG 232]

I quoted from the Hansard report of what Martin McGuinness said at the last Committee meeting.

That is our position, and it is fairly clear. However, on the basis that the DUP has indicated that it may engage in only one of the subgroups and that others therefore may have to review their positions, Sinn Féin will now not tie itself to the outcome and its attitude to it.

Mr McNarry: You are only tying yourself to a principle.

The Chairman (Mr Wells): Mr McNarry, it is clear that there is not consensus on this proposal.

Mr McNarry: Anything that comes from this side of the table always seems to be met with a veto from the other side, so what is new?

The Chairman (Mr Wells): Those are the rules by which we are bound. We are left in the position where we have a direction from the Secretary of State, telling us to establish the subgroups. We have no option. We must therefore move on to nominate representatives from this Committee and outsiders. For instance, Mr Ford has already advised us of names. We must also consider such issues as chairmanship and terms of reference. That does not have to be done by consensus; because it is an order from the Secretary of State we have to do it, but people do not have to turn up.

Mrs D Dodds: Chairman, you mentioned chairmanship. Does it not say that each subgroup shall be chaired by either of the two independent Chairs?

The Chairman (Mr Wells): Yes, but this Committee, by consensus, could decide to appoint three other chairmen to carry the load. However, as things stand, it would be for Mr Molloy and me to chair the subgroups, and we are prepared to do it. We are not going anywhere this summer.

Mr Kennedy: What a sacrifice!

The Chairman (Mr Wells): We might all have a very long holiday from 24 November, Mr Kennedy.

Mr Ford: If the two of you are prepared to chair the subgroups as well as this Committee, you spare us one decision. Let us move on.

The Chairman (Mr Wells): That is entirely a matter for this Committee.

Mr McFarland: Given that people are away over the summer, and that if the subgroups get up and running, there will be an intensive workload if we are to report by the middle of August. It would make sense to ask the other three parties to nominate a reserve, regardless of whether they are used, so that if neither you nor Mr Molloy are available the whole thing does not crash because there is no independent Chairman.

The Chairman (Mr Wells): That proposal must reach consensus. Are there any variations?

Mrs D Dodds: My party's view is that there should be an independent Chairman set up by the Office of the Speaker.

The Chairman (Mr Wells): There is no consensus, so it looks as if you are stuck with Mr Molloy and me.

Mr Kennedy: As long as neither of you is run over by a bus.

Mr Ford: It is good to see the DUP so keen on Mr Molloy's taking the Chair so often.

The Chairman (Mr Wells): That is the Secretary of State's decision and not mine.

Mr McFarland: Chairman, are you looking for nominations?

The Chairman (Mr Wells): No, we do not have consensus.

Mr McFarland: I meant nominations for the subgroups.

The Chairman (Mr Wells): The Clerks have prepared a draft paper on procedures. It might be worth taking five minutes to look at it.

The Committee Clerk: The first paper details procedures that would apply to all subgroups; attached to that are suggested terms of reference for each of the subgroups. All subgroups will operate under the same procedures as regards the number of members required for a quorum, for example.

Rooms are available if parties wish to discuss these matters further.

The Committee was suspended at 1.00 pm.

On resuming —

1.09 pm

The Chairman (Mr Wells): Have all members had a chance to look at the paper detailing draft procedures for the subgroups? Some procedural aspects are at the Committee's discretion; others are subject to the Secretary of State's direction.

I want to re-emphasise a point that I did not make clear this morning. A question arose as to whether issues of criminality and decommissioning could be considered by the relevant subgroup. It is important that I should include in the record what the Secretary of State wrote:

"I am content for the subgroup on devolution of justice and policing to consider issues of criminality and decommissioning if they agree to do so. It is of course also open to the PFG, under the direction I issued on 26 May 2006 establishing the PFG, to establish other sub committees to look at specific issues."

The letter makes clear that the answer to the question that Rev McCrea raised, as to whether that subgroup could consider criminality and decommissioning, is a definite yes. The letter was sent to Mr Molloy and myself in our roles as Chairmen to the Committee; it was not copied to the Committee, but copies will be distributed. It is important that members see that crucial paragraph. It is a commentary on the direction of 26 May.

Members will also have copies of the suggested procedures for all three subgroups. We need to agree the procedures today if we are to establish the subgroups.

Mr Kennedy: The suggested procedures are described as terms of reference, but what are the powers vested in the subgroups? In the previous Assembly, Committees had the power to call persons to appear and to request papers on a range of issues. The limited time available and the unlikely event of any of the subgroups actually doing anything make one cynical. However, it would be helpful to know the scope of the subgroups, in addition to the terms of reference, and whether that has been agreed.

The Chairman (Mr Wells): That is a very valuable point, Mr Kennedy. I am glad that you raised it. I understand that Statutory Committees of the Assembly have the power to call persons and request papers. We do not have such a power, but we can ask. I am sure that if a subgroup asked the NIO or the PSNI to give evidence or to send papers, they would — but they could not be compelled to do so. Similarly, I suspect that the CBI or DETI would appear before the subgroup on economic challenges, for example. However, neither we, as a Committee, nor a subgroup can call a

person or body to the Bar of the House and admonish them for not turning up.

Mr Kennedy: If they were established, would the subgroups have a role such as you outlined?

The Chairman (Mr Wells): We can ask anyone to provide the Committee with evidence, as any Committee of the Assembly can, but we do not have that overarching power of compulsion.

Mr Murphy: In relation to the letter that you read out, were the Secretary of State's clarifications of the issues that are of concern to us made available to the DUP before its decision not to participate in those two subgroups? I ask because you made particular reference to an issue that was of particular concern to William McCrea, who raised it at the last meeting. For our own understanding of what is going on, I would like to know whether that was clear to the DUP before its decision not to participate or whether it was still an outstanding point of concern.

The Chairman (Mr Wells): I am seeking advice from Mr Molloy on that. I think that the letter was in my pigeonhole on the evening of July 11. Certainly, there was not time to show it to anyone else before this morning. In fact, as I read from it this morning, I was unaware that Mr Molloy and I had received the letter but that, at that stage, no one else had.

That is why I thought it important that the letter be copied to everyone. I thought that it had been attached to the papers containing the Secretary of State's direction, but it was not. It lists the Secretary of State's comments on the issues raised by the Committee. The DUP had no knowledge of the letter until parts of it were read out this morning.

Mr Murphy: Therefore, the letter could have some bearing on the DUP's decision on the policing and justice subgroup.

1.15 pm

The Chairman (Mr Wells): Yes. Dr McCrea raised that issue, and from what he said, it appeared to me that he was not aware of the contents of the relevant paragraph, which states that criminality and decommissioning could be considered. That is why it dawned on me that he had not seen the letter, and I, therefore, felt it important that it be copied to each party. I hope that that is clear to everyone.

Mr Molloy, can you recall when you received the letter?

Mr Molloy: I think that I received mine in the post on Saturday morning, meaning that it was probably in my pigeonhole on either Wednesday or Thursday. I referred to the letter earlier when I mentioned the Secretary of State's comments. Of course, Mr McCrea and other members did not have a copy of it then.

However, I referred to it and suggested that a subgroup on policing and justice could address the issues that have been raised in this Committee and on previous occasions.

Mr McNarry: Mr Chairman, in case it is the intention of Sinn Féin and Conor Murphy to suggest as much, can I make it clear that neither your integrity nor Mr Molloy's are in doubt? There is no implication that letters that you receive are shown to your parties before they are passed to the other parties. I understand that that is not your role and that you are independent Chairmen, and it would be best for the Committee if we could agree to work on that basis. There will be occasions when you will get letters, and temptation could be a challenge to you. By the same token, Mr Molloy could show letters that he receives to members of his party. The Committee must work on a better basis than that.

Mr Murphy: I want to make it clear that my question did not refer to Mr Wells's integrity as a Chairman. Rather it was to know whether the DUP had been aware of the letter. There was further reference to the DUP's having had several phone conversations with the Secretary of State over the past few days, and my question was to ascertain whether it was aware that the policing and justice issues would be referred to a subgroup. If the DUP was not aware of that possibility, would the contents of the letter have an implication on its decision?

The Chairman (Mr Wells): I thank members for their clarification. To avoid ambiguity, it was important for members to see the letter. It was the Secretary of State's intention that the letter be seen by the entire Committee. However, with the summer holidays, there was a degree of confusion. I am glad that members at least have the letter now.

Mr Molloy: I wish to clarify that I did not circulate the letter to members of my party.

Mr McNarry: I am glad that you made that point.

The Chairman (Mr Wells): It was obvious from the reaction of the members here that no one had seen the letter.

Mr McNarry: It does not stop the NIO circulating documents.

The Chairman (Mr Wells): We shall move on to the draft guidelines that the Committee Clerks have kindly provided for us. Perhaps we should consider them point by point.

Mrs D Dodds: Have these guidelines been prepared by the Clerks, using —

The Chairman (Mr Wells): The Clerks have a lot of experience of our normal Committee procedures. Also, given that we have no option but to, they have

taken account of the directions from the Secretary of State.

Are there any comments on the first point?

Mr McFarland: Are you referring to the terms of reference?

The Chairman (Mr Wells): Yes, the procedures for subgroups. It starts:

“The terms of reference for the subgroups will be those agreed by the Committee on the Preparation for Government”.

Is everyone agreed?

Mr McFarland: On the terms of reference?

The Chairman (Mr Wells): Yes, in other words, this Committee agrees the terms of reference for the subgroups. I think that that is taken as read: we have no choice.

Dr Farren: Are you proposing that we agree the terms of reference as listed?

The Chairman (Mr Wells): No, no. We need to go through them. Simply to agree them would be a bit presumptuous.

Dr Farren: I thought you were inviting us to agree what is there.

The Chairman (Mr Wells): Unfortunately, we do not have any discretion on section 2, which deals with the membership of the subgroups. We have been told that each party must provide one Member who sits on the Committee on the Preparation for Government and one other Assembly Member. That will put quite a burden on the Alliance Party because it has only two members available to sit on the three committees. It will be quite busy.

Mr Ford: We are up to it, Chair; do not worry.

The Chairman (Mr Wells): The Committee can note that that is how it will work.

Mr Murphy: Is there not flexibility in the arrangement to allow for substitutions?

The Chairman (Mr Wells): Yes. The Secretary of State said that he is happy for deputies to be appointed. Given that it is almost August, we will have to use that discretion, because it is unrealistic for everyone around this table to be available for the next month. Only Mr Molloy and I are available for the entire time. Any nominated deputies must be available, so members need to check with their colleagues. It has been decided that Mr Molloy and I will chair the subgroups.

We need to consider the issue of having a quorum for those subgroups. What is the plural of quorum?

The Committee Clerk: Quora.

Mr McCarthy: With your knowledge and recent award from ‘The Politics Show’, you should have known that, Chair. *[Laughter.]*

The Chairman (Mr Wells): I was just lucky.

The quorum for this Committee is seven. It has never been an issue because there has normally been a good turnout. Excluding the chairperson, what does the Committee feel about the quorum being six or seven for the subgroups, which will comprise 10 members, with two from each party?

Ms Gildernew: It probably has to be six, given the fact that if it were seven, four parties would have to participate. The quorum should be six in case one party decides not to participate.

Mr Ford: Given that the voting is specified in the direction as voting by a simple party majority, would it not be simpler to also spell out the quorum in party terms so that the quorum is three parties?

The Chairman (Mr Wells): Technically, that means that a subgroup might have only three people.

Dr McDonnell: The quorum for the subgroups should be at least six members from at least three parties.

The Chairman (Mr Wells): I feel that that is a better option. Are there any other suggestions?

Mr Ford: If there are at least six members there will be at least three parties, given that there are only two members from each party.

The Chairman (Mr Wells): That is where the deputies come in.

Mr McNarry: Why are extra members allowed on those subgroups and not on this Committee?

Ms Gildernew: That is because you cannot split the Committee in half, David.

Mrs D Dodds: I am happy to listen to members’ views on procedures for the subgroups. My party has not taken a decision on the forming of the subgroups. We will not agree fully to procedures and drafts that we received only 10 minutes ago, but will seek to return to them. The DUP will take up a number of issues in relation to the subgroups with the Secretary of State.

The Chairman (Mr Wells): Mr McCrea has agreed to submit nominations for the economic subgroup. May I take it that the DUP is agreed on that one?

Mrs D Dodds: I am concerned about some of the things that we are told are directions from the Secretary of State — I would argue that those are not directions. As we proceed, I will make those concerns known. I am happy to listen to members’ views, but I will not sign up my party to a subgroup when I know that it will be unhappy about some of the procedures.

Dr Farren: Perhaps you will tell us what some of those procedures are.

Mrs D Dodds: We are unhappy with point 7.

Dr Farren: That is a direction.

Mrs D Dodds: That is why we are going to see the Secretary of State. That is the kind of concern we want to make clear to the Secretary of State.

Mr McNarry: May we possibly have a ruling on this? I respect what Mrs Dodds and Rev William McCrea have said. Although I am not saying that the DUP is in a privileged position, it is saying that it has the opportunity to meet the Secretary of State. We have conceded that the meeting will take place and we respect that.

How would the Committee deal with a similar situation should it arise? A party could say that it had a meeting with the Secretary of State to discuss issues that cross over into matters that were discussed in this Committee, but, rather than discuss them in the Committee, it wanted to discuss them with the Secretary of State to decide what to do.

That seems to be locking the Committee out. The DUP is doing it now, but any party could adopt that attitude. My party leader has a meeting with the Secretary of State, and meetings will continue until November. Is there some way that we can establish where we are going? With due respect to Mrs Dodds and the DUP, we cannot make progress.

The Chairman (Mr Wells): I will take a round of members on this subject.

Mrs D Dodds: I want to clarify the point. I accept fully what Mr McNarry says — any party can say: “Hold on, you have to wait until we see the Secretary of State”.

It is not just the Secretary of State to whom we will speak; we will also speak to the rest of the party about our attitude to the issues. I accept that it would be unreasonable for any party to adopt such a blocking attitude.

However, my party considers that the setting up of subgroups is moving the guidelines. The DUP agreed to sit on the Committee to scope issues that were hindering the return of devolution. We have sat on this Committee faithfully for several weeks and have identified issue after issue, yet there was not even agreement that they should go to the Assembly for debate. We are still here, and that is an act of good faith that devolution is important to the DUP.

However, you also must respect that the Secretary of State has moved some issues on significantly, and that requires debate. I will return to the Committee on the matter.

Mr McNarry: That is significant and I am very grateful. In effect, the DUP is saying that the Committee has fulfilled its scoping exercise and now the DUP wants to talk to the Secretary of State about the next steps. It is entitled to do that, but it is taking the matter to the Secretary of State rather than to this Committee. It is saying that it studiously attended the Committee meetings and carried out the task of scoping; but now the Committee is turning itself into something else and the DUP wants to discuss that with the Secretary of State.

Mrs D Dodds: And with the party.

Mr McNarry: And then with the party. Quite honestly, until that discussion takes place, that is a very definite position adopted by the DUP.

Mr Ford: When the Secretary of State issues a direction, this Committee must work with it. Each of us may wish to go running to the Secretary of State, the Prime Minister, the Taoiseach, the President of the United States or whoever else we fancy to get the direction changed, but if the Committee does not work with the direction before it when it meets, it will never get anywhere.

The subgroups should not come as a surprise to anyone around the table today.

Weeks ago we said that we would now be — in Alan MacFarland’s elegant phrase — “mining down” that which we had previously “scoped out”. If nothing else we are doing wonders for the English language. In fact, we knew what was coming. Our draft procedures are based on existing Assembly procedures and the directions from the Secretary of State. I do not know that we can do anything else.

Frankly, if the DUP does not send people of sufficient seniority to take decisions for the party, and if every issue raised requires a DUP adjournment for full party consultation, then it does not treat this Committee seriously. Other people are here with a remit from their parties to take decisions within the broad parameters of where the Committee has been going. What we discuss today cannot be a secret. I do not see how we can be expected to continue postponing decisions every week.

1.30 pm

Mr McFarland: Chairman, this is simple. We cannot get past the procedures for subgroups or the terms of reference without consensus on this body. Mrs Dodds is not able to give consensus because she has to talk to the Secretary of State. There is no point; we will not get consensus either on the procedures, because this Committee has to have consensus on them, or on the terms of reference, because point 1 states that the terms of reference are to be agreed by this Committee. We will not get past those two things because —

unless I misunderstood — Mrs Dodds made it clear that she has no authority to make decisions in advance of the meeting with the Secretary of State and a meeting with her party.

Mrs D Dodds: I have considerable authority to take this forward along a particular line that my party has clearly and openly set out. I am given five minutes to look at a set of procedures and terms of reference, which are significant, which we may wish to add to or take away from, and consider. It is not inappropriate to do that at that stage, as I said earlier. Moreover, some of the directions in this are very difficult for my party. They move from the Secretary of State saying:

“I am content for them to operate by a simple majority of voting”

to:

“Decisions of a subgroup shall be by a simple majority of those voting.”

Mr McFarland: Chairman, I do not judge whether it is right or wrong. From what Mrs Dodds has said, this is not solvable today. No matter how many times we go round the room, it will not be solvable, in that the DUP is unable — rightly or wrongly — to give authority and agreement to either the procedures or the terms of reference.

The Chairman (Mr Wells): No doubt a meeting with the Secretary of State will move this forward a bit. The problem is that, from the purely practical point of view, I do not know how much time we can afford to adjourn for these issues.

Mr McFarland: Unless Mrs Dodds is prepared to change her mind and to give consensus to procedures and terms of reference, which she has just said she is not prepared to do — and given that we are not into subgroups where it is by a majority, we can all vote, and therefore consensus is not required — if the DUP is unable to give consensus to these two issues, it does not matter how many times we go round this, it is not solvable.

The Chairman (Mr Wells): The Secretary of State could issue another determination and make all these mandatory.

Mr McFarland: Absolutely. No problem at all. What I say is that now, at this meeting, as we stand here at 1.35 pm today, this is not solvable.

Dr Farren: Neither Mrs Dodds nor her party has any discretion with respect to point 7 on the procedures for the subgroup. The key direction is point 6 in the determination made by the Secretary of State:

“Decisions of a subgroup shall be by simple majority of those voting.”

So the reference to contentment, or whatever, is a reference that has no other interpretation than that

which is there by determination. Therefore we should proceed on that issue, because, as I understand the English language, it is not within our discretion to say otherwise — to say that he is wrong.

Mr McFarland: My understanding is that the Committee must have consensus on this document, “Procedures for Sub-Groups”, regardless of individual choice.

The Chairman (Mr Wells): The Committee must have consensus only on those elements that are not subject to a direction. We have two documents: one is the explanatory letter from the Secretary of State, which has no standing apart from that; the second is the direction by which we must abide. Point 6 of the direction clearly states that decisions must be taken by majority vote.

Mr McFarland: Mrs Dodds can choose whichever one of these she objects to, or all of them, or none of them. She is required to give her consensus to this document — is that correct?

The Chairman (Mr Wells): She is required to give consensus only to the points that are not directions.

Mr McFarland: This document is headed “Procedures for Sub-Groups”. Is she required to give consensus to this document?

The Chairman (Mr Wells): Yes.

Mr McFarland: Therefore, she is required to give consensus. Point 1 states that the DUP is also required to give consensus to each of the pages headed “Terms of Reference”. For whatever reason, rightly or wrongly — we are not making a judgement — Mrs Dodds has said that she is not prepared to agree to the page headed “Procedures for Sub-Groups”, nor is she prepared to agree to the three subsequent pages. Unless Mrs Dodds changes her mind and says that she is prepared to give consensus to either the procedures or the terms of reference, it does not matter how many times we go round this subject. If the DUP will not move, we can spend the rest of the afternoon discussing the issue and be no further on at 5.00 pm.

Mr Ford: Seán Farren has already made the precise point that I was going to make on the specifics. Can the Committee Clerks, who have had more time to examine the procedures than I have, please advise us which procedures are not subject to a direction? It appears to me that the majority are directions.

The Chairman (Mr Wells): Certainly, points 2, 7, 9 —

Mr Ford: Point 1 is as well — is it not?

The Chairman (Mr Wells): No. Point 1 is at the Committee’s discretion. There is no direction stating that we have to agree terms of reference. Point 3 is the Committee’s decision, which we have made through consensus. Point 5 is entirely a matter for this

Committee and the subgroups. There is no direction on whether the subgroups meet in public or use Hansard. The document contains a mixture of directions and issues at our discretion. Any party can object to the terms of reference and the procedures, and we hit the wall again.

Mr McFarland: There is no point in going around this for another 10 minutes. Mrs Dodds is adamant and has said several times that she does not have the authority to agree these points without meeting the Secretary of State and her party. Unless the DUP changes its mind, it does not matter how long we discuss the issue.

The Chairman (Mr Wells): There is another option. We can set up the subgroups and let them decide on their own procedures by majority.

Mr McFarland: Are we saying that these subgroups can agree their own terms of reference?

The Chairman (Mr Wells): We could do that, apart from those points that are directions.

Mr Ford: Point 2 is a direction.

Dr Farren: Yes, that is right.

The Chairman (Mr Wells): We could simply go with point 2 and establish the subgroups. By majority decision, the subgroups could decide to meet in public, use Hansard, or whatever. That is the other option.

Mr McFarland: If we take the Assembly as a precedent, can you see an Assembly Committee agreeing to allow a subcommittee to go off into the ether and decide what it wants to do?

Mr Ford: Would the Assembly have voluntarily set up this Committee in this format, with its remit and rules? We are not in charge of the territory at all.

Mr McFarland: We have a difficulty here. Until the Democratic Unionist Party meets the Secretary of State and decides whether it is taking part or agreeing the procedures and terms of reference — however much we may disagree with that position and find it frustrating — it will be hard to get round.

If the DUP is saying that it will never take part in any of these subgroups, we are into a different game. The Secretary of State will produce another direction telling the rest of the parties to go ahead with the work. There is no problem with that. Nevertheless, we are in limbo, where consensus is required and we cannot get it, however much we might wish to have it.

The Chairman (Mr Wells): You are wrong, Mr McFarland. We could go through these procedures line by line and not reach consensus on half a dozen points, but still be left with the three directions that are sufficient to establish the subgroups.

Mr McNarry: We have heard from the DUP that it cannot nominate members to two of the subgroups.

That party voted to nominate to one subgroup, but there was no consensus.

The Chairman (Mr Wells): No, we did not. We had a vote on whether it would go to the Assembly.

Mr McFarland: We thought that there was agreement on the economic subgroup because all parties agreed to sit on it. However, Chairman, you raised the point of whether Mrs Dodds agrees to the terms of reference and the procedures for the subgroups, and the DUP has said that it cannot agree to those.

The Chairman (Mr Wells): Mrs Dodds has a specific point.

Mrs D Dodds: I wish to clarify a principle. Mr McCrea said earlier that the DUP was prepared to attend and work on the economic subgroup. That is a point of principle, and it is there for all to hear and see. We are concerned that that goes ahead. However, we are unhappy that it will proceed through this Committee, as it should have gone through the Business Committee. That is a point of principle. We now come to the nitty-gritty of where the procedures for those subgroups are, and we have difficulties with some of them.

Mr McFarland rightly clarified that we can agree some procedures, but other points are directions over which we believe that we have no authority. I particularly object to the directions. I am sorry that he feels frustrated by that, but that is the situation. I have readily agreed to point 3, which can be agreed in this Committee, but there are some directions that my party is not happy to sign up to now.

Dr Farren: There are many directions that the SDLP is not happy with, and I have emphasised several times during our deliberations that I am frustrated, and am almost politically castrated, that we are subject to directions from the Secretary of State all the time and that we cannot decide how to conduct ourselves. We are reluctant to have to operate under a set of directions, but we are prepared to do so.

Given that the DUP has accepted that it will participate in the economic subgroup, we can proceed to establishing all the subgroups, as the direction has indicated, and the DUP can discuss its reservations with the Secretary of State. I would be surprised if the Secretary of State changed his directions at this stage, but I should not, perhaps, be that surprised if that were to happen, considering how the NIO tends to bend towards whatever force is applied to it.

It is likely that we will talk ourselves out of moving ahead. Therefore, we should proceed and set up the subgroups. If we are unable to agree terms of reference here, the Secretary of State may direct what those may be, or — miracle of miracles — the subgroups may come up with an agreed set of terms of reference.

However, we should proceed according to the direction before us.

Mr Kennedy: Chairman, my point goes to the centre of the debate; it is a technicality: can subgroups be established — with procedures or directions, or both — without the consent of all of the parties?

1.45 pm

The Chairman (Mr Wells): The answer to that is yes. Several items on the list are directions on which we cannot make a decision; they do not require consensus or a majority vote. Even if everything else falls, they will still stand and will be enough to set up the subgroups. Points 2, 7 and 9 are clear — they set up the subgroups, which can then agree their own procedures.

However, one party has made it clear that it is unhappy and that it wants to take further advice on the issue. Mr McFarland made the valid point that it is important to consider that.

Mr Kennedy: However, Chairman, your ruling is that it is possible to establish the subgroups by virtue of a mixture of procedures and directions.

The Chairman (Mr Wells): Yes, absolutely. In fact, we have agreed on the chairmanship, and it looks as if we have probably agreed on quorums as well.

Mr Kennedy: You have no concerns about unanimity consent?

The Chairman (Mr Wells): It seems that some items will not be unanimously agreed. They will fall, and they will not be part of the terms of reference.

Mr Kennedy: Therefore they will be procedures rather than directions.

The Chairman (Mr Wells): Yes. However, the Secretary of State may step in immediately and make them directions. That would be the third or fourth time that he has done so.

Dr McDonnell: Which items will fall?

The Chairman (Mr Wells): We will go through them one by one to see where we stand.

Mr McNarry: Could you not get the Secretary of State here to answer the questions as we go through them instead of all this toing and froing?

The Chairman (Mr Wells): If the subgroups could summon the Secretary of State on an issue, I am sure that he would come.

Are we agreed on point 1?

Mr McFarland: Can I ensure that I understand this procedural issue correctly? After all, much of this involves procedure. The agenda for the Preparation for Government Committee lists items to be agreed or not agreed. Is it correct to say that that is what an agenda is?

The Chairman (Mr Wells): Unless they are directions.

Mr McFarland: OK. Item 4 on the agenda of this Committee — which requires consensus — deals with the quorum for subgroups. You have already raised that issue, and ta-da! we have agreement on it. Is that correct? We had a vote, and there was consensus.

The next item deals with the procedures for subgroups, which is on the agenda presumably because this Committee has to agree it. Is that correct? Here are the procedures for subgroups. No matter what it says, this bit of paper goes on the agenda for agreement — or not — by this Committee, which operates by consensus. Is that correct?

The Chairman (Mr Wells): Yes.

Mr McFarland: Therefore the question is: is this agreed or not? Consensus agreement is required. We can go through each item on the agenda and when we come to a direction, we can say that even though it is on our agenda, it does not require a vote. However, item 1 says:

“The Terms of Reference for the Sub-groups will be those agreed by the Committee on the Preparation for Government.”

Therefore item 1 requires consensus in this Committee.

The Chairman (Mr Wells): Which we have achieved.

Mr McFarland: No, no — are you saying that we have achieved consensus on the terms of reference for subgroups?

The Chairman (Mr Wells): We put item 1 to a vote and got consensus on it.

Dr Farren: The terms of reference have yet to be agreed. We have not agreed them.

The Chairman (Mr Wells): Item 1 has been agreed to.

Mr Murphy: It is agreed that the Committee will agree them, but we have not agreed them. *[Laughter.]*

Dr Farren: That was my point about half an hour ago.

Mr Murphy: We have agreed the mechanism for agreeing the terms of reference, but not the terms of reference themselves.

Mr McFarland: Yes, but what did the Chairman say a short time ago?

Mr Murphy: I understand your point.

Mr McFarland: He said that we should abandon all this and let the subgroups decide their own terms of reference.

The Chairman (Mr Wells): I did not say that; I said that that was an option for the Committee.

Mr McFarland: It is not an option. The Committee has already decided — by reaching consensus on item 1

— that it should not be an option, and that this Committee will decide the terms of reference. That option is, therefore, not an option, because the DUP has told us that it will not agree the terms of reference of any of the subgroups.

The Chairman (Mr Wells): There is a difference between terms of reference and procedures.

Mr McFarland: Follow me through this again: under item 4, we are required to agree this document of procedures. Is that correct?

Mr Ford: We will be given the opportunity to —

Mr McFarland: No, it is in here. It requires agreement.

Mr Ford: But certain consequences flow if the Committee does not agree the terms of reference.

The Chairman (Mr Wells): We are not required to agree all of them. We could agree four of them, and three of those are determinations on which we have no option but to agree. That is what we are left with. If we do that, we will have enough to set up subgroups.

Mr McFarland: Follow me through this: we cannot have subgroups without terms of reference. Is that correct?

The Chairman (Mr Wells): Yes.

Mr McFarland: This Committee has voted by consensus that it will decide on terms of reference. Is that correct?

The Chairman (Mr Wells): That is correct.

Mr McFarland: This Committee agrees by consensus. The DUP said that it would not agree, by consensus, terms of reference. Therefore, it does not matter whether we set the subgroups up or not — they have no terms of reference. We cannot set up a subgroup without terms of reference. Which bit of that do we not understand?

Mr Ford: I want to ask rather than answer a question on that. At that point, does paragraph 2 of the direction not apply? If the Committee has not established terms of reference, then each subgroup will deal with matters as stated in the direction.

Mr McFarland: We have already taken a vote under paragraph 1 that said that this Committee will, by consensus —

Mr Ford: I am not sure that this Committee can vote to overrule the direction. We may vote on something to enhance, expand or interpret the direction, but we cannot overrule it.

Dr Farren: Alan, with all due respect, you are talking us into a spiral out of which we will not emerge with any satisfactory outcome. I am sure that the Chairman will correct me if I am wrong, but I believe

that the Committee can set up the subgroups. If we fail to agree the terms of reference, my guess is that they will be determined for us. We should not tie ourselves in knots about the terms of reference at this point.

About all that we can do for the rest of the afternoon is set up the subgroups. That is all the discretion that we have. Indeed, we do not have even that discretion; all that we can do is nominate.

The Chairman (Mr Wells): I cannot call for consensus on that: it is a determination.

Mr McFarland: We have been told that the subgroups exist; all that we are required to do is nominate or not nominate to them. Subgroups can do nothing other than exist — which they do already — without terms of reference on what they are supposed to do. There is no agreement on the terms of reference, because we took a vote that this Committee should agree the terms of reference. The Committee cannot agree the terms of reference because there is no consensus in the DUP —

The Chairman (Mr Wells): If it is helpful, we can ask the Secretary of State to issue another determination.

Mr McFarland: I am more than happy with that. The point that I am trying to make is that we cannot decide anything further today.

Dr Farren: Probably not.

Mr McFarland: I have tried to think of ways of getting round the issue. However, we got ourselves into a loop whereby we have decided that only we can decide the terms of reference. If we had decided that we could not follow paragraph 1, but had delegated the matter to the subgroups, we would have been under way.

The Chairman (Mr Wells): The crucial point that you have missed is that we have agreed that we will establish the terms of reference. However, it may be that all we are left with after this procedure is the three directions. That is what we agreed. Then we could go ahead with our subgroups.

Mr McFarland: With the best will in the world, you cannot have a subgroup that has no idea of what it is doing.

The Chairman (Mr Wells): The Secretary of State has given the subgroups the power to agree their own procedures.

Mr McFarland: Not in his terms of reference — or perhaps he has.

Dr Farren: No, not yet.

Mr McFarland: No, but if he does —

Dr Farren: Let us leave it at that, Alan. Let us agree the subgroups and get out of here in five minutes.

Dr McDonnell: Is it possible for us to screen the procedures and determine the question that I asked 10

or 15 minutes ago about which points we agree, which points are directions and which are not? Where are the obstacles on the list?

The Chairman (Mr Wells): That is what I am trying to do. Let us work down the list. We have already agreed point 1, and we have no option on point 2.

Mr Kennedy: Point 2 is a determination.

The Chairman (Mr Wells): Yes; we have no option on that. Point 3 is agreed.

Mr McFarland: Point 4 is a problem because the DUP said that it could not agree the matter until it had consulted the Secretary of State. We will not see any light on that point.

The Chairman (Mr Wells): Is there consensus on six members as the quorum for the subgroups?

Mr McFarland: My understanding is that Diane Dodds said that she could not agree that matter.

The Chairman (Mr Wells): The DUP said that it could not agree that matter, so there is no consensus. Presumably, there is no consensus on seven members either.

Dr Farren: How many members would the DUP want?

The Chairman (Mr Wells): Are there any thoughts on what the quorum should be?

Dr Farren: It cannot be more than 10.

The Chairman (Mr Wells): Is there consensus on seven members as the quorum for the subgroups?

Members indicated assent.

The Chairman (Mr Wells): It will be up to each subgroup to decide whether it wishes to meet in public or in closed session. That includes a decision on whether —

Mr McFarland: I am sorry, Mr Chairman, but I would like to make a point. Before we get past that matter and so that everyone understands: there are 10 members on each subgroup. It is standard practice to have quorums of about 30% or 40% on most committees. We are looking at 70% attendance for a quorum.

The Chairman (Mr Wells): Substitutes can be used.

Mr McFarland: We are still looking for seven out of 10 members to be present at every meeting.

The Chairman (Mr Wells): If you agree to nominate nine members, with the ability to bring in substitutes, surely we have enough among the parties to do that. If the Ulster Unionist Party Assembly Group appoints half a dozen people to act as substitutes to be called upon —

Mr McFarland: I understand that. On the average day, with people bobbing in and out, is it more

achievable to have six people in the room as a quorum? I am not talking about who is here, because if we go under seven we become inquorate and so we must stop. We could end up with a fairly small number in the room at one time. Is six more achievable than seven?

The Chairman (Mr Wells): Mr McFarland, the problem is that the DUP has already said that it will not agree to a quorum of six.

Mr McFarland: My understanding is that the DUP would not agree to anything.

The Chairman (Mr Wells): The DUP has agreed to a quorum of seven.

Mr McFarland: I ask the DUP: what is the practical, realistic difference? On an average day when we meet as a subgroup, it is more achievable to have six rather than seven people in the room at any one time. I am not talking about who is nominated to attend; I am talking about the practicalities of people wandering in and out.

The Chairman (Mr Wells): We have moved past that matter, Mr McFarland: we have agreed on seven.

Mr McFarland: At our last meeting, a member nodded assent on something to which, had he stopped to think, he would never have agreed.

The Chairman (Mr Wells): I thought that Mr Dawson and Mrs Dodds expressed themselves quite clearly.

Mr McFarland: I understood that they had to take the matter to their party. That is now not the case. They have agreed on seven.

Dr Farren: Yes; let us leave it at that. We have agreement on something.

The Chairman (Mr Wells): Can we move to point 5? It will be for each subgroup to decide whether it wishes to meet in public or in closed session. That includes a decision on whether Hansard is present. Is that agreeable by consensus?

Members indicated assent.

The Chairman (Mr Wells): Point 6 states that the dates of the meetings of each subgroup will be a matter for the Chairperson.

Mr Kennedy: I have a concern on that point, Mr Chairman. There should be consensus among the members of the subgroup.

The Chairman (Mr Wells): That would be a majority of the members of the subgroup. Should we change “Chairperson” to “subgroup”? Is everyone happy with that?

Members indicated assent.

Point 7 is a determination, and we have no choice. There may be some ambiguity in the letter, but it is clear in the draft procedures.

Point 8 states:

“The Sub-groups will not take any decisions on behalf of the Committee on the Preparation for Government.”

That is a reasonable suggestion.

2.00 pm

Mr Kennedy: Why is it there?

The Chairman (Mr Wells): So that they do not take powers unto themselves and become little empires. The Clerks have clarified that this is to stop the subgroups making reports directly to the Assembly and bypassing this Committee. Reports must be authorised by us, and it must be on the basis of consensus.

Mr McFarland: Is it not a determination by the Secretary of State that they have to report back to us anyway?

The Chairman (Mr Wells): Not as it stands, although I am sure he would give you that if you wanted it.

Mr McFarland: I thought there was something on this already. Yes:

“Each subgroup shall report to the Preparation for Government Committee in accordance with the terms of reference”.

The Chairman (Mr Wells): Yes, but there is nothing to stop them reporting directly to the Assembly. That is the only reason that point 8 is there. It is a safeguard worth keeping.

Point 9 is important because you have agreed the quorum as seven, so it is a matter for the subgroup to decide if deputies may attend meetings if members of the subgroup are unable to do so.

Mr Ford: Are we not to determine today that deputies will be entitled to attend?

The Chairman (Mr Wells): Do we have consensus on that? If so, it would get us around the problem.

Mr Ford: It would be better to spend two minutes here than half an hour at each of three meetings.

The Chairman (Mr Wells): Is everyone happy that we say that deputies can attend the subgroups?

Members indicated assent.

Mr Kennedy: Chairman, it is important that the word “deputies” does not contain a capital letter. *[Laughter.]*

The Chairman (Mr Wells): We have got around that difficulty, and will move on to the terms of reference for the economic subgroup.

Mr Dawson: Just before moving on, Mr Chairman, although you may have got around the difficulty, the DUP has not given consensus to point 7. We have requested a meeting with the Secretary of State for

matters to be clarified. Even though subgroups have been established, we are not happy with —

The Chairman (Mr Wells): We have noted that. The Secretary of State’s view was that if decisions were not to be taken by simple majority the subgroups would run into the same brick wall as the PFG Committee has run: that we can move nowhere without consensus. That is the reasoning, but you can take it up directly with the Secretary of State.

We move on to the economic challenges facing Northern Ireland. These are the terms of reference, as opposed to the procedures:

“1. To identify the major impediments to the development of the economy in Northern Ireland.”

Dr Farren: I suggest an amendment to point 3: “To consider how other matters, including a peace dividend, could contribute”. I hope that this will meet with general consent, because the terms of reference are rather narrowly constrained. Matters such as improvements, education, training, infrastructure — and we need not debate them here — might need to be referred to in the work of such a subgroup. Therefore to consider “other matters, including a peace dividend” only adds to point 3 and takes away nothing from it.

Another way round it would be to add: “any other matters which may be considered relevant” as point 4.

The Chairman (Mr Wells): Any views on that? Any problems? Agreed?

Does that presume that we are happy with points 1 and 2?

Dr Farren: I was only entering something to point 3.

Mr McNarry: Just leave it there, Seán.

Dr Farren: I was not expressing any view about 1 or 2.

Dr McDonnell: If it is appropriate — *[Laughter.]* — give me a break.

Mr Kennedy: That will be in Hansard.

Dr McDonnell: I will take advice and guidance from you, Mr Chairman, and other members of the Committee — point 2 needs to be tightened and focused.

I am particularly keen that direct reference be made to newer technologies, because that is where our economy is slipping behind. Massive opportunities are often missed in that regard — because biotechnology infrastructure is not there, for example. Perhaps I am going into too much detail.

The Chairman (Mr Wells): I suspect that you are, Dr McDonnell. I assume that you will be the SDLP representative on that subject and, as such, you will wish to raise that issue.

Dr McDonnell: Thank you, Chairman.

Mr Kennedy: Are you nominating Dr McDonnell for that position, Chairman?

The Chairman (Mr Wells): The direction is quite clear: members can raise any issue directly relevant to the economic challenges facing Northern Ireland — that is a wide remit, I can tell you. If Dr McDonnell wishes to raise that issue at the first meeting, I am sure that the Chairman will be happy for him to do so.

Do any other members have problems?

Mr Dawson: I am concerned at the use of the words “peace dividend”; would “economic package” be a better term? There are other factors to be considered apart from how an economic package could contribute to economic regeneration and how such a package might be delivered.

The Chairman (Mr Wells): Does anyone have any problems with that?

Mr Murphy: The term “peace dividend” has a particular focus in relation to a package of support from both Governments to assist restoration of all institutions and to try to get this institution back on the road. It is quite focused in relation to its meaning; “economic package” is a general term. “Peace dividend” is quite clear as regards the arguments made to both Governments about a financial package to specifically underpin the restoration of devolution.

Dr Farren: I am sure that the meaning will be spelt out. It will give people the opportunity to use the language with which they are more comfortable.

Mr Dawson: An economic package is much broader than the narrower term “peace dividend”. There is an opportunity to broaden it beyond the two Governments’ involvement to include the European Union and the United States. Focusing on a peace dividend would tie it very much to this island, as opposed to a broader package necessary for the economic regeneration of Northern Ireland.

The Chairman (Mr Wells): Would one solution be to refer to an economic package that includes a peace dividend? Would that square the circle and keep everyone happy?

Mr Dawson: A broad economic package inclusive of a peace dividend.

The Chairman (Mr Wells): Would everybody agree to that?

Members indicated assent.

The Chairman (Mr Wells): Can we formally agree the terms of reference for the subgroup on economic challenges?

Members indicated assent.

The Chairman (Mr Wells): The next item is the subgroup on the devolution of criminal justice and policing.

Mr Kennedy: Pending a decision to be made by the DUP arising out of their subsequent meetings, there seems to be little point in agreeing terms of reference for the other two subgroups. It is difficult to see how any of the subgroups could achieve meaningful work without the involvement of all political parties.

Dr Farren: But we are setting up the subgroups now.

The Chairman (Mr Wells): The subgroups are there.

Dr Farren: Yes; that is what I meant. The subgroups must have terms of reference if they are to meet. That is what we are doing.

Mr Kennedy: As of today, there is no indication that all parties will participate in the subgroups.

Dr Farren: That is true.

Mr Kennedy: Therefore we will be establishing something that may never meet.

Mr McFarland: Chairman, we are getting confused again. The subgroup on economic challenges was set up on the recommendation of the Assembly, in which we are all taking part. Is that correct?

The Chairman (Mr Wells): Yes.

Mr McFarland: The other two groups are subgroups of this Committee. We need to remind ourselves that the duties of this Committee are to scope or identify issues relating to the restoration of devolution. We are not here to negotiate how many Departments there should be — that is not what this Committee is here to do.

We are moving into negotiating about policing and justice. There is a consequence in relation to that, as you well know. If a policing Department and a justice Department were formed, two of the existing Departments would need to be downscaled. A whole raft of issues opens when we debate those matters. This is not scoping, is it? If it is not within the remit of this Committee to identify and recommend for consideration appropriate models for policing and justice, it is certainly not within the remit of a subgroup.

The Chairman (Mr Wells): You could change the terms of reference.

Mr McFarland: I am wondering if there is any point. If, for example, the DUP decides to take part, it will wish to change these things. If it does not wish to take part, then the rest of us may wish to have entirely different terms of reference for discussing these issues. Dr McCrea said he wants to include organised crime and terrorism — and the Secretary of State has now agreed that they can be included — so where does all that fit into these terms of reference? Until we are sure about who is taking part in this exercise, there is little

point in having terms of reference for subgroups. The subgroup on the economic challenges is different. Everyone has agreed to take part; we know what it is for; we know where it has come from; we know what its remit is; and we are able to agree its terms of reference. This one and, indeed, the one on identifying issues of concern regarding the institutions and considering what changes are required are rather more difficult. Then we are into the core of negotiations between the parties on the re-establishment of the institutions. That is not what this Committee is supposed to be doing.

The Chairman (Mr Wells): Mr McFarland, are you proposing that we take no decision on the terms of reference until we know where the DUP stands?

Mr McFarland: I do not believe that we can.

The Chairman (Mr Wells): Are you proposing that?

Mr McFarland: My colleague Mr Kennedy has already proposed that.

The Chairman (Mr Wells): So we have a proposal. Dr Farren, are you speaking to that?

Dr Farren: Yes, I certainly am. It seems to me that Alan, with due respect to what he is saying, is effectively attempting to negate the process in which we are engaged at the moment. The subgroups are to be established. In so far as we can, we should try to establish some or all of the terms of reference for them. It may be that we fail to get consensus on the terms of reference, but the subgroups exist, and they should start to meet. If the Secretary of State sees a gap in the terms of reference, I am sure that he will move to fill it by direction. We should accept that. Otherwise we will prolong an unnecessary debate at this point.

Mr Murphy: This is the Preparation for Government Committee, and we have talked since the first day about setting up various subgroups to get down to work. Alan made the point about mining into the issues that we have already identified, so I am at a loss to understand why, because one happened to be subject to a vote in the Assembly, the others should not be set up. Preparation for Government is going to have to deal with the devolution of policing and justice powers, and with outstanding matters concerning the institutions. Those are necessary things that we have to deal with and resolve. If the UUP's position is now the same as that of the DUP's, if it is not here to negotiate, I do not see any point in setting up any of the subgroups. If we are just going to talk about an economic package and leave all the other stuff, it will not in itself prepare us for the restoration of Government. It is a very necessary part of that, but so are policing and justice, and the institutions.

Mr McFarland: Is Conor saying that his party now supports policing here and that he therefore wishes to

get into the details of how he is going to make the policing institutions work? If that is what he is saying, we will be happy enough to engage in that. There is no point in sitting and discussing policing and justice matters with Sinn Féin, which does not recognize the police and does not have anything to do with the police, while it still refuses to accept the police. This is barking world.

Mr Murphy: I want to make it clear that we had discussions with the Ulster Unionist Party and other parties about the devolution of policing and justice matters several years ago.

Mr McFarland: Absolutely. And without prejudice.

Mr Murphy: Yes. And we can discuss them again without prejudice. There are issues that need to be resolved, and we are happy to get down to them. If the Ulster Unionist Party wants to start putting preconditions to matters that we need to resolve, then it is leading us off course.

The Chairman (Mr Wells): We are drifting into issues that really should have been covered previously. I am going to bring this to a crunch after Mr McNarry and Mr Dawson, who has not had a chance to speak at all.

2.15 pm

Mr McNarry: I want to go back to the letter of 11 July addressed to you and to Mr Molloy, which was copied to members, and to the direction letter of the same date, which was determined by the Secretary of State. Point 5 in the direction reads:

"A subgroup may meet whether or not all party representatives are present".

That is a direction in the sense that it is headed: "Direction determined by the Secretary of State".

The letter of the same date was perhaps by a different typist. Your question was whether the Secretary of State would be content for subgroups to meet if one or more parties chose not to attend. Mr Hain replied that he was content for the subgroups nevertheless to meet, and for substitutes to attend.

Are we now in the realms of content and direction? Which do we go by?

The Chairman (Mr Wells): The direction or determination is overriding. It is like a Government Order — there is an explanatory memorandum at the start and the actual legislation follows.

Mr McNarry: That is what we established at the start of the meeting. I wanted to check that we had not drifted.

We are under direction to do this; no consensus is required to establish the other two subgroups. Does that mean that irrespective of whether there is consensus,

these two subgroups can be established — even if a party does not wish to appear?

Mr Farren proposed earlier that we move to appoint these subgroups. They need terms of reference from this Committee by consensus. Do we do that at the same time, or does that follow after?

The Chairman (Mr Wells): We have already agreed the terms of reference for the subgroup on economic challenges.

Mr McNarry: That is an easier one.

The Chairman (Mr Wells): There is no direction as to when this happens, so if members wished to wait until the DUP had sought clarification from the Secretary of State, we could do that.

Mr McFarland: That is what Mr Kennedy proposed some time back.

The Chairman (Mr Wells): That proposal is still on the Floor, as it were. Our difficulty is in the timing and the sheer logistics of trying to —

Mr McNarry: I understand that a timetable has been laid out; but, without labouring the point, what do we have to discuss? The direction is that two subgroups shall be formed. What do we need to discuss? The Secretary of State does not mind who participates. If a party chooses not to participate, he thinks that that is fair enough. However, he has not advised what should happen if more than one party does not participate.

Mr McFarland: The subgroups cannot operate without terms of reference agreed by this Committee. We return again to the fact that if the Committee cannot agree terms of reference, there is nothing for the subgroups to do.

The Chairman (Mr Wells): The terms of reference could be simply to report back to the Committee and let it, by majority decision, decide what it is going to do.

Mr Dawson has been waiting for a very long time.

Mr Dawson: Mr McFarland spoke about the function of the subgroups, which would be to scope and identify issues. It was never intended that they be negotiating subgroups. Those are the issues on which we need clarification from the Secretary of State. Until we receive that clarification, we cannot give consensus for the subgroups. The DUP had previously agreed the need for a subgroup on economic challenges, so it was able to agree those terms of reference today, but it cannot agree the terms of reference for the other two subgroups.

The Chairman (Mr Wells): That is very clear. Mr Kennedy has a proposal on the table.

Mr Kennedy: Let me give some explanatory commentary on that. The UUP would be happy for the establishment of subgroups that would mine the relevant issues. It is clear, however, that the DUP has

reserved its position on the subgroup on devolution of criminal justice and policing and the subgroup to consider changes to the institutions set up under the Belfast Agreement.

Therefore, we see no merit in establishing subgroups, even though I accept that, by determination, they already exist. However, in the current situation, we see nothing worthwhile in creating terms of reference for the other two subgroups. Therefore, we are not prepared to give our consensus to establish the terms of reference.

Dr Farren: I have a look of exasperation on my face. Perhaps that is not surprising. Almost two hours ago, I made a similar proposal, which was voted down. In the light of all that has transpired since, I no longer support that proposal.

The SDLP accepted the establishment of the three subgroups under the direction of the Secretary of State. The SDLP agreed to the terms of reference for the first subgroup. It is obvious that the terms of reference for the second and third subgroups will not be agreed. That should not prevent their existence. I imagine that the Secretary of State will direct the terms of reference for them. If parties chose not to attend those subgroups because they do not like their terms of reference, we will face that situation and we will have to deal with it.

If we accept that we will not agree the terms of reference for the second and third subgroups, we could wrap up this business very quickly, report the lack of agreement to the Secretary of State and await the subgroups being given a date, time and place to meet.

The Chairman (Mr Wells): Can I put Mr Kennedy's proposal to the Committee? As I understand it, the proposal is that until the DUP reports back from its meeting with the Secretary of State, the Chairmen do not call the first meetings of the subgroup to consider changes to the institutions set up under the Belfast Agreement and the subgroup on the devolution of criminal justice and policing.

Mrs D Dodds: I will clarify. I do not want a convoluted argument. The Committee exists whether the DUP likes it or not, but the DUP will not agree to the terms of reference for the subgroups, which have to be established by consensus. That is the DUP's position.

The Chairman (Mr Wells): There is no consensus for Mr Kennedy's proposal. Dr Farren has made it clear that the SDLP finds it unacceptable. It would seem that we are not going to reach consensus on the terms of reference for the second and third subgroups. Mrs Dodds has made that clear. Therefore, although we have established the format for the subgroup to consider economic challenges facing Northern Ireland, it would appear that we will not be able to nominate

members to, or make arrangements for, the second and third subgroups. Does anyone dispute that assessment?

Are there any other proposals for the second and third subgroups?

Mr Kennedy: Obviously, it is important that the situation be reviewed at the earliest possible date. That means that we would set a date for this Committee to consider the issues and to see whether any progress has been made that would allow the proper establishment of the subgroups, with full terms of reference, that could be supported on a cross-party basis.

Mr McFarland: Do we have any indication from the DUP on when its meeting might take place and when it might, therefore, be in the position to report back at a meeting of this Committee?

Mrs D Dodds: The meeting will not be too far off because Westminster goes into recess soon, and, therefore, the holiday period starts. I presume that —

Mr McFarland: Would next Monday be too soon?

The Chairman (Mr Wells): Fixing a date for the next meeting comes towards the end of the agenda, but next Monday is a possibility.

Mr Dawson: A date for our meeting is in the hands of the Secretary of State and depends on his diary. There is no firm indication of a date yet.

Mr McNarry: Can it be relayed to the Secretary of State that a date for a meeting with the DUP is important, bearing in mind the timetable, staffing issues, reports, etc?

The Chairman (Mr Wells): Is everyone happy with that suggestion? The Secretary of State is aware of the situation and is keen to clarify it.

Mr Kennedy: Deputy Speaker, have you, or the other Deputy Speaker, an insight as to whether the Secretary of State is inclined to issue a direction on the other two subgroups?

The Chairman (Mr Wells): I am happy for Mr Molloy to come in on that. In our meeting with the Secretary of State, we relayed the DUP's concerns about procedures. He indicated that he was keen to meet the DUP to discuss those concerns. However, given that the meeting was on 11 July 2006 and people were tied up for the next few days, there were practical difficulties.

The Secretary of State made it clear that should other obstacles emerge, he reserves the right to issue further directions; this is the third set of directions that he has determined. We can discuss procedures as much as we like, but at the end of the day, the Secretary of State can step in at any stage and tell us how it will be, and that is that.

Mr Kennedy: The UUP's view is that it would not be particularly wise, or helpful, for the Secretary of State to issue fresh directions on those two subgroups.

Given that we have agreed that the quorum be seven, the absence of two political parties would mean that the subgroups could not function.

Dr Farren: That sounds like a threat.

Mr Kennedy: No, it is not a threat; it is a simple statement of fact.

Mr Murphy: The same applies to the subgroup on economic challenges.

The Chairman (Mr Wells): It is clear that we cannot move forward on the other two subgroups, but we can move on nominations for the economic challenges subgroup. If nominations are not received today, they must be with the Committee Clerks by close of play tomorrow. Can everyone meet that deadline? We need one party representative from around the table and presumably each party's economic development spokesperson.

Dr McDonnell: Chairman, are you proposing that I am my party's economic development spokesperson? *[Laughter.]* Earlier, I took that as an indication of support.

Mr McFarland: Do you want nominations now?

The Chairman (Mr Wells): If you have them, yes.

Mr McFarland: Mr McNarry will be the UUP member from this Committee, and Dr Esmond Birnie will be the second member. Mr Roy Beggs will be first reserve.

Mr Ford: Sean Neeson and I will be the Alliance Party representatives.

Dr Farren: Alasdair McDonnell and Margaret Ritchie will represent the SDLP.

Mr Murphy: Michelle Gildernew and Mitchel McLaughlin will represent Sinn Féin. Barry McElduff will be the reserve.

The Chairman (Mr Wells): Does the SDLP have a reserve?

Dr McDonnell: We will find one.

The Chairman (Mr Wells): Does the DUP have nominations?

Mrs D Dodds: We will nominate by close of play tomorrow.

Dr McDonnell: John Dallat will be the SDLP reserve.

The Chairperson (Mr Wells): Apart from the DUP, that is a full complement. Cathie White, an experienced Clerk to the Enterprise, Trade and Investment Committee for many years, will clerk that subgroup.

We have more work to do. We may park the issue of the two subgroups for today. We will not get any further on that issue.

We must also decide on the future work of this Committee, as opposed to that of the subgroups. Will we continue to meet over the summer? What issues will we consider? We could leave it to the subgroups to continue the work, and we could meet less often.

Mr Murphy: We certainly need one more meeting to find out what happens with the other two subgroups. We can then take it from there.

The Chairman (Mr Wells): Members will recall that the Secretary of State, in his letter of 3 July 2006, asked us to:

“take account of the issues and timeframe”

as set out in the work plan from the two Governments.

We were also asked to continue our work to identify issues that need to be addressed and to prepare a programme of work that would enable the Assembly to address those matters. Those are to be agreed on and announced by the end of August.

2.30 pm

We may feel that we can fulfil those tasks by setting up the subgroups and letting them deal with the issues, or we may feel that other issues should be addressed and that we should continue to meet.

Mr McFarland: Can I suggest that we put this subject off until the next meeting? The success or failure of the subgroups will dictate directly what we do. We would be in a better position to decide whether this Committee needs to meet if we knew the DUP’s position on subgroups.

The Chairman (Mr Wells): Is there consensus that we put the decision off until next Monday?

Members indicated assent.

The Chairman (Mr Wells): Would it suit members if the Committee met next Monday at 12.00 noon?

Mrs D Dodds: I cannot attend next Monday at 12.00 noon. Could the time be changed to 10.00 am?

The Chairman (Mr Wells): Does 10.00 am next Monday suit?

Mr Kennedy: Thankfully, I am not available at all.

Mr McFarland: Mr Kennedy has had the sense to go on holiday.

The Chairman (Mr Wells): We will agree to meet at 10.00 am next Monday.

We wrote to the Clerk regarding the powers of the Chair, asking whether the powers of the Speaker in plenary extend to the Chairman of this Committee. It was on the agenda for the previous week but we did not get time to deal with it.

Mr Moir’s letter is not specific. Does anyone have any comments to make on the Clerk’s ruling?

Mr Kennedy: If it is written in Hansard that I am on holiday, every burglar in the country will —
[Laughter.]

Can you expunge that from the record? [Laughter.]

The Chairman (Mr Wells): The powers of the Chairman were mentioned a long time ago. Do members have any comments to make on that?

In the absence of anything dramatic happening, we will meet at 10.00 am next Monday.

Adjourned at 2.33 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Monday 24 July 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Francie Molloy
Mrs Diane Dodds
Dr Seán Farren
Mr David Ford
Mrs Naomi Long
Dr Alasdair McDonnell
Mr Alan McFarland
Mr David McNarry
Lord Morrow
Mr Conor Murphy
Mr John O'Dowd
Ms Margaret Ritchie

The Committee met at 10.06 am.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): The minutes of the meeting of 17 July are attached to the papers. The only point that I would make is that the last paragraph of the minutes states that the next meeting will take place on 17 July. That date should be changed to "24 July". Does anyone have any other points to raise about the minutes? Are they agreed?

Members indicated assent.

The Chairman (Mr Molloy): On the subgroups on changes to the institutions and devolution of criminal justice and policing, I ask members to note that the title of the second subgroup has changed to "subgroup on devolution of policing and justice", as was the term used in the Secretary of State's letter. Are we in a position to proceed?

Lord Morrow: What was that subgroup's title before this massive change?

The Chairman (Mr Molloy): It was to be the subgroup on devolution of criminal justice and policing. It is now to be called the subgroup on devolution of policing and justice. Can we proceed to set up those two subgroups at this stage?

Members indicated assent.

The Chairman (Mr Molloy): We move now to the issues raised in the letter from the Secretary of State to the Chairpersons, and to the terms of reference for each subgroup.

Can we have nominations for the subgroup on changes to the institutions?

Dr Farren: I nominate P J Bradley and myself.

Mr Ford: I nominate Kieran McCarthy and myself.

Mr Murphy: I nominate John O'Dowd and myself.

Mr McNarry: When is the cut-off time for nominating? By what day do you need to know?

The Chairman (Mr Molloy): That is up to this Committee.

Mr McNarry: A couple of days were allowed for nominations to be made to the previous subgroup.

The Chairman (Mr Molloy): Is close of play tomorrow OK?

Mr McNarry: That is fine.

The Chairman (Mr Molloy): Maurice, I know that the DUP has had communication with the Secretary of State. When can we expect a reply from your party on its position?

Lord Morrow: I understood that we had replied at the previous meeting. Did Dr McCrea not state our position? I am sorry, but I was not there.

The Chairman (Mr Molloy): Yes, he did, but your party had communication with the Secretary of State in between. The DUP said that it was meeting with the Secretary of State to discuss the voting procedures and other issues. I am just seeking clarification as to whether there has been any change in the party's position.

Lord Morrow: No, there has not been.

The Chairman (Mr Molloy): I invite members to look at the terms of reference for the subgroup on devolution of policing and justice and to agree them.

We shall now consider the terms of reference to see whether we can agree them.

Dr Farren: Chairman, before we leave the issue, is it correct that four of the five parties will have nominated by the close of play tomorrow?

The Chairman (Mr Molloy): Yes.

Dr Farren: I understand that the DUP will not nominate.

The Chairman (Mr Molloy): That is correct.

Dr Farren: I just wanted to know where we stand.

The Chairman (Mr Molloy): Members will have copies of the terms of reference for the institutions subgroup. The terms of reference list several issues, in no order of preference, that came up in proposals and discussions on the institutions. That list can be added to if members have other issues that they wish to discuss, but what we have should suffice to start off with.

Mr Ford: The list does not cover all the institutions. For example, there is no mention of the inter-parliamentary body between the Oireachtas and the

Assembly. However, the list is comprehensive enough to include that body somewhere in the discussions.

The Chairman (Mr Molloy): Are we agreed on the terms of reference?

Mr Murphy: Is it a matter for the subgroup to add to the list if it wishes?

The Chairman (Mr Molloy): Yes.

Members indicated assent.

Dr Farren: Chairman, is it in order to ask the DUP why it declines to participate in the subgroup?

Lord Morrow: Which one?

The Chairman (Mr Molloy): The one to consider changes to the institutions.

Lord Morrow: I thought that Mr McCrea made it clear that the only subgroup that had been agreed to through the Assembly was the working group on economic challenges; the other two subgroups have not been agreed through the Assembly.

Dr Farren: We left last week's meeting on the understanding that the DUP was to seek clarification from the Secretary of State. Despite that view being expressed, the door was not closed on the issue, as it were. Are we to understand that now the reason for the DUP's not nominating to the institutions subgroup is that that subgroup did not come through the Assembly? Are the issues to be discussed in the subgroup of no concern to the DUP?

Lord Morrow: Whatever the subgroups agree must come back to the Committee to be agreed. This Committee is a catch-all. Therefore although we have decided not to nominate to the subgroups, we recognise that the purpose of the Preparation for Government Committee is to scope the issues. That is what the Secretary of State told us at the start, and that is what we are sticking to.

Dr Farren: Of course that is correct. However, in order to scope the issues in sufficient depth so that we all understand and appreciate them, it is necessary to form the subgroups. The DUP is declining to participate in further elaboration and scoping of the issues in a way that would help the rest of us to understand its position. It is particularly interesting that the DUP, in any comments that it made on the review of the institutions, made great play of those issues. In fact, since the DUP insisted that many issues relating to the operation of the institutions were of concern to it, I would have thought that it should be to the DUP's advantage — and to the advantage of the rest of us — to hear its elaboration and full scoping of the issues, as that might help us to move forward. It is a matter of regret that the DUP has declined to do so.

The DUP is abdicating a clear responsibility, as far as the terms of reference of this Committee are

concerned, to help the rest of us to understand its position. Since the DUP is not participating in helping the rest of us to understand its position on those issues, I am sceptical of the views that it expresses.

10.15 am

Lord Morrow: Will I have to respond to every view expressed around this table? Our position is clear. No one should be under any misapprehension about where we stand on the return of devolution. The dogs in the street know the issues that are holding up the return of devolution. We are not being allowed to have debates in the Assembly because Sinn Féin has said that it will not take part in them, and the Secretary of State obviously takes that line. Therefore what is the point of scoping the issues further? This Committee is designed to scope all the issues. We understood that that had been done and we thought that we had made that clear to everyone around this table, but it seems that we have not.

Dr Farren: Would the DUP be happy for this Committee to turn itself into a subgroup and continue its work on focusing on institutional and policing issues in a way that would enable us to understand the DUP's approach? Over the next few weeks we would focus sequentially on those two issues in this Committee. The DUP would have the opportunity to focus on the issues here since it will not participate in subgroups.

Lord Morrow: The DUP has no problem with this Committee. We understood that the role of the Preparation for Government Committee was to identify and scope the issues. Now we are being told that this Committee needs subgroups to identify the issues, and no doubt in a couple of weeks' time we will be told that those subgroups will need subgroups to identify the issues. We are rolling this out into an array of subgroups that will not deliver anything. This Committee was quite capable of identifying and scoping the issues no matter what they were. We have been sitting on this Committee — even though it has been difficult over the holiday period to get Members to sit on it due to holiday arrangements. However, we have been able to muster people for every meeting. We see no need for the subgroups on the two issues that are being identified this morning. The economic working group is different as it was agreed following debate in the Assembly.

The Chairman (Mr Molloy): Seán, are you making a proposal?

Dr Farren: At the moment the matter is up for discussion. Either these issues are important and need further elaboration and discussion or they are not — and if there is no consensus that there is anything to be discussed then I must accept that. However, it is very curious that the DUP, which went to considerable lengths to express concerns about the operation of the institutions, is declining to avail of the opportunity to

let the rest of us — who would have to operate those institutions together with the DUP — hear its position.

Although I may not agree with the positions that the DUP was putting forward, I am anxious to hear them. My party had an exchange with the DUP at Leeds Castle to which that party did not respond in any detail. Given that experience, I am anxious that we know its response to our proposals. We have never gone through the issues in any detail at our meetings here. Even if the DUP is frightened of negotiating and wishes to remain at the level of scoping, surely it should be more than anxious to let the rest of us hear what it has to say.

We are not going to bend over simply to accommodate the DUP, but I am making a suggestion that might be discussed here for a few minutes before it turns into any kind of proposal, because that may not be what we should do. My suggestion is that this Committee should focus on the two issues on which the DUP will not participate in subgroups. Members can be represented by one, two, or all of their delegates as they choose, and they can send whomever they like — it is not necessary to have the same faces around the table on those issues. Effectively, this Committee could become the subgroups. It is a device to get around our difficulty. Perhaps, of course, we should proceed without listening to the DUP.

Lord Morrow: You have done that for years.

Dr Farren: Now that you are being given the opportunity, I cannot imagine that you want to scorn it.

Mr Ford: I am at a loss to know quite where we are. Last week the DUP conceded the establishment of the subgroup on economic challenges as a subgroup of this Committee, despite previously maintaining that it should be set up by the Assembly and the Business Committee. I accept that as a gesture on their part towards the rest of us to enable something to get under way.

Maurice Morrow now seems to be saying that there is some concern about further scoping the issues, but we do not agree on the mechanism for that. Interesting though they were, the five sets of inquisitions, when proposals were teased out over a few days, did not actually constitute dealing in full detail with every outstanding issue. There is much “mining down further” — in Alan McFarland’s elegant phrase — to be done. The view from the DUP this morning is that that is so, but the structures to do it have not been agreed.

Can the DUP confirm that it is content that there is further scoping out in detail to be done on some issues, and that it is simply a matter of the mechanism by which we do it? Or does the DUP believe that the job is now completely finished?

Lord Morrow: I repeat — perhaps I did not make it clear — that my understanding was that this

Committee was to identify and scope the issues. Is that the Alliance Party’s understanding?

Mr Ford: That was certainly our understanding; however, as I thought I had made clear a few moments ago, it was not our understanding that the process had been clarified. Scoping the issues is more than publishing a list that says: “Party A believes items 1 to 27”, and: “Party B believes items 28 to whatever”. It is a matter of establishing in greater measure, through discussion, any overlaps and differences between parties that may not be immediately apparent. That is a valid job to continue, either in this Committee or in subgroups.

Lord Morrow: The DUP has never seen this as a negotiating committee.

Mr Ford: No, and, conscious of your concerns, I did not suggest that it was. I suggested that it was a committee for further elaboration of where parties stood.

The Chairman (Mr Molloy): Referring to what Seán said, there is no reason why the possible ongoing work of this Committee should not deal with some of the issues that are not being discussed in subgroups.

Mr Murphy: That reinforces the DUP’s position all along with regard to this Committee, which has been that it is a tactical engagement with no serious intention to work to prepare for Government here but to secure plenary debates in the Assembly.

Ironically, the DUP, in many of its submissions and interventions, accused the rest of us of running away from issues, particularly policing and justice. Now it has a chance to join a subgroup to deal with those issues. The DUP asked that it might raise all sorts of issues, and that was granted. Yet it still does not want to get down to work. The DUP accused the rest of us of not facing up to the issues; now it spurns a chance to get down to them. That reinforces the view that we have had throughout our engagement with this Committee: the DUP’s approach has been merely tactical; it goes through the motions without doing any real business.

I have sympathy with Seán’s frustration, and I would be prepared to explore other ways of doing business. The difficulty is that we have a direction from the Secretary of State to set up two subgroups to do the work. We would have to look at ways of trying to get around that. We can dance around the issue to try to find a more amenable way to get the DUP to do business. However, since coming onto this Committee the DUP representatives have shown themselves consistently unwilling to get down to any serious engagement with the rest of us. They are not prepared to negotiate on any institutional issues; neither are they prepared to negotiate on any of the issues in order to prepare for the devolution of policing and justice. They are consistent in refusing to engage in the subgroups.

Mr McNarry: Chairman, I hope that we are not going to get into another two-hour wrangle about business that we have covered repeatedly. The way that we work here is clear: there is consensus or there is not. There seems to be a proposal from Seán Farren, which may or may not be a way ahead. I am uncomfortable with the DUP position on the Committee, because we operate on consensus. If Seán has a proposal, we need to know whether there is consensus for it.

We began the proceedings by establishing consensus to set up two subgroups, and there was no disagreement. Trouble arose only when we moved to nominations. What Maurice Morrow has reported is no surprise, as the signals given by William McCrea were clear. Therefore it should be no surprise that my party has discussed the potential of the DUP position — we picked up those clear signals. William McCrea also clearly said that the DUP would abide by the rules, yet it does not do to criticise what you have been a part of.

We do not have control of this Committee; that is our weakness. When we encounter a problem, we run like children to the Secretary of State, who issues letters that are contrary to previous letters, and we do not know what the hell we are working to. We have bowed to Sinn Féin on debates — no debates because Sinn Féin does not want them — a position that has been facilitated by the Secretary of State. We now have an economic subgroup, which, I must say on behalf of those of us who attended it, worked very well. It seemed to have a good programme; it had agreed a very full agenda; and the participation in it seemed of the highest quality. What do we do now? We allow the Secretary of State to tinker and to take control away from us, while we sit here like plebs.

We have to get a grip on that, because we are now tinkering with it. I understand and I sympathise with Seán's proposal, because the tinkering is intended to keep us together so that we do not go into subgroups from which one party is absent. As Maurice said, quite rightly, a subgroup would report to this Committee; and then this Committee — after some of the people on it had changed their hats — would decide whether or not it would adopt the report. The essential thing, unless I am wrong, was that we agreed that all reports on the three issues would be debated in the Assembly.

I challenged Conor Murphy last time, and he gave me as good an answer as he could — by quoting Martin McGuinness. Hansard will have recorded my reaction to that.

10.30 am

Could we perhaps get to the point? Assurances were given, which I took in good faith, that the reports would be debated in the Assembly. The objective of this Committee to ensure that reports are completed

remains. The problem is which mechanism is used to complete those reports.

To facilitate colleagues in the DUP, as we facilitated colleagues in Sinn Féin in relation to participating in Assembly debates, is there something within Seán Farren's proposals that would retain those issues within this Committee or a subgroup of its membership? I am a bit concerned about the loose talk about having a subgroup with different faces. That changes the entire outlook of this Committee. There are substitutes in this Committee today, but those members came as substitutes. We should not send members to be surrogate PFG Committee members. That must be clarified.

If, in the interests of collectivity and co-operation, there is a proposal to allow this Committee to deal with the two outstanding issues, which the DUP is prepared to accept and which we all accept, is there consensus to explore that? I appreciate Conor Murphy's words that he would be prepared to explore that. It was very interesting and helpful, and I appreciate it. Could that exploration be tied to Seán's proposal?

If there is no consensus, we go back to what the Secretary of State said, which was: "I am directing; I am the boss; I am the overseer; and I am the colonial custodian of Northern Ireland at the moment". Ha ha, big deal. The Secretary of State also introduced new rules to help some people and offend others. One new rule was that consensus was unnecessary in a subgroup. Would that rule apply to a subgroup of this Committee dealing with those issues? He also said that there did not need to be consensus and that a majority vote would do. Those issues need to be clarified, Chairman.

The Chairman (Mr Molloy): A subgroup of this Committee is what we were directed to set up. Whatever term people wish to use, they are all subgroups of this Committee.

Mrs D Dodds: I have a number of points; I will ask Seán for clarification on his point in a moment.

First, this party never agreed with the consensus to set up subgroups last week. The establishment of subgroups was directed by the Secretary of State. That is apparent from his letter, which is included in the papers for today's meeting. The Secretary of State directed us to do that, whether or not I like subgroups.

Maurice Morrow has made our party's position clear; we are not running away from any of the issues. We have sat on this Committee for a number of weeks; we have scoped issues and prepared a lengthy report for the Committee, which seems to have disappeared into the ether.

There is much work to be done, which involves a wide range of issues, but the subgroups' remits are narrow. Other issues, such as criminality and paramilitary activity — which parties in this room

want to run away from — are exceptionally important to the DUP and must be dealt with extensively.

I would like Seán Farren to clarify his point; if he would like this Committee to deal with the issues assigned to the subgroups, does he agree that the Committee should deal with all the issues that have been scoped to date, not just the couple of issues that have been identified in the Secretary of State's directives?

Dr Farren: The SDLP is not afraid to address the issues on which you focused — paramilitarism and criminality. The Secretary of State explicitly included those issues on the agenda for the subgroup on policing and justice, so it will deal with those concerns of the DUP. There is no question of them, or any other issues, being avoided. If parties wish to address any other issues, there is absolutely no reason why, under the broad umbrella of preparing for Government, they should not be on the agenda of this Committee or one of its subgroups.

I raised the possibility of the PFG Committee addressing the issues earmarked for the two remaining subgroups to ensure that the DUP would be able to participate, given its refusal to nominate to those subgroups — its reasons are beyond me; nonetheless, the party seems to have adopted that position and is not budging from it. Notwithstanding his directions, if the Secretary of State heard that this Committee was anxious to continue discussion on those issues, I would not imagine that he would insist that they be dealt with by the subgroups simply because he directed that they should be established. Let us remember, directions were only issued because this Committee has been unable to reach any consensus. The Secretary of State took it upon himself to provide a way for us to continue to operate.

I recognise that my suggestion is really a contrivance, but sometimes contrivances are necessary in politics to hide parties' shame or to protect them from their own intransigence, which backs them into corners.

We must first establish whether there is a clear acceptance that the issues on the two subgroups' agendas need to be scoped, discussed, explored or whatever word one wants to use — Alan McFarland uses the word "mine". If we can agree on that, then, as David said, the mechanisms become just a way of achieving our goal and are of lesser importance than the agreement that we should continue to discuss, explore, mine, scope, identify — or whatever the suitable word.

The Chairman (Mr Molloy): When we started the discussion this morning about setting up the subgroups, I asked whether there was any problem with setting them up this morning, and there was no objection. The Secretary of State's direction may mean that we do not need consensus.

Lord Morrow: Members could not object to them. He has made it clear. The Secretary of State is the boss. He will tell us what we should or should not do, and that is what he has been doing. He has determined that the Assembly cannot meet. He has said that. His words are: "I have directed." He is not asking for agreement.

The Chairman (Mr Molloy): I am just clarifying the point that Diane raised. Diane, do you want to respond? The Secretary of State is really asking whether, if this Committee were to deal with the issues, the DUP would be happy to sit on it to deal with them?

Mrs D Dodds: This Committee has set itself a very large programme of work. Our statement earlier in the week said that this Committee is perfectly capable of dealing with the issues. However, that will be all of the issues — every issue that has been identified, on an issue-by-issue basis, and it will not be confined to the narrow remit of subgroups. There is no need for subgroups.

The Chairman (Mr Molloy): The problem I have is that we have been trying to expand, or have been accused of expanding, the remit of this Committee. Now members have been told that it has too narrow a remit.

Mrs D Dodds: No. I am sorry. The remit of this Committee is very wide. It is to scope the issues. Members have already spent weeks and weeks doing that. Now you say to us that we are going to expand the Committee. I am interested to see how you want to expand the remit of the Committee.

Mr O'Dowd: The wider the scope or remit of this Committee, the greater the need for subgroups to break down that work and look at it in a detailed manner and report back. However, I wish to clarify the position for the DUP. Our party is more than keen — indeed, champing at the bit — to discuss the issue of criminality and paramilitary activity. If that helps the DUP's deliberations, we are more than happy to do that.

The Chairman (Mr Molloy): That could be done in the Subgroup on Devolution of Criminal Justice and Policing.

Mr McFarland: I apologise for being late this morning. We had a meeting with the Secretary of State at 9.15 am, which overran. Mr Kennedy sends his apologies.

Forgive me if I cover ground already covered. This Committee was tasked with identifying the issues. It has perhaps identified most of them, but we do not know. It was decided that we should break into three subgroups to try to find out whether, within those areas, there are other issues that have not yet been identified; and to expand those areas and find out whether we have identified all the issues that are important. As Lord Morrow said while I was coming

in, this is not a negotiating Committee. That is absolutely clear. Negotiation will take place elsewhere. We still have work to do on identifying issues. There are lots of sub-parts of these issues that we have not yet got round to examining, because we have been operating at a more macro level.

Rightly or wrongly, the Secretary of State has said that we should have three subgroups. It is in the middle of summer. Mr Kennedy, for example, has now left for a fortnight's holiday. I have no doubt that colleagues will be back and forward over the summer. We cannot operate this Committee and the subgroups at full pace, because the Secretary of State has decreed that each member is to sit on a subgroup. Therefore it is not possible, with holidays and everything else, to run these two organisations side by side. There is a logic in moving it down to a more micro level to examine what is going on within those issues.

We had a difficulty with the phrasing of the terms of reference, because it looked as though we were involved in dealing only with the Government's paper on policing. We have enormous problems with that. The five options are not the only options; there are many others, but that is a matter for negotiation.

10.45 am

We identified many sub-areas within the issue of policing and justice. When criminality and paramilitary activity were not being discussed in that subgroup, William McCrea said that the DUP wanted those issues on the agenda. That makes a lot of sense, because there are many areas within criminality that we need to explore in a subgroup — whether organised crime is carried out by individuals, who sanctions such activities, and other questions.

There is work to be done. However, I am still confused about whether the DUP is refusing to take part in the subgroups as a matter of principle — no matter how useful the work might be or how important it is to identify and scope the detail of these issues. Why? It is not ideal that the Secretary of State has ended up directing the subgroups. Is the DUP objection on principle or does it object because it does not have control, in that subgroup decisions are not based on unanimity?

No other system operates on the consensus basis of this Committee, and if we are ever to succeed as an Assembly or a Government, we must realise that. In the Assembly last week, Peter Robinson said that parties operating outside unanimity would take hits that they do not like on certain matters, but that is the way it is. That seems sensible.

If we approach the issues in an adult and sensible fashion through subgroups, I cannot see why we cannot do some more good work in identifying the issues — not negotiating — that can be brought before the Assembly for debate. We must keep reminding ourselves

why we are here: it is so that the DUP can have an enormous four or five days of debate in the autumn.

Lord Morrow: Do you not want a debate also, Alan?

Mr McFarland: I absolutely do; but if there are no subgroups, there will be no debate. The problem is that we are trying to get debates. We need debates in the Assembly, with everybody present, so that the public can see that we are operating properly. If the subgroups do not identify detailed areas of discussion, the Secretary of State will have problems producing debates. That will be unfortunate.

Mrs Long: Further to what David Ford asked earlier, the DUP seems to agree that the scoping exercise, which is the job of this Committee, is incomplete, in that there is still further work to be done. The question is how we go about doing that.

I am unclear whether the DUP's objection is to the idea of subgroups. I understood that its fundamental objection was that subgroups could end up negotiating. If the subgroups are set up with the same remit as this Committee — to further scope the issues — I do not see how that is any different from our discussing matters in this Committee or in a subgroup. That is why I am slightly confused by the DUP's current position. It has no fundamental principled objection to subgroups, as such — by the DUP's own admission, the Subgroup on Economic Challenges is working well.

The issue seems to be where subgroups blur into negotiation. That is what I am asking. If the remit of subgroups is to further scope the issues, is it not sensible to proceed so that the subgroups can report to this Committee, where reports would be agreed by unanimity, if that is part of the objection?

Diane mentioned the issues that would not be dealt with under the remits of the subgroups. I would have thought that any outstanding issues from the subgroups would be better dealt with through this Committee. That way, no issues would be left outstanding. It would simply be a case of the subgroups further scoping those issues that fit comfortably into their remits, while those issues not within the remits of the subgroups remain with this Committee. That would be a way of addressing all the issues. Clearly, we all agree that they have not all been scoped in any depth.

Lord Morrow: There are a couple of points that Mrs Long has got right, and others on which she is wrong. She said that, by our admission, the Subgroup on Economic Challenges was working well. I never mentioned that subgroup in our deliberations, and neither did Diane Dodds. I do not know whether it is working well.

In relation to the subgroups that have been born of this Committee, I said that there would no doubt be subgroups out of subgroups.

How many subgroups do we need?

Secondly, you said that we did not object to the subgroups. I am sure that you have read the correspondence, so you will know that the Secretary of State directed the subgroups to meet. Therefore, there was no need to object or to agree; he is the king of the castle. The DUP did not initiate this debate — others sitting around this table did that. We simply said that we would not nominate members to two of the subgroups. Where is the ambiguity in that?

Mrs Long: That is the point. The ambiguity lies in the fact that the DUP will not nominate members to sit on two of the three subgroups. It is willing to nominate members to sit on one of the subgroups, but not the other two.

Lord Morrow: Yes, because we made it clear —

Mrs Long: And —

Lord Morrow: If I can interrupt you —

The Chairman (Mr Molloy): One at a time.

Mrs Long: I would like to finish my point. That is where the ambiguity lies.

Lord Morrow: She will not listen.

Mrs Long: It seems that the issue is not with the subgroups; rather it concerns what they will be dealing with.

Lord Morrow: That is not what I said. I said that the economic subgroup was born out of the Assembly debate.

Mr Ford: It is a direction from the Secretary of State.

Lord Morrow: It was born out of the Assembly debate; the Assembly requested it, and the Secretary of State acceded to that request.

Mrs Long: Not as a subgroup of this Committee.

Mr McFarland: I am confused as to why Maurice is unhappy with the subgroups. I could understand his objections if the subgroups had powers to negotiate, in the same way as I could understand objections to this Committee having those powers. However, if the subgroups will not be negotiating, but rather scoping and identifying issues in finer detail, what is the difficulty with them? Is it because they will operate a non-consensual voting system or because the terms of reference are not right? I am trying to understand why the DUP is saying that it will not sit on the subgroups.

Lord Morrow: We believe that the PFG Committee could adequately deal with the issues.

Mr McFarland: Chairman, the problem is that the PFG Committee will not meet because, as directed by the Secretary of State, its work areas have been divided among the three subgroups. It will be impossible for members of this Committee to sit here and on the

subgroups. The subgroups will discuss the work areas in more detail, and party experts on those matters will sit on the subgroups. The Secretary of State is expecting the subgroups' work to be fed back to this Committee so that it can decide on matters for debate in September. Without the work of those subgroups, how does Maurice think that those debates can be arranged? Is he not concerned about whether we can arrange five debates in the autumn?

Lord Morrow: Sinn Féin is already on record as saying that it will determine whether there will be any debates.

Mr McFarland: The Secretary of State has already determined that the debates will take place.

Lord Morrow: You are right. The Secretary of State has said many things. Your colleague, David McNarry, said that every time we get a letter from the Secretary of State it contradicts and changes what he said in previous letters. Therefore, do not set too much store by what the Secretary of State has determined or not determined because he will change his mind at the next call.

It is time that we moved on from this issue.

The Chairman (Mr Molloy): We are reaching that stage now.

Lord Morrow: We are just going round in circles, and there is nothing around this circle.

Mr McFarland: I do not understand the DUP's objection.

Lord Morrow: We will not sit on negotiating subgroups. We have made that quite clear from day one, and, Alan, you know that.

Mr McFarland: They are not negotiating subgroups.

Lord Morrow: That is Mr McFarland's interpretation. One of his colleagues said in the newspaper recently that negotiations were going on in this Committee. Who is right? I understand why he looks bewildered.

The Chairman (Mr Molloy): For clarification, rather than have a subgroup, the consensus was that there would be a working group, which would produce a report — a majority report or a minority report — until voting procedures are established. The subgroup on policing and justice would deal with issues such as criminality and paramilitaries. The Committee's agenda could be expanded to include those issues further if there is agreement. The subgroups would have a clear line as to what they can deal with.

If the subgroup is set up, the Secretary of State's direction will be fulfilled. The reports will come back to the Committee — where consensus comes back into play — so the majority issue is not damaging in any way in the subgroup. A debate in the Assembly will follow the submission of the subgroup's report.

Mr McNarry: It is vital that the Committee reach a decision to get down to work. The outcome that I am looking for is that we produce reports for debate. The Secretary of State has given dates in September for debates, and I take it that we are still working towards having those debates. I presume that they will cover the reports that the Committee will have approved, or will have been part of approving, and that there will be a report on rural planning. We must find a compromise whereby those reports can be compiled through the Committee.

I feel privileged to be here, but I share my party colleagues' anxiety to know what the Committee is doing and how it is progressing with issues. There are not 108 MLAs in this room, and the only place where there will be 108 MLAs is in the Assembly, where all Members will have the right to discuss the issues and reports that the Committee discusses.

This is the Committee on the Preparation for Government, yet it is extraordinary that the scoping issues so far have not included such matters as education, health and development. I have some sympathy with that view. If we are serious about preparing for Government, we should discuss the issues that we will inherit; for example, we may have ideas on how to design the future of the institutions and of policing and justice. However, there are other issues, and that is why I am glad that there is a subgroup on the economy.

We have come to today's Committee sitting on the back of news that the Government have frittered away millions on consultation. They are suffering from "consultation-itis" and cannot move without consulting the people. However, when the Government have consulted people on issues such as education, they ignore them. Would we have done that? We need to prepare for Government by establishing the background to that consultation.

The levels of consultation prove to me that the Government cannot govern properly. That is lamentable, and their management of Northern Ireland is dreadful, but that is also part of preparation for Government. I know that we have timescales and that people are going on holiday, etc, and those should be facilitated, but I hope that we can deal with such issues in order to get to the wider issues in the lifetime of the Committee. Therefore, that seems to put pressure on the Committee to make decisions here and now.

Do we go for a subgroup that my party may not participate in, or do we try to facilitate to keep us all together? It seems a nonsense that people may abstain — my party included — from a subgroup and yet discuss the reports of the subgroups on changes to the institutions and the devolution of criminal justice and policing — a point that has already been made.

Can we either decide to move on with the subgroups without parties, or find a compromise that will keep us together on these issues?

11.00 am

Dr Farren: I plead guilty to initiating this procedural debate. I understood from initial comments made by the DUP that it would not be nominating members to the two subgroups on changes to the institutions and the devolution of criminal justice and policing, although last week we were given to understand that it might be in a position to do so following consultations with, and clarification from, the Secretary of State.

The DUP is not nominating to those subgroups, and, rather than have those two subgroups, I thought that we might continue to debate the issues related to those two agenda items in this format. The DUP seems anxious that these matters should be discussed, but, rather than say: "Yes, that would be a way forward", it seems to be trying to find ways to obscure the issue, and it will not make a commitment to have the issues scoped further — to use its language — within this Committee.

However, if it is saying that this Committee could do so, then there would be no need for the subgroups, whatever the directions of the Secretary of State. We would tell the Secretary of State that we have agreed to continue to discuss those issues in this format and that we do not need the other two subgroups.

Will the Secretary of State say that we must have those two subgroups? Will he not be pleased that we will be discussing the matters further in this format?

Mr McNarry: I said before that we should get the Secretary of State to come to this Committee and answer those questions.

Dr Farren: He is unlikely to accede to that request. However, we could agree to scope those issues in this Committee. Would the DUP be happy for us to proceed without the subgroups and to scope the issues in here in this format?

The Chairman (Mr Molloy): We need to reach a conclusion. If Dr Farren's proposal were put forward and we had consensus that we do not need the subgroups, we would need legal opinion and the opinion of the Secretary of State, as we would not be complying with his direction.

Dr Farren: We would suspend the implementation of the direction. Is there a serious suggestion that the Secretary of State will say that we must operate those two subgroups even though we have decided to continue with those issues in this Committee? It may be that some other party will object to that procedure. I began by saying that I was thinking off the top of my head as to how we might proceed with these two issues — if they are important to the DUP in particular —

and how we might overcome the problem that the DUP has with nominating.

The Chairman (Mr Molloy): Dr Farren, are you making that a proposal?

Dr Farren: I am making a proposal in order to bring this to a head. It will test whether or not people are happy to proceed.

Mr Murphy: It should be brought to a head. We are in danger of talking this to death. The DUP has not shown any willingness to deal with these matters as agenda items here, and it is unwilling to go into subgroups.

David McNarry has suggested that the UUP might abstain, and that would mean that the subgroups would not be workable anyway. Alan McFarland challenged the DUP as to why it would not join the subgroups, and David McNarry said that his party might abstain anyway. It is getting ridiculous.

David McNarry is out of the room now, but he has suggested several times before, and also today, that the other parties facilitated Sinn Féin in not having Assembly debates. I have to correct him: they did not facilitate us.

Sinn Féin objected to every plenary session of the Assembly except for the failed attempt to elect the First Minister and the Deputy First Minister. On four or five occasions, our objections were overruled, overlooked or ignored, and the Secretary of State proceeded with his plans. No one facilitated Sinn Féin in that regard.

Sinn Féin has made clear its position on this Committee: it is a Preparation for Government Committee, not a preparation for debates committee. It seems that Alan thinks that the emphasis of this Committee is on facilitating a debate in September. The emphasis from our perspective is to get down to talking about some of the serious issues that need to be discussed in order to meet the deadline for restoration on 24 November. That is Sinn Féin's purpose. If part of that work involves debating some of those matters in the Assembly, and those are genuine debates in relation to work that has been done in this Committee, we are happy to co-operate.

The objective of this Committee is to do the required work. However, we have been talking for an hour, and I have seen no indication yet of any progress on the two topics. The other subgroup is up and running, and there is no indication of the other two getting under way. If the UUP abstained from participation in the subgroups, as it seemed to indicate earlier, they could not function anyway. It is time for some straight answers. Is this work going to happen or not? Frankly, we could be doing something more useful than sitting here in circular discussions every Monday.

Mrs Long: The Alliance Party does not care whether the discussions take place in the Committee or a subgroup, so long as they take place and do so quickly. At present, we seem to be going round in circles and getting nowhere. If having the discussions in the Committee makes it easier for other people to participate, we are happy to have them here, and if it is easier to do it in subgroups, that is fine. The meat of the issue matters, not the structure of the discussions. We must focus on that.

Following the questioning of the DUP's position, I was surprised to hear the Ulster Unionists suggest in the last intervention that they might not participate in the subgroups. That question was asked of them earlier today, and no indication of their position was given until the end.

If we are going to proceed with the subgroups, there must be a commitment from all parties to be present. We could proceed with the subgroups without the DUP — and I understand its frustration with this discussion — but that would be pointless, because all parties around the table need to make some kind of submission and be party to the discussions. The non-participation of any party would not be helpful to any of us, and that is why we are having this hour-long circular discussion.

We want to see how we can do business, with the DUP and everyone else at the table contributing something, because we all believe that that is not only positive, but necessary. That is why we have been teasing this out, but there must be a commitment from all five parties that they will sit around the table and be willing to get on with the business, wherever it may take place.

The Chairman (Mr Molloy): That is the key point. If the subgroup is not set up and the topics are to be debated here, it must be established whether all parties will participate.

Dr Farren: I will put my proposal, in that case.

The Chairman (Mr Molloy): Alan wanted to speak first.

Mr McFarland: Seán asked Maurice whether the DUP would take part in the discussions if they took place in this format. It would be useful to know the answer to that before we take decisions.

Dr Farren: It is a rhetorical question, because they are members of this Committee. If they do not turn up —

Mr McFarland: If the DUP objects to negotiating policing and justice in a subgroup, it is as likely to be neurotic about discussing it in this Committee — or perhaps not, as the case may be. I am curious to get an answer.

Mr Ford: I asked that question directly in my first contribution to this discussion. If we are merely scoping further — or in your terms, mining down — is there a

suitable format in which to do that? I was trying to see whether we could assist the DUP in getting engaged in that, while accepting that it would not engage in anything that it regarded as negotiations.

The Chairman (Mr Molloy): We need a commitment from all parties, not just the DUP, that they will be happy to discuss policing, justice and other issues in this Committee if there is not going to be a subgroup.

Lord Morrow: Under what circumstances would Alan McFarland or his party not participate in subgroups?

Mr McFarland: Hold on for a moment. We are back to Seán Farren's question: if those issues were kept in this Committee and in this format, would the DUP take part?

Lord Morrow: We have made it quite clear from day one that we see this as a scoping Committee. We can scope whatever issue under the sun that members wish.

Mr McFarland: The subgroups scope at a micro level. The DUP disagreed with that and said that that was negotiation. Is the DUP happy to do micro-level scoping in this format?

Lord Morrow: I am sure that Alan McFarland will answer my question in a moment or two. If there is further scoping of the issues within this Committee, we expect that to include all the issues that have been raised in the Committee but that we were never allowed to debate in the Assembly.

Mr McFarland: So the answer is that the DUP is happy to discuss institutions and policing and justice in this Committee as part of a scoping exercise. That seems to be a yes.

Lord Morrow: It is your turn to reply.

Mr McFarland: Hold on; I am trying to go through the logic of this. The DUP's objection to the subgroups was nothing to do with scoping, because what was to be discussed in the subgroups is the same as what we discussed in this format. Therefore, the objection must be to the lack of a requirement for consensus on the subgroups, because the issues and the terms of reference are the same. The difference is in the formats of this Committee and the subgroups. If the DUP is happy with that, its problem must be something other than the scoping exercise.

Mrs D Dodds: I am very anxious to allow Alan McFarland to reply to Maurice Morrow's question. Our objection is not to subgroups per se, but to the voting system in the subgroups. It is interesting to see that so many parties in this room are now content with majority rule in some cases.

Mr McFarland: That is how the first Assembly operated, and the next Assembly will operate in that way.

Mrs D Dodds: Before the end of June, this Committee prepared a comprehensive list of issues that had been scoped and identified as the obstacles to the return of devolution in Northern Ireland. For example, on the matter of debates, we had a report that quite easily could have gone to the Assembly for a valuable debate that would have allowed 108 Members to contribute. I entirely share Mr McNarry's frustration at the way in which that has been handled and blocked by parties in this room and by the Secretary of State.

We have a full report and a full list of issues. We cannot pick and choose those issues, which are far too narrow as defined by the remits for the two subgroups. We will not agree to those remits.

Maurice Morrow asked some time ago — and I would really like to get round to Alan McFarland's answer — on what basis the Ulster Unionists would not nominate to the two subgroups. We have already made our position quite clear.

Mr McFarland: All the issues that we identified fit into one of the three subgroups. You can see that. That is why we have established subgroups. The Secretary of State wants subgroups to identify particular issues. We are trying to agree the format because, as others have said, to have one of the major parties, the DUP, not playing its part clearly does not help the work of this Committee at all.

Why does the DUP not want to play its part? It is not because of the scoping exercise that the subgroups could do, because the DUP is happy to do that in this format. There must be some other reason, to do with the voting system or whatever, for its not being happy to sit on subgroups.

11.15 am

Mrs D Dodds: I am sorry, I am still waiting —

Dr Farren: I have a point of procedure, Chairman. The debate is moving away from the proposal. Whether one, two or three parties decide not to nominate to subgroups is not the point; it is whether we have a format in which the issues can be addressed. My proposal aims to establish whether there is consensus for such a format; that is, this Committee. That is all. After the proposal has been put, members can question each other as to whether they would participate in subgroups, were they to exist. However, my proposal would probably push the subgroups aside and render them unnecessary.

The Chairman (Mr Molloy): I will put your proposal to the Committee.

Dr Farren: My proposal should be put, because it does not require any further debate, in my view.

Mrs D Dodds: For weeks, we have openly discussed these issues and answered parties' questions. Maurice

put a question to the Ulster Unionist Party, and I would really like to hear the answer.

Mr McFarland: The answer is absolutely irrelevant, because the subgroups will not function. There cannot be a situation whereby only four parties sit on a subgroup and produce a report that must come back to this Committee for consensual agreement before it goes before the Assembly. If the DUP does not sit on the subgroup, there is no subgroup. Asking silly questions about who else might sit on the subgroup and what its terms of reference might be is —

Mrs D Dodds: I did not raise that issue. It was raised by a member of Mr McFarland's party, and I am keen to know his view.

Mr McFarland: But it does not matter.

Lord Morrow: There is an inference that everyone else is asking silly questions and that only questions asked by Alan are intelligent.

Mrs D Dodds: It is a particularly pejorative way of speaking.

The Chairman (Mr Molloy): Will you restate your proposal, Dr Farren?

Dr Farren: I propose that this Committee continues to discuss issues other than those being discussed in the Subgroup on Economic Challenges. Whether we decide that subgroups are necessary is an aside at this point. Let me make it simple: I propose that we continue to discuss the issues identified for the other two subgroups, on institutions and policing and justice, and other matters, in this Committee. That is all.

The Chairman (Mr Molloy): Is there consensus?

Mr Murphy: I am sceptical, given the DUP's refusal to give a direct answer to whether it would get down to business in this Committee. The DUP seems to be evading that. If we try to have some sort of micro-discussion on those issues, as Alan suggested, the DUP will use that to introduce other issues in order to avoid getting down to the serious issues.

Nonetheless, in order to advance this discussion, which is what we are trying to do, Sinn Féin is prepared to go along with the proposal. I must say, however, that I am quite sceptical about the outcome, but we are prepared to consent to Seán's proposal and see how this process develops. If we are to try to do some serious work on the issues outlined in the terms of reference, and people just play with that, we will obviously have to reassess our position. However, in order to move this discussion on, and with that health warning attached, Sinn Féin is prepared to go along with Seán's proposal.

Mr Ford: We certainly agree with Seán Farren's proposal. There is clearly no way in which subgroups can function at this stage. Whether issues can be scoped in greater detail in this Committee will have to

be demonstrated by those who participate. The fact that people are playing games is not much of a reason for walking out — otherwise this Committee would never have started.

Lord Morrow: We need clarification that further scoping will be wide-ranging and on an issue-by-issue basis. We also need clarification that, if members — and I include the DUP in that — feel that it is necessary, further scoping is possible on the report that has already been produced. In fairness, Seán Farren mentioned "any other issues".

Mr McFarland: We are happy with the proposal.

The Chairman (Mr Molloy): Is that agreed?

Members indicated assent.

The Chairman (Mr Molloy): All right, we will refer that to the Secretary of State. Perhaps we can delay the establishment of subgroups rather than clear them from the table completely.

Dr Farren: Perhaps the secretariat could help us to identify those issues that require further scoping and circulate them to us. We can then agree an order and add to that list if necessary. Obviously, the Secretary of State may have a view, but I would be surprised if he should intervene when we have reached a rare level of consensus.

Mr McFarland: I presume that it is open for parties to bring their subject experts into the subgroup as substitutes for other members?

Mrs D Dodds: What subgroup?

Mr McFarland: Sorry, I meant the Committee.

Mr Murphy: I assume that the topic for discussion at a PFG Committee meeting will be clearly identified from now on. We must know whom to bring along.

There are two main topics listed for our attention. I am not averse to anyone raising something new, as that is his or her entitlement. However, if we get into the business of listing, as Seán Farren has suggested, and dabbling into a wide range of issues, it will be difficult to produce a report in the time allotted. It will be possible to report on the two main issues if the proper work is done and the Committee meetings are structured in such a way that we know what topic is coming up and who is to be sent along. Otherwise, the chances of our producing a report for September are very slim.

The Chairman (Mr Molloy): Do members wish to propose a first item at this stage, or should the Clerks decide?

Mrs D Dodds: I propose that we go back to the list that the parties produced, correlate that with the issues that were identified during the scoping exercise and the tentative report that resulted, and thus identify a running order.

The Chairman (Mr Molloy): The Clerks will do that and circulate it to members. Agreed?

Members indicated assent.

The Chairman (Mr Molloy): We must also agree a date for the next meeting.

Mr Murphy: Can I presume that that is item 3 out of the water and that the draft programme for work is not going to be referred to us?

The Chairman (Mr Molloy): Yes, although it could become part of that discussion too. The Secretary of State mentioned working in the context of the Programme for Government.

What will be the date of our next meeting?

Dr Farren: We would need to meet not later than next Monday.

The Chairman (Mr Molloy): We could meet on Wednesday. The economic subgroup will meet tomorrow and on Thursday.

Mr McFarland: We now have a chunky programme of work to discuss: the institutional issue; the policing and justice issue; and all that relates to those topics. We must report by 18 August, is that correct?

Dr Farren: We should meet on Wednesday.

Mr McFarland: I should think we would need to meet twice or even three times a week.

The Chairman (Mr Molloy): Will we try for Wednesday at 10.00 am?

Mr Murphy: I have a difficulty.

The Chairman (Mr Molloy): Is there a time that is suitable for everyone?

Mr McNarry: Will both Chairmen be able to sit in for continuity?

The Chairman (Mr Molloy): Yes. Jim Wells is off today and sends apologies for the economic subgroup tomorrow too. I am not sure of his arrangements after that, but we will endeavour to ensure continuity.

Mr McNarry: I am just mindful of the workload of the two Deputy Speakers. If that becomes a problem, will we be advised?

The Chairman (Mr Molloy): Yes, and then we will look at alternative arrangements.

Wednesday at 10.00 am, is that OK?

Mr Murphy: That is to look at all these issues and decide how we are proceeding from there?

The Chairman (Mr Molloy): Yes.

Mr McNarry: Can “Slab” Murphy be the first witness to be brought forward?

Mr Murphy: If you can find him.

The Chairman (Mr Molloy): The meeting is closed.

Adjourned at 11.25 am.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Wednesday 26 July 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Jim Wells
Mr Thomas Buchanan
Mr John Dallat
Mrs Diane Dodds
Dr Seán Farren
Mr David Ford
Mr Alan McFarland
Mr Martin McGuinness
Mr David McNarry
Lord Morrow
Mr Conor Murphy
Mr John O'Dowd
Ms Margaret Ritchie
Observing: Mr Francie Molloy

The Committee met at 10.10 am.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): We will get cracking. We have been asked not to wait for the Alliance Party delegation, but they will be here. Who are the deputies?

Ms Ritchie: I am representing Dr McDonnell.

Mr O'Dowd: I am representing Michelle Gildernew.

Mr Buchanan: I am representing Rev Dr William McCrea.

Mr Dallat: I am representing Mr Durkan.

Lord Morrow: Diane Dodds will be here later, and she will be representing Ian Paisley Jnr.

The Chairman (Mr Wells): Apologies have been received from Mr Kennedy who is on holiday. Mrs Dunwoody is also on holidays, so the Clerks for today's hearing are Principal Clerks Mrs Pritchard and Martin Wilson.

Hansard has been effective in producing the report on the meeting of 24 July. Does anyone have any amendments or additions to make to it or the minutes?

Mr O'Dowd: The comments attributed to me on page 18 — while I wholeheartedly agree with them — were spoken by my colleague Mr Murphy.

The Chairman (Mr Wells): That would be more properly addressed by contacting the Hansard staff and making certain that it is corrected before it becomes the official version that goes on the website. However, you have put it on the record, and that is a handy way

of letting the folk upstairs know that the correction should be made.

Is everyone else content?

Members indicated assent.

The Chairman (Mr Wells): I was not present on Monday, but I understand that the Committee decided not to form the two additional subgroups and that the subjects that they were to cover would be dealt with by full meetings of the Preparation for Government (PFG) Committee. The Clerks have advised the Secretary of State of that decision, and he is content with that. He says that that is in accordance with his direction.

Mr McFarland: Perhaps I am being dozy here, but it states in item 3 of the minutes:

"It was agreed that the Committee should proceed to set up the subgroups on Changes to the Institutions and Devolution of Policing and Justice".

I thought that the Committee had agreed not to set up the subgroups but that those issues would be dealt with by the PFG Committee.

The Chairman (Mr Wells): Dr Farren came in at that stage and made his proposal. He felt that as one party at least would not be attending, there was no sense in going ahead with the subgroup, so he proposed that it would be dealt with by the full PFG Committee.

Mr McFarland: Are we dealing with the minutes of the last meeting?

The Chairman (Mr Wells): Yes.

Mr McFarland: It says in the minutes that this Committee, which operates by consensus — including the DUP — agreed that the Committee should proceed to set up subgroups on institutions and policing and justice. The Committee did not agree to set up subgroups; it objected to subgroups. It agreed to deal with policing and justice and institutions in this forum.

The Chairman (Mr Wells): You did agree to set up the subgroups and then changed your mind.

Lord Morrow: That is not right. We were never asked to agree to set up subgroups. We were never asked that question. The Secretary of State made a directive that they would be set up, therefore we were not asked to approve or disapprove them. We said that we would not nominate.

Dr Farren: It would more accurately reflect what happened by saying that we nominated members to the subgroups.

Mr McFarland: That is not what is stated in the minutes.

Dr Farren: I know that. It would be more accurate to leave out "agree" and say that we nominated members to the subgroups. Since the minutes only record

decisions, it would be right to say that we nominated members. Those parties who were content to nominate members did so. However, I made my proposal when it was discovered that there would be no participation by one party.

The Chairman (Mr Wells): You could get round this by deleting the first paragraph of item 3.

My reading of the situation is that, when it became apparent to Dr Farren that one party was not going to nominate, another motion was more or less tabled.

Mr McFarland: That may well have been the case. However, in order for paragraph 3 of the minutes to state that it was “agreed”, consensus must have been reached that the Committee should proceed to set up subgroups. I arrived late to the meeting, but I was present to hear members make it clear that they were not going to set up subgroups. Therefore, the minutes should not say that there had been any agreement on the subgroups.

10.15 am

The Chairman (Mr Wells): Mr Morrow made it very clear that the DUP would not be nominating.

Mr McFarland: I suggest that we take that line out. If someone from outside the Committee were to read it, they would think it really odd that the Committee had agreed by consensus — because it operates by consensus — to set up the subgroups and then had two hours of rows about not wanting to set them up. The first paragraph does not make sense. Dr Farren’s suggestion should be adopted: the paragraph makes sense only if it reflects the fact that members simply nominated to the subgroup.

The Chairman (Mr Wells): Are members content with that proposal?

Lord Morrow: That is not a true reflection. The Committee was never asked to agree or disagree on the setting up of subgroups. The Committee received a simple direction from the Secretary of State that subgroups would be set up: the DUP simply said that it would not nominate to them.

The Chairman (Mr Wells): Are there any other comments? Mr Morrow, are you objecting to the deletion of that comment?

Lord Morrow: It should clearly state that the Secretary of State directed that subgroups be established.

The Chairman (Mr Wells): The difficulty that I have with that, Mr Morrow, is that on page 1 of Hansard, Mr Molloy, who was in the Chair, said:

“It was to be the subgroup on devolution of criminal justice and policing. It is now to be called the subgroup on devolution of policing and justice. Can we proceed to set up those two subgroups at this stage?”

It continues:

“Members indicated assent.”

Then Mr Molloy called for nominations.

Lord Morrow: What happened then?

The Chairman (Mr Wells): Mr Farren nominated Mr Bradley and himself, and three of the parties provided nominations. The difficulty is that “Members indicated assent” suggests that consensus was reached.

Mr Murphy: There was consensus to begin the proceedings to set up a subgroup, and that is when the parties nominated. David McNarry said that the UUP would nominate by close of play the following day, and the DUP said that it would not nominate. We then discussed ways of working around that. If one is splitting the difference, we agreed to begin the proceedings to have the subgroups in operation, and that is when the nominations were asked for. We did not have to agree on the establishment of subgroups because they were already established.

The Chairman (Mr Wells): How do we get around this?

Lord Morrow: Mr Deputy Speaker, why is there no mention of the Secretary of State’s directive in the minute?

The Chairman (Mr Wells): It is not mentioned because at the previous meeting we spent about 40 minutes assessing the exact meaning of the directive and the accompanying letter. By that stage, it was taken that people were very clear about what the Secretary of State meant.

Lord Morrow: Yes, but to get an understanding of the situation, it must be re-established in the minute that, following the Secretary of State’s direction, subgroups were to be established.

The Chairman (Mr Wells): A phrase could be inserted stating that the Committee agreed to implement the Secretary of State’s direction to set up the subgroup.

Lord Morrow: We were not asked to agree that. You do not have to agree a directive, Mr Deputy Speaker. We were given no choice in the matter. We were told to get on with it and make nominations, and parties started to do that.

Dr Farren: I would have thought that this problem could be very easily solved. Could we say that it was agreed that nominations be invited from the parties? That is what happened.

The Chairman (Mr Wells): Would that be acceptable?

Dr Farren: The nominations that were made could be recorded.

Lord Morrow: It should be recorded that the Deputy Speaker asked for nominations.

The Chairman (Mr Wells): Of course, Lord Morrow, your remarks will be put on the record anyhow, and will now appear in Hansard. Are folk happy with that suggestion?

The Deputy Speaker asks for nominations to the subgroups on institutions and on the devolution of criminal justice and policing. Can we have agreement on that in order to get the minutes out of the way?

Mr M McGuinness: Does it matter one way or the other? It is down to whether the DUP is prepared to accept that formula.

Lord Morrow: We are happy as long as the minutes clearly reflect that we were never asked to agree or disagree anything. The problem arose when we said that we would not nominate.

Mr M McGuinness: That is clear enough. We appear to be agreed on a form of words that has just been suggested by the Deputy Speaker. I suggest we sensibly move on.

The Chairman (Mr Wells): Have we consensus?

Members indicated assent.

The Chairman (Mr Wells): Good.

We have agreed the minutes. I have allowed Mr McFarland to come back in on the minutes when, really, we had gone past them. A nice try and it succeeded.

We have reported to the Secretary of State and he is content that we go forward as we have planned, so there does not seem to be any difficulty there. On tab 2 of your papers the Clerks have helpfully devised a table of issues raised by parties during the presentations and the submissions.

Mr McNarry: Before we get into that, may I raise an issue. On the radio this morning, it was related that the Secretary of State had set up a group to deal with rates, and in particular with industrial derating. Should we ask the Secretary of State whether he intends to set up other groups outside the remit of this Committee? I ask because industrial derating has been discussed by this Committee and forwarded to the Subgroup on the Economic Challenges facing Northern Ireland, which has it in mind to invite that lobby group on industrial derating. I am totally in favour of that group being set up by the Secretary of State. However, on the one hand, he directs us to carry out work; on the other, he meets people and sets up groups without acknowledging to this Committee what he is doing. In view of the long list of issues that we have now to discuss, would it be proper to seek his mind and ask whether he is engaged in any issues outside this Committee and, if so, would he make us aware of them?

The Chairman (Mr Wells): The Subgroup on the Economic Challenges facing Northern Ireland meets tomorrow morning at 10.00 am and I am in the Chair. Derating is a relevant and important issue for the work of that subgroup. It is any Committee member's right to raise it first thing tomorrow morning; and if the Committee votes by a majority to do so, it could ask the Secretary of State to give evidence on this issue so that Committee members can express whatever concerns they may have. It is not a matter with which the PFG Committee should be dealing directly.

Mr McNarry: Chairman, in case you misunderstood, I meant that it is relevant because the subgroups are under the auspices of this Committee. That is why I raise it. I am not raising it as an issue for this Committee, although tomorrow I intend to do what you suggest. However, as we move down the long list, it appears inconceivable for the Secretary of State to speak to others about these issues with a view to setting up groups, as he has done on the derating issue. It would only be proper for us to seek his mind.

The Chairman (Mr Wells): Yes, if your concern is that, as we work through these issues, we find that the Secretary of State has set up an ad hoc group to deal with some or all of those matters. It is unlikely that we will start the work today, but as soon as we do, we could well agree to write to the Secretary of State.

Mr McNarry: I appreciate that.

The Chairman (Mr Wells): I can see the difficulty that that causes. Of course, the Secretary of State may have made that decision before he was aware of the progress that the Committee has made.

Mr McNarry: I do not think so.

The Chairman (Mr Wells): Mr Murphy, do you have the list?

Mr Murphy: Yes. Over the past week, we have received three broad remits for the subgroups, one of which is the economic subgroup referred to by David McNarry. It strikes me that the bulk of items on the list fall into those three categories. Perhaps we should identify those items, allocate them to categories, decide what is left over and agree a focused series of meetings to deal with the outstanding issues.

The Committee has agreed to deal with two of those issues — the devolution of policing and justice and the establishment of the institutions. Some of those items rightfully belong to the economic subgroup, which is meeting. We should identify which of the remaining items fall into the other two broad remits and see what is left, so that we can set an intensive timetable of work to achieve some progress on those two issues before the end of the summer.

The Chairman (Mr Wells): The Clerks have helpfully drawn up a table. I will talk through it while

it is being distributed. We have tried to bring the issues under four main headings: Government; institutional issues; law and order issues; and rights, safeguards, equality issues and victims. It is purely for guidance, but it might help us to focus on how to deal with the issues. I have had a brief look: some of issues sit comfortably in the groups, while others are perhaps open for debate. Members might want to consider the table to decide whether it shows a way forward in tackling the issues in groups of eight to 11.

Mr McFarland: The Secretary of State tried to put three areas into subgroups. The Committee decided to deal with two of those, but that does not mean that they cannot be dealt with separately.

One could argue that the safeguards and rights issues would sit well in the institutional issues category, in that they are related directly to the agreement and the comprehensive agreement and involve setting up institutions. For example, the bill of rights is related directly to the Northern Ireland Human Rights Commission, which is part of the institutional side. Policing and justice and the institutions could be dealt with in alternate Committee meetings. That would package things up easily.

Mr Ford: I take the point made by both Conor and Alan. However, the matters covered under the final heading of rights, safeguards, equality and victims are distinct and discrete. The needs of victims and building a shared future do not sit that easily with discussions on the structure and architecture of the institutions. There would be merit in keeping those matters out as, in effect, a fourth pillar.

Dr Farren: I had begun a similar exercise and I came up with broadly the same headings. Human rights, parades and equity issues form a cluster, which can be addressed as a whole. I identified victims and the past as a separate matter, but institutional issues, policing and justice, paramilitarism, criminality and decommissioning — as far as we can deal with them — flow from the Committee's remit. As I said, I identified human rights, parades and equity issues and victims and the past as two further subheadings.

However, we should try to get under way with the first two, which, by common assent, are at the top of the list. We will not get any more than an interim report finalised before the end of August.

10.30 am

The Chairman (Mr Wells): Part of the reason why we were constrained was that if we had set up subgroups to deal with the issues, it would have taken two weeks for us to consider their reports. However, the PFG Committee will produce the report, so that will free up some time. We could produce an interim report in September charting the progress and then perhaps

report a month later. That would relieve some of the pressure we have in dealing with the issues more carefully.

Dr Farren: The Committee should have some type of report ready by the end of August whether it be an interim or final report. That will take a great deal of time, and the Committee will probably have to meet twice a week for quite some time to get through all the issues that are covered by the various headings insofar as it is possible to make any progress in the next four weeks.

The Chairman (Mr Wells): Are there any other views? There seems to be slight disagreement about the groupings.

Mr McFarland: I am happy to go with that grouping. I was simply trying to keep it logical on the basis of what we have discussed before. It will be a matter for the Committee to decide whether we deal with those headings in turn.

The Chairman (Mr Wells): There seems to be some support for Mr Ford's view that "rights" and "safeguards" do not sit easily under the heading "Institutional issues".

Lord Morrow: Would it facilitate the meeting if we had a short adjournment to let the groups retire and go through the list for 10 minutes? It would be helpful to come back after each group has discussed the issues.

Mr McNarry: I have no objection to what has been said, but I express my sensitivity at seeing "Parades" under the heading of "Law and order issues". That is not where I would put it.

Lord Morrow: That is the sort of issue that an adjournment would facilitate.

Mr McNarry: That would be helpful. I am pleased that the list has been drafted and it is well intended, but we need some cohesive thinking that parades are not a law and order issue.

Mr M McGuinness: Does the member think that we should put "Parades" under the heading of "Hillwalking"?

Mr McNarry: We had a discussion on walking, and I would prefer to see the heading "Walking". I am glad that the Member has learned from that discussion.

The Chairman (Mr Wells): The Committee has a precedent of granting a brief adjournment to any group that requests it. That is entirely acceptable.

Mr McFarland: The category "Other" covers "Other issues raised with the Government which require delivery for the return of devolution". It would be helpful if those who have raised those issues with the Government would let us know what they are. Presumably, unless there is something magical that we have not spotted yet, they are already reflected in this list. All parties have made their submissions and the

issues have been listed. What could appear under the category “Other”?

The Chairman (Mr Wells): That was part of the DUP’s submission. The party may wish to expand on that following the adjournment.

Mr McFarland: Most of the topics come under one of the headings, unless there is something that no one has thought of.

The Chairman (Mr Wells): I am sure that the DUP will expand on that when it returns.

The Committee was suspended at 10.33 am.

On resuming —

10.55 am

The Chairman (Mr Wells): The meeting is reconvened. Members have had a chance to look at the list. As I have not heard any dissention on the principle of trying to group items, can I take it that members are happy that we go down the list and make sure each is in the right pocket, as it were?

Obviously the first item on the list will be referred to the Subgroup on the Economic Challenges facing Northern Ireland, and the first section could also be dealt with by the subgroup.

The Secretary of State has made reference to the Programme for Government and we will come back to that later as a separate item.

Are we content that the Belfast Agreement is an institutional issue?

Lord Morrow: Could I have clarification? I missed what you said in relation to Government.

The Chairman (Mr Wells): This matter arose at a previous meeting. The Secretary of State referred three sets of issues for discussion by subgroups, but he has also referred to the Programme for Government separately in a letter dated 3 July, which is in your pack. At two previous meetings, Mr McCrea made it clear that he objected to this Committee dealing with that issue, so it will be dealt with as a separate issue today because of the strong views on the subject. I suggest that we come back to it later, because if we start debating it now we will be very slow in dealing with the other issues.

Lord Morrow: The DUP does not see items 2 and 3 as blockages to the restoration of devolution. We believe that the priorities for Government and the Programme for Government come after devolution and will be worked out by those who will be forming the Government.

The Chairman (Mr Wells): There will be an opportunity to make that point at the end of the meeting. Do we accept that the Belfast Agreement is an institutional issue?

Lord Morrow: A very bad one, but yes.

The Chairman (Mr Wells): Dr Farren, do you accept that?

Dr Farren: There are institutional issues within the Good Friday, or the Belfast Agreement. The Belfast Agreement is much more comprehensive than the institutional issues that it contains. It deals with constitutional and human rights issues. As long as it is clear that it is only the institutional matters that fall under this heading then, in one sense, specific reference to it is redundant, but I am happy to keep it there as long as that is what is understood by it. Aspects of the

Good Friday Agreement come in under each of the headings. If we are discussing institutional issues, let us confine ourselves to institutional issues of the agreement under that heading, and deal with the human rights issues, and any other issues, under the appropriate headings.

Mrs D Dodds: The Belfast Agreement is an extremely important issue for unionists. My party has never supported the Belfast Agreement, and, indeed, the majority of unionists do not now support the Belfast Agreement. Any committee set up to look at the blockages to devolution, which did not take into account the Belfast Agreement, and the lack of support within the unionist community for the Belfast Agreement, would be denying reality. Therefore it is important that we discuss these issues.

Mr M McGuinness: A number of parties were involved in the discussions that took place during the greater part of the autumn of 2004: the British Government, the Irish Government, Sinn Féin and the Democratic Unionist Party, albeit at some distance. Anyone who was there could come to no other conclusion than that, during those discussions, the Democratic Unionist Party accepted the Good Friday Agreement as the template for future politics on this island, and specifically in the North.

11.00 am

The Good Friday Agreement has effectively been accepted as an international agreement between two Governments. The broad headings allow, as they should, all parties on the Preparation for Government Committee to discuss any issue of their choice. The DUP can spin that how it likes, but the agreement is the template from which all participants on this Committee are working.

The Chairman (Mr Wells): I have a slight concern: we are not debating the merits, or otherwise, of the Belfast Agreement. If we go down that route, we will occupy the next six hours.

Mr M McGuinness: That is why I do not intend to prolong my contribution, except to say that all participants have a right to express their views and opinions. Let us not fool ourselves, however — the template from which we are all working is the implementation of the Good Friday Agreement.

After all parties met with the Taoiseach and the British Prime Minister in Parliament Buildings a number of weeks ago, the two leaders issued a joint communiqué that clearly indicated that the job of work ahead for all of us was to restore the institutions by 24 November 2006. The Secretary of State set out a programme of work. That is why we are sitting on this Committee, and that is the basis on which we will move forward these discussions.

The Chairman (Mr Wells): All we need to establish is whether all Committee members agree that the institutional issues in the Belfast Agreement — it would almost be better to put institutional issues in brackets after each point — is a subject that falls neatly into the institutional issues section and should be debated in that category. We do not require people to suggest what they feel that the Belfast Agreement means.

Is there any objection to that?

Mr McFarland: Chairman, may I suggest that you ask whether there are additions to be made to the list or points that can be moved elsewhere? If you go down the list, one by one, each party feels that it must say something about each of them, and we will be here until 5.00 pm.

The Chairman (Mr Wells): I suggest that members comment only on whether they feel that a particular point should be included in that category, rather than what they feel about the issue. There will be ample opportunity for comment when we debate the issues.

Do members accept that the Belfast Agreement should be there? Do they accept that the Civic Forum should be there as an institution? What about the comprehensive agreement?

Mr McFarland: May I suggest that you ask the parties which points they do not want included?

The Chairman (Mr Wells): Do all members feel that every point from 1 to 11 is totally relevant, should be there and should not be moved?

Members indicated assent.

The Chairman (Mr Wells): OK, so we believe that every point under institutional issues should remain. Does anyone have any additions, or has anything been missed?

Mr Ford: Given all the Alliance Party's remarks on the subject, particularly since November 2001, I am disappointed that the Assembly voting system is not listed as a separate point.

The Chairman (Mr Wells): Yes, that could come under point 7 on the list. We hold the view that if a certain issue is important to a party, it should be considered. You are talking about the d'Hondt voting system.

Mr Ford: We have made it clear that it is a key issue.

I am not blaming the Committee staff. Despite what the Alliance Party has said to the Northern Ireland Office (NIO) over the past five years, the NIO still does not realise the significance that our party attaches to the voting system — that is obvious from correspondence that we receive from it. We consider the voting system significant enough to be listed individually.

The Chairman (Mr Wells): A great many items come under “Institutional issues”.

Mr McFarland: The voting system can be number 12.

The Chairman (Mr Wells): If we get consensus, I am happy to put it in at number 12, because it is an important issue for the Alliance Party. Is there consensus?

Mr M McGuinness: I think that there is an acceptance — although I do not wish to tempt providence — that some of the headings allow for all sorts of issues to be discussed. Sectarianism and racism are important issues that will have to be dealt with at some stage of our deliberations. The broad headings adequately deal with all the issues that are of concern to all parties around the table. If we try to outline the detail of each issue, we will be making unnecessary work for ourselves.

The Chairman (Mr Wells): That suggests that we do not have consensus on number 12.

Mr M McGuinness: I am not saying that I oppose it.

Mr McFarland: The Alliance Party has raised this from day one, and if it is something that it feels strongly about I have no objection to making it number 12.

Mr M McGuinness: I have no objection, but we should resist the temptation of expanding all the issues.

Mr Ford: Chairman, I assure you that I will resist the temptation to put any of my other general concerns. However, since the Assembly voting system is the one part of the agreement that failed to work when implemented in good faith on 2 November 2001, it merits individual mention.

The Chairman (Mr Wells): Have we consensus that the voting system be number 12?

Members indicated assent.

The Chairman (Mr Wells): Those are the 12 points under “Institutional issues”.

We move on to “Law and order issues”. Mr McNarry has a concern about parades being in this category.

Mr McNarry: We would like “Parades” and “Peaceful summer” to be removed from that list.

The Chairman (Mr Wells): Do you want them moved to “Rights; safeguards; equality issues; victims”, or do you want them deleted?

Mr McNarry: We do not want them deleted; we would like them to be put into another category.

The Chairman (Mr Wells): It might sit under “Rights; safeguards; equality issues; victims” — particularly the third category.

Mr McNarry: It is not an equality issue. It would stand alone in a discussion in which equality was included, but it is not an equality/parades issue.

Mr Ford: In the past, Mr McNarry suggested that parading is a human rights issue. Since “Rights” appear as the first part of that heading, does he accept that parades could fit in there?

The Chairman (Mr Wells): Or as part of “Unionist culture” perhaps.

Mr McFarland: Parading has been mentioned through many a discussion. It is an issue for several parties for different reasons, and it would merit being added as point 9 under “Rights; safeguards; equality issues; victims” so that it can be discussed discretely. There are issues connected with it that are not directly connected with equality or human rights — although there are connections. However, as a stand-alone issue it is one that exercises many people for different reasons.

The Chairman (Mr Wells): Do you want it as number 9 in the third category?

Mr McNarry: Yes.

The Chairman (Mr Wells): “Unionist culture” is number 7 in that category.

Mr McFarland: That might relate to Ulster Scots being part of the unionist culture, for example, which is not connected to parading. Parading is a separate issue.

The Chairman (Mr Wells): Therefore you are content for “Parades/Peaceful summer” to be number 9 under “Rights; safeguards; equality issues; victims”. That deletes two items from “Law and order issues”.

Mrs D Dodds: We should not lump “Parades” and “Peaceful summer” together. Parading is an important issue. It is an issue of human rights, culture and identity for the unionist community. It is extremely important, and it must be dealt with on its own. It must be sorted out, as it poses an important question.

Mr McNarry: As we approached the summer, we discussed whether it would be peaceful.

Conor Murphy is not present, but I am mindful of the fact that he said — and I am paraphrasing — that Sinn Féin’s attitude to the Committee and the Assembly would depend on what happens over the summer. That is what I understood from his comment.

Discussions on a “Peaceful summer” would give us an opportunity to find out from Sinn Féin what it thought of the summer and what its attitude is. I will not talk about this issue in depth, but I agree with Diane Dodds; “Parades” should be a stand-alone category.

Mr McFarland: Do we need the “Peaceful summer” category at all? I agree that it is not necessarily connected to parades. It is on the list because the issue was raised in June as we led up to the compilation of this list. It is now approaching the end of July, and it will soon be August. Events to come may influence whether we have a peaceful summer, but by the time the Committee gets beaver on the list, the issue may

not need to be treated as a discrete topic, although it can be mentioned in passing. “Parades” should be dealt with separately at point 9. We could simply abandon “Peaceful summer” as a separate category and include it in the rest of the discussions.

The Chairman (Mr Wells): At the rate we are going, we will be talking about a peaceful winter.

Mr O’Dowd: I would like to respond to David’s comments by clarifying what Sinn Féin said, which was that a peaceful summer would facilitate a better atmosphere for this Committee to carry out its work on the wider preparation for Government. I do not think that Sinn Féin said that it was a precondition — in fact, I know that it did not.

Mr McNarry: I am sorry to interrupt you, but you need to read Hansard.

Mr O’Dowd: That is one of the few advantages of having Hansard in the room; we can go back and read the record.

If some parties want to place “Parades” at point 9 and “Peaceful summer” at point 10, treating them as separate categories, Sinn Féin is more than happy to do that. The summer is rolling on, but Sinn Féin wants to work towards an even better summer next year. If we can deal with the matter, we should do so.

Mr McNarry: To conclude on the “Peaceful summer” category, it would be remiss of anyone not to recognise the summer that we have had so far and the work, from many quarters, that went into that — particularly in certain parts of Belfast, where people worked very hard to achieve objectives. Perhaps under a separate “Peaceful summer” category, recognition can be duly given. People in those areas would appreciate it.

The Chairman (Mr Wells): Mrs Dodds, would two separate headings at points 9 and 10 address your concerns?

Mrs D Dodds: There certainly should be two separate headings. A peaceful summer is not simply identified with parades and unionist culture; if you lived on the Suffolk estate on Black’s Road, you would know that a peaceful summer is dependent on whether nationalists and republicans will stop stoning your house or coming to your estate with hurley bats at 5.30 am, as happened at the weekend.

I object to the two categories being lumped together because they are not completely linked. It would be remiss of me not to object; I would not be doing my duty for those constituents who voted for me if I said that the two categories should stay together. I will be very interested to see how the summer progresses, especially in west Belfast in August.

The Chairman (Mr Wells): We seem to have consensus.

Dr Farren: Although, in one sense, the issue of a peaceful summer is of grave concern, it sits uneasily among the issues to be addressed in order to prepare for Government. Sectarianism, of whatever kind, is, of course, an issue. I could cite incidents in North Antrim that are not dissimilar to those to which Diane referred, but the shoe was on the other foot, if I can put it that way.

An entire nest of issues related to community relations and sectarianism underlie what I understand to be the concerns about a peaceful summer. Chairman, as you said, it may be a case of a peaceful winter, or, as John said, a better summer next year. However, none of that will happen unless we get community relations right. Therefore, I would rather discuss community relations issues, if they are what really underlie the notion of a peaceful summer.

Mr M McGuinness: We can become fixated with where different items are categorised in the course of this work; however, more important is what we do about the issues. There is no point in Mrs Dodds’s referring to an incident, which she says occurred recently, because that just invites people to come forward with other incidents that happened in different parts of the North. A young man, Paul McCauley, is critically ill at the moment as a result of a severe beating that he received on the Chapel Road in Derry some time ago. The attacks on Catholic churches and schools and on orange halls are disgraceful. All members of the Committee have a duty and a responsibility not to select one particular incident and proclaim it worse than all the rest.

11.15 am

Despite the type of society that we live in and the difficult circumstances that we have all faced, we have experienced a relatively peaceful summer. Many parties contributed to that. Many within the broad Unionist community, the UUP, MLAs, our own party, people such as Gerry Kelly and others worked hard to ensure that we came through many difficult situations in a way that the vast majority of our people find satisfactory.

However, let us not fool ourselves that that resolves the difficulties: violence is still taking place against orange halls, schools and Catholic churches. It is despicable and it must stop. This Committee must give a lead; so I am not that concerned about how we categorise individual issues. I am more concerned about what we do about them.

The Chairman (Mr Wells): Again, we are in danger of starting a debate on sectarian attacks on halls or parading or whatever. The only issue that members are addressing here is whether they perceive an issue to be of such importance to one party that it should have a separate heading. Remember, and I am sure Mr Molloy will agree with me on this, when it comes up for debate at the hearings, no Chairman will stop any

member raising these valid points under whatever heading they feel fit, because these are important issues. Everyone accepts that.

Mrs D Dodds: I shall refrain from further comment, except to say that I cannot accept Sinn Féin's eulogy to some of the people whom they credit with producing a peaceful summer, when they were the very people who went out of their way in the past to create the problem. Picking up on Seán Farren's point, perhaps a "Peaceful summer" more readily sits under the title "Good relations".

The Chairman (Mr Wells): Mr McNarry, are you happy with that suggestion?

Mr McNarry: Yes.

The Chairman (Mr Wells): We are getting somewhere.

Ms Ritchie: Mrs Dodds's suggestion has resolved the problem. However, we should be looking at the causes of where we are today; what members have been suggesting in the past few minutes are perhaps symptoms. We have to look at the causes before applying solutions. "Good relations" covers many facets, including respect for difference, which we should be trying to address.

The Chairman (Mr Wells): You have squared the circle. We have two separate new items under "Rights"; one is "Parades" and the other is "Good relations". Is everyone happy?

Lord Morrow: Have you left "Law and order issues"?

The Chairman (Mr Wells): No. As we move issues into other categories, we go back to the original category to see whether anything in it needs to be changed or deleted. We have consensus on that. Now we are back to "Law and order". We have "Criminality", "Decommissioning", "Devolution of Policing and Justice", etc. "Parades" has gone; "Paramilitarism" stays, as do "Policing" and "Rule of Law." Are there any issues to be added?

Lord Morrow: We would like to add "Community Restorative Justice" as number 9.

The Chairman (Mr Wells): That would be new number 7. Does anyone have any problems with that suggestion?

Members indicated assent.

Right, that is 7. Is anyone looking at 8?

Mr M McGuinness: Yes, MI5.

The Chairman (Mr Wells): MI5?

Mr McNarry: Are you going to be a witness on that, Martin?

The Chairman (Mr Wells): Does anyone have any views on that as an issue?

Dr Farren: Is that not included under policing issues?

The Chairman (Mr Wells): Yes, I would say —

Mr M McGuinness: Well, is Community Restorative Justice (CRJ) not included under policing?

Dr Farren: I did not object. I am only asking a question. If that is the response, OK, but —

The Chairman (Mr Wells): There is absolutely no doubt that a Chairman would allow that issue to be discussed.

Dr Farren: I have absolutely no objection to discussing that issue separately, but I just asked. There seems to be no answer to the question in the terms that I asked it.

The Chairman (Mr Wells): Do we have consensus on MI5 going in as number 9?

Ms Ritchie: To cover MI5, would it not be better to have "policing and intelligence services", or a separate title under intelligence services? That would cover any other matter under that umbrella.

The Chairman (Mr Wells): That would cover a wider area. "Intelligence services" sits a bit more neatly. Are there any problems with that? Do we have consensus? It is instead of MI5 — "Intelligence services".

Mrs D Dodds: Just to clarify: you are putting policing and intelligence services together? They are not necessarily the same thing.

The Chairman (Mr Wells): No, they are separate. Is there consensus on that?

Members indicated assent.

The Chairman (Mr Wells): Right, OK. We shall move on to rights and safeguards etc. We have added the parades issue and good community relations. Are there any issues? We may have to use this as a catch-all for anything that has been missed.

Dr Farren: The Good Friday Agreement refers to the two dominant cultures here. If we are going to discuss one, we must discuss the other. However, in the light of the significant migration of other ethnic communities that has occurred in Northern Ireland since the Good Friday Agreement in particular, we should widen the cultural debate.

I have no objection to discussing what is referred to here as "Unionist culture", but we should include recognition and expression of all the different cultural traditions that are here. How we label that without getting long-winded can be left to the wordsmiths in the secretariat, but there is a cluster of issues that can be taken together, because it relates back to issues on good relations and sectarianism.

Martin mentioned the need to address the issue of racism. There is a negative and a positive side to that

matter. If we are going to debate issues of culture, we must do so comprehensively and not just focus on one. In case someone on the other side of the table thinks I am trying to smother it, I am not saying that we should not give explicit recognition to unionist culture.

The Chairman (Mr Wells): I am looking for a snappy title for all of that, Seán.

Dr Farren: That is why I said I would leave it to the wordsmiths.

The Chairman (Mr Wells): One suggestion is “Cultural issues”, but I am sure there are —

Mr McFarland: The essence of what Seán is saying is that this is about ethnic communities. We have covered most of the other traditions and cultures. Seán used the words. Is “Ethnic communities” too broad a term?

Ms Ritchie: “Ethnic communities and culture”?

The Chairman (Mr Wells): We have to get round Seán’s difficulty that there is reference to unionist culture but none to nationalist culture.

Mr Ford: If the Clerks are suggesting “Cultural issues”, that seems to cover everything that Seán raised. We can all refer back to Hansard to all the things he raised. *[Laughter.]*

The Chairman (Mr Wells): “Cultural issues”? Is that agreeable? It is instead of unionist culture or in addition to unionist culture.

Mr M McGuinness: “Multicultural issues”.

Mr McNarry: Could we perhaps take stock? There is a specific reason why the unionist culture is there. It is something that we spent time discussing, and there was agreement that it would be there. Without offending anyone else — and I understand what Seán was saying — could we have “Other cultures”?

Dr Farren: No. If you name one, you need to name them all.

Mr McNarry: But you are only raising this now. You did not raise it at the time, and there was no discussion of it. This is an extraction, a compilation, of headings of issues raised by parties during presentations.

Dr Farren: But we are not excluded from introducing additional issues.

Mr McNarry: I am not saying that they should be excluded, but —

The Chairman (Mr Wells): Dr Farren is wise, because that issue could arise. It could be argued that it was not implicit that we would discuss ethnic issues or nationalist culture. One suggestion was to have a broad heading of “Unionist culture, nationalist culture and ethnic communities”. That would give the two Chairmen clear direction that those issues would have to be

discussed. Even though nationalist culture was not raised in the scoping exercise, it will be discussed. The Ulster Unionist Party and the DUP raised the issue of unionist culture, but there was no reference to nationalist culture.

The view of this Committee has always been that if a party considers an issue to be important, we allow them to include it for discussion. Would the subheadings of unionist culture, nationalist culture and ethnic communities be helpful?

Mr M McGuinness: That will cover everything.

Mr McFarland: Would those headings be on one line?

The Chairman (Mr Wells): Those issues can be listed separately or on one line under the heading of “Unionist/nationalist culture and ethnic communities”. Do members want them on one line or as three separate headings?

Mr M McGuinness: Let us be united for once.

The Chairman (Mr Wells): Are members agreed to list those issues on one line?

Members indicated assent.

The Chairman (Mr Wells): That leaves us with 10 points for discussion, which is a manageable amount. Are there any other issues?

Lord Morrow: The DUP moved the issue of parades from the heading of “Law and order issues” to “Rights; safeguards; equality issues; victims”. We also consider victims and truth and reconciliation to be separate issues. I am interested to hear what Mr Ford has to say about that.

The Chairman (Mr Wells): That puts us up to 11 points. Are members happy to split those two issues? The subject of victims is a big issue in its own right.

Members indicated assent.

The Chairman (Mr Wells): Do members feel exercised about any other items that have been left out?

Dr Farren: We are free to add to the list at any time.

The Chairman (Mr Wells): No reasonable issue will be excluded from these categories simply because it is not listed. If we listed everything, we would have pages and pages of headings.

Lord Morrow: The heading of “Other” can safely accommodate issues not yet included. It is hard to envisage a subject that has not yet been mentioned, but it has been known to happen.

Mr McFarland: If it were open to members to introduce additional issues into each of those categories, we would not need “Other” as a separate category.

The Chairman (Mr Wells): I will ask Mr Molloy's opinion. I have expressed my views on how I see this going forward, but he may wish to agree or disagree. It is important that we agree, as we both chair the Committee.

Mr Molloy: I have no problems. The main thing is that all the issues are listed; the overarching heading of "Other" is useful for subjects that may arise during discussions.

Mr M McGuinness: Under the heading of "Other issues", it is only sensible to ask what the issues are that have been raised with the Government and require delivery before the return of devolution. The rest of the packages dealing with financial business, institutional issues, law and order issues, and rights and safeguards all have explicit headings. I presume that whoever wrote the "Other" heading knows what those other issues are. They should share them with the rest of us.

11.30 am

The Chairman (Mr Wells): Am I right in thinking, Lord Morrow, that that is in case another issue emerges? Perhaps an issue will develop in the media which has not been included in any of these headings, and despite the assurances that I have given that I would allow it, you want a catch-all category just in case.

Lord Morrow: That is exactly it. If someone has an afterthought, he or she would not feel that the subject is blocked out, and it can be accommodated here. There is nothing more sinister about it than that.

Dr Farren: I take it, Chairman, that the term "raised" does not refer to matters that have already been raised, but matters that may be raised? If it concerns matters which have been raised and of which we were unaware, we should be made aware of them. However, if they were matters that may be raised and which we have not anticipated, then they should appear on our agenda. Is that how I should understand "raised"?

Mr M McGuinness: That is specifically what I am referring to. We need an explanation of what these terms actually mean. If "raised" means "may be raised", then we should specify that. If these issues have already been raised then the Preparation for Government Committee is entitled to know what they are.

Mr McFarland: Peter Robinson said in the media recently that the DUP had additional issues that it was raising with the Government in relation to the reduction in Departments and the number of seats for MLAs. Presumably those issues would be discussed under item 7 of institutional issues.

Lord Morrow: Yes, that is probably right. I suspect that some of those issues might have been raised already under the comprehensive agreement.

The Chairman (Mr Wells): If members fear that issues will be ruled out of order by the two Chairmen

because members were not given advance notice about them although they are relevant, I can reassure them that I think that will not happen.

Mr McNarry, I will need to read the DUP's submission on this.

Mr McNarry: I want to come back to what I said earlier about the Secretary of State's role in this. As that category is included, it is incumbent on the Secretary of State that he does not go on "Lone Ranger" jobs during the course of our deliberations, and that the Committee might be given some advance notice — even if it is through the Deputy Speakers. There should be no surprises.

A statement from somebody that is contrary to something that may have been discussed the day before could destroy any of these meetings. I am anxious about that.

The Chairman (Mr Wells): The DUP's original submission states:

"In addition to these matters" —

meaning the DUP's list —

"there are also a significant number of issues which we have raised with the Government which also require delivery before the return of devolution. We intend to raise the matters again with the Government in the future."

I assume that the DUP wants to raise those issues at various points. I presume that this is a reference to confidence-building measures.

Mr McFarland: Logically, they should have been part of the DUP's original submission. If there are secret issues that are subject to deals with the Government and have not appeared here — and presumably there are not — it would be useful for the Committee to be made aware of them. However, there may be side games going on. We might ask ourselves why we are bothering if issues are being identified and raised separately with the Government.

Mr M McGuinness: The extract that the Chairman read out from the DUP's submission was enlightening and helpful. It brings us to the heart of the problem. The DUP's contribution clearly refers to these issues being raised with the Government in the context that there will be no devolution if they are not resolved. The Committee is entitled to know what those issues are.

If, as Maurice has said, there is a more benign interpretation of what that means, the sentence should be changed to refer to dealing with other issues that may be of concern or interest to the parties. It is important that the DUP offer some clarification on the "issues". The import of the last sentence of what you read from the DUP's submission is that the issues are

preconditions for the return of devolution. If so, this Committee is entitled to know that they are.

The Chairman (Mr Wells): Lord Morrow, have you any comments on that?

Lord Morrow: Some around this table will try to see something sinister in everything that we say. They will try to twist and turn it to mean something different. Seán Farren is close to the mark in his interpretation. The “Other” category is for issues that may have been missed, or which suddenly become relevant but have not been listed. It is there so that no member from any political grouping feels obstructed in raising a particular issue, simply because it does not appear on the list.

New issues may arise. As David has said, we run the danger of having the “Lone Ranger” in the Northern Ireland Office issuing a statement every now and again. The Secretary of State told us yesterday that the Provos are now cleaner than clean. I suppose that the next statement will be that they are reforming into a Boy Scout organisation.

We will go through that whole process between now and 24 November. Things are undoubtedly being done deliberately to unsettle this Committee and to hinder the restoration of devolution. Therefore, as issues arise it may be that a member feels he wants to raise them here. That is purely what the “Other” section is for.

The Chairman (Mr Wells): Are members content with that assurance?

Dr Farren: Maurice referred to what I said. I asked for clarification on how to understand the sentence. I said that if “issues” are to be understood as issues that have been raised, we should know about them. If the submission refers to issues that may be raised in the future, no one will know what those are until they have been raised, at which point they can be logged with this Committee.

If the issues have already been raised and are additional to what we have heard about from the DUP, we should be told what they are. It is as simple as that. Is Maurice now saying that the interpretation should be that the submission refers to issues that may be raised but that we have not yet anticipated? If that interpretation is correct, I am happy to leave the list as it has been agreed. However, if the other interpretation is correct, we are entitled to know what those issues are.

Mr M McGuinness: I agree with Seán Farren. It is essential that we know whether the DUP is speaking about issues it has raised with the Government and that require delivery, or, as Maurice has indicated in the course of this, that the submission refers to future issues.

Mr McNarry: Is it not fair to say that it is essential that we all know what each party is doing? Martin may be talking to the Taoiseach. Sinn Féin could be doing

some sort of deal down there. Goodness knows, it has done it before. *[Laughter.]*

We should not become involved in a conspiracy theory. Lord Morrow has been clear, and we are prepared to accept what he has said about future issues. You have introduced the other Deputy Speaker so that you are clear on how to interpret “issues”.

The Chairman (Mr Wells): That is why I did that.

Mr McNarry: I think that was worthwhile, and I suggest that we move on now.

Mr M McGuinness: I propose that the heading reflect Maurice Morrow’s contribution, on which there appeared to be agreement.

The Chairman (Mr Wells): I have a suggestion. Lord Morrow’s comments are now on the record, and we understand their import. The Committee Clerks are suggesting a heading: “Other issues that may be of concern or interest to the parties”. Mr Molloy and I have listened to the discussion, and we understand those issues. If an issue emerges like a rabbit from a hat, we will know whether it meets Lord Morrow’s assurance.

Mr M McGuinness: I am content with the Committee Clerks’ suggestion.

Lord Morrow: Do other parties have to give the same assurance?

The Chairman (Mr Wells): If a party raised an issue that we had been notified about and that had not emerged out of the blue, we would have to apply the same criteria.

Lord Morrow: I suspect that, from time to time over the next couple of months, all the political groupings around this table will air their concerns at meetings with the British or Southern Governments. Perhaps the parties will have meetings with other people or organisations. Nobody could deny the parties those meetings. Parties are good at putting their concerns into the public domain.

The Chairman (Mr Wells): We have a suggestion for a heading: “Other issues that may be of concern or interest to the parties”. We understand the context of that suggested heading. Do we have consensus?

Members indicated assent.

The Chairman (Mr Wells): Mr Molloy, do you agree with what has been established? We need to understand how we are to proceed.

Mr Molloy: Some of the issues may have been raised with the Secretary of State, or someone in the Northern Ireland Office may raise other issues. It might be worthwhile for the Committee to write to the Secretary of State asking that his views come through to this Committee. He may not do that, but at least he would have the opportunity to do so.

The Chairman (Mr Wells): That is Mr McNarry's point. We should let the Secretary of State know exactly what we are doing, although I suspect that he will know five minutes after this meeting is over. We ask him not to take on any initiatives that may pre-empt or torpedo our work, at least not without consulting us.

Mr McNarry: We do not want any surprises.

The Chairman (Mr Wells): We want no surprises from the media.

Dr Farren: Does that mean that the DUP no longer stands over the penultimate sentence of its initial submission to the Committee? It reads:

"In addition to these matters there are also a significant number of issues which we have raised with the Government which also require delivery before the return of devolution."

The unidentified issues referred to in that sentence are the bone of contention.

Mr McNarry: We have dealt with that issue. This is the second time that Dr Farren has come back on an issue after consensus had been reached.

Dr Farren: Correct me if I am wrong, but has consensus not been reached on issues that may be raised in future?

Mr McNarry: Consensus has been reached about the wording of this heading. A proposal was made, and it was accepted.

Lord Morrow: Mr Deputy Speaker, I want to reinforce what David has said. Did you not invite the second Deputy Speaker, Mr Molloy, for his clear understanding, which was to draw a line under the entire issue?

Dr Farren: With all due respect, Mr Chairman, I must ask for clarification. If the Chairman says that I am incorrect, I will stand corrected. I accept that we now understand the meaning of the sentence concerning matters that may be raised in the future. I am not referring to that sentence but to the penultimate sentence of the DUP's initial submission. It reads:

"In addition to these matters there are also a significant number of issues which we have raised with the Government which also require delivery before the return of devolution".

Will all those matters be included under the various headings outlining the Committee's future business? Is that what is being said?

The Chairman (Mr Wells): I think that I raised that point and that the DUP said that it came under confidence-building measures in point 2. Those have been well highlighted publicly. However, perhaps I picked up Lord Morrow wrong on that.

Lord Morrow: No.

Dr Farren: I apologise for wasting the Committee's time if I did not pick up on that point. However, I thought that it was very important that I had the meaning clarified. Like other members, I do not want the SDLP to find itself in the situation in which matters that have already been addressed by the two Governments and that are pertinent to the restoration of the institutions are not being addressed here.

11.45 am

The Chairman (Mr Wells): I can see the logic of what you are saying — we need to get the point clarified.

Mrs D Dodds: There are no issues that have not been discussed over and over again. This is an irrelevant discussion.

The Chairman (Mr Wells): That is the real issue, Dr Farren; you do not want to see the rabbit out of the hat.

Dr Farren: I am sorry if I have misunderstood.

The Chairman (Mr Wells): It is a valid point to want to have clarified.

We seem to have reached agreement on the main headings of what we will discuss. However, we have not agreed how we will discuss those matters. Before I ask Mr Molloy to return to his normal position, I will check whether members have any other problems with the headings. In fact, I will ask Mr Molloy to stay because we will have to move on to the nitty-gritty of how to proceed. Do members have any final points about the headings? I am sure that this section of Hansard will be well quoted in future, especially if anything is brought up that members feel is unacceptable.

Mrs D Dodds: Will we return to points 2 and 3 under the "Government" heading?

The Chairman (Mr Wells): Yes; it is a separate item.

Are we agreed on the content?

Members indicated assent.

The Chairman (Mr Wells): I thank members for their help on that.

We now have to agree the modus operandi of how we proceed: how often we will meet; whether we will call witnesses; and whether we will ask parties to submit papers in advance of the meetings. We have a heavy schedule ahead of us, and we should expect to meet at least twice a week as a full Committee over the next few weeks. I am sure that you are all very pleased to hear that — I can see why Mr Kennedy went on holiday.

Can we perhaps get the practical points out of the way? Should we meet twice a week or more? When should we meet?

Mr McFarland: The Committee now has three issues with which to deal. We agreed that we would bring in our experts on these issues — we have people

who deal with human rights, victims, and so forth, who would obviously want to attend meetings on those matters. The logic is that we would have at least three meetings a week, with one on each topic. Ideally, we would want two meetings a week on each topic. That would mean that we would have six meetings of this Committee a week, plus the twice-weekly meetings of the subgroup on the economy. That adds up to at least eight meetings that Mr Wells and Mr Molloy will chair. A while ago it was suggested that we have more chairmen in order to facilitate such meetings. That idea was rejected at the time, but I wonder whether it is worth revisiting. Otherwise, Chairman, you will be fairly ragged if you have eight meetings a week — there are only five days in a week.

Dr Farren: There are seven days in a week.

Mr McFarland: There are five working days. Members will have spotted immediately that that does not compute with two Chairmen.

Dr Farren: Why not?

The Chairman (Mr Wells): Today is my twenty-third wedding anniversary, and I have lost brownie points for being here instead of at home.

Mr McFarland: The question is whether, with the experts involved, we will run the meetings in parallel. On some days, this Committee may meet several times and in different formats. If it remains in the one format, there will be time constraints for the Chairmen, for example. We could follow the standard Assembly procedure of calling witnesses and hearing evidence, but members will know from previous experience that if one particular witness is called and not everybody else, we could get into the most awful trouble in the media for not taking things seriously. I am thinking of victims' groups, for example.

There are major issues to be discussed as to how we deal with this.

The Chairman (Mr Wells): There was a proposal for additional Chairmen, but there was no consensus.

Mr McFarland: Might we revisit it now in the light of current developments?

The Chairman (Mr Wells): I am advised that we can revisit it. The proposal that the Secretary of State suggested was that with our agreement by consensus we could have one SDLP, one Alliance and one Ulster Unionist Chairman, which would give us five — one per working day, basically.

I will put that proposal again. Is it acceptable to the Committee?

Dr Farren: Yes.

Mr McFarland: It would certainly ease the burden that the two current Chairmen will carry in trying to cover what is potentially eight Committees a week.

The Chairman (Mr Wells): If there were consensus on this we would advise the Secretary of State, and he would then ask the parties to nominate their representatives.

Lord Morrow: Deputy Speaker, you are going down the road of —

The Chairman (Mr Wells): I stress that that is if there were consensus.

Lord Morrow: But that is tantamount to going into subgroups and taking it away from the Committee.

Mr Ford: Even in the terms that Maurice has just outlined, presumably it would not be objectionable to him to have alternate Chairpersons taking the Chair of the economic matters subgroup, which would relieve the two of you of a share of the burden.

The Chairman (Mr Wells): You mean keeping the same two Chairmen for the PFG Committee?

Mr Ford: Yes. I do not accept Maurice's argument, but if that is his feeling, surely it still merits considering alternate Chairs for the subgroup.

Mr McFarland: This is a difficult issue in that if the PFG Committee adopts different guises, as in this case, the make-up of the Committee will be different for each subject it tackles. We will have different party experts in to explore institutional issues, policing, human rights and equality. Although they are not subgroups, the make-up of the Committee will change. Each of these "Committees" will try to get on with the issues involved, some of which are extremely difficult to identify. If we get into hearing witnesses, each of these groupings might work for three or four days a week. This is a major problem, particularly in terms of chairmanship.

Also, when we had subgroups, the Secretary of State had decreed that each should be made up of one member of the Committee and one expert. Presumably that is no longer the case, because there is no rule in the PFG Committee to stop substitution. The three SDLP members currently in attendance need not stay; Dr Farren, who is almost always here, could technically leave and have two substitutes sitting here as members.

Although one member from this Committee from each party must sit on a subgroup, because the subgroups on changes to the institutions and on policing and justice do not exist, the make-up of the delegations that attend the Committee on the Preparation for Government can be different for each of the issues to be discussed. Is not that correct? It is up to the parties to choose their representatives.

Therefore, it is possible that different pairs from each party will be looking at each of the three areas for discussion. Sittings will not constitute meetings of subgroups but rather meetings of this Committee.

However, if three different pairs can represent each party at those meetings, and the Committee is under time constraints, the issue arises about how meetings can be chaired by two people only.

The Chairman (Mr Wells): It would be helpful if the role of Chairman of the Subgroup on the Economic Challenges facing Northern Ireland could be rotated. That is a separate group that deals with economic rather than political issues. A compromise would be to spread that load and continue with two Chairmen for the PFG Committee.

Mr McNarry: What is the Speaker's position? What is she doing?

The Chairman (Mr Wells): The Speaker will have absolutely nothing to do with this. She has made it very clear that she will not be participating. It was only on the Secretary of State's directive that the Deputy Speakers are here.

Do we have consensus on rotating the chairmanship of the Subgroup on the Economic Challenges facing Northern Ireland?

Mr M McGuinness: What would that mean? Would the chairmanship rotate between the five parties on the subgroup or the three parties that do not chair this Committee?

The Chairman (Mr Wells): It would rotate among the five parties. It is to be hoped that to do so would make it less onerous for Mr Molloy and me, who will be locked up here for most of the week chairing this Committee. The problem is that Mr Molloy and I are present at almost all meetings. Although we may miss the occasional meeting, we have effectively signed up for all of them. It is very difficult to take the Chair the following day unless we are present to watch developments.

Mrs D Dodds: You definitely make the point about your needing to chair this Committee by emphasising the need for continuity in the Chair.

The Chairman (Mr Wells): I said that continuity in the Chair is not as important for the Subgroup on the Economic Challenges facing Northern Ireland.

Lord Morrow: You still make the point.

Mrs D Dodds: We see the difficulty, but you make the point very well for the two Deputy Speakers to chair this Committee continuously.

The Chairman (Mr Wells): What is your view on sharing the chairmanship of the Subgroup on the Economic Challenges facing Northern Ireland among the five parties?

Mrs D Dodds: That could be shared between the five parties.

The Chairman (Mr Wells): It looks as though we have agreement to nominate three other Chairmen to rotate as part of the five for the Subgroup on the Economic Challenges facing Northern Ireland.

Mr McFarland: Will you be one of the five, Mr Chairman?

The Chairman (Mr Wells): Yes. Mr Molloy and I will be among the five.

Mr McFarland: Therefore, we have four groups. Each group can meet once a week, and one can meet for a second time each week, unless we are to meet in both the morning and the afternoon.

The Chairman (Mr Wells): Yes. There could be a Committee meeting in the morning and a separate Committee meeting in the afternoon.

Dr Farren: It was generally understood that, given the volume of work that seems to be before us, it is unlikely that we will produce final reports by the end of August. Let us not overload people, particularly the secretariat, which will have work to do before and after each meeting. I suggest that the Subgroup on the Economic Challenges facing Northern Ireland meet as it can determine and that this Committee, meeting three days a week, deal with the other three issues.

Let us leave it to the parties to nominate whom they wish. That is not a matter for us. If they wish to send the same people or different people to all three meetings, that is their business.

If this Committee were to meet three days a week and the Subgroup on the Economic Challenges facing Northern Ireland were to meet twice a week, that would mean a meeting on each day of the working week.

We might need advice on whether we could be serviced if we met quite so extensively and frequently.

The Chairman (Mr Wells): The Clerks had developed a system for covering three subgroups.

Dr Farren: Are they saying that they could —

The Chairman (Mr Wells): The Hansard reports would be slow, because a large burden would be placed on the staff. However, the meetings would have been recorded.

Dr Farren: I can certainly live with that.

12.00 noon

The Chairman (Mr Wells): Have we reached consensus on the appointment of three additional Chairmen for the economic subgroup?

Members indicated assent.

The Chairman (Mr Wells): Debbie Pritchard will inform the Secretary of State of that, and he will ask the parties to make nominations. That will help to relieve the load on Mr Molloy and me.

Dr Farren has made a scaled-down proposal, to the effect that rather than meet twice a week — as Mr McFarland suggested — we meet every day, with the economic subgroup meeting twice a week. In other words, on Monday, we would deal with institutional issues; on Tuesday, we would deal with law and order; and on Wednesday, we would deal with rights and safeguards, etc.

Dr Farren: Or whatever.

The Chairman (Mr Wells): Yes; that is not hard and fast. Perhaps we could meet on Monday, Wednesday and Friday, with the economic subgroup meeting on Tuesday and Thursday.

Mr M McGuinness: From a practical point of view, given that parties will send different people to the various meetings, and given that you and the other Deputy Speaker will chair most of those meetings, are you both available to do that throughout August?

The Chairman (Mr Wells): I am. Mr Molloy?

Mr Molloy: Yes.

Mr M McGuinness: You are gluttons for punishment.

The Chairman (Mr Wells): We shall meet on Monday, Wednesday and Friday. The economic subgroup will meet on Tuesday and Thursday. I presume that those meetings will begin at 10.00 am. The staff will rejig their rotas accordingly.

How shall we deal with the running order? Shall we start with institutional affairs or with law and order?

Dr Farren: Start with the institutions.

The Chairman (Mr Wells): The first week will be institutions, law and order, and then rights, safeguards, etc.

Mr McFarland: Law and order on Wednesday, and rights on Friday. Is that correct?

The Chairman (Mr Wells): Yes. We have got that out of the way.

Mr Ford: I wish to follow on from a point that Alan made about parties sending their experts to meetings. Some time ago, we discussed the question of parties' entitlement to bring research staff, or whomever, as back-up to their negotiators — I am sorry; I should not use that word in front of the DUP.

Given that we are seeking to go into some detail, I wonder whether other parties have a view at this stage on allowing party staff to attend as note-takers, note-providers, or whatever.

The Chairman (Mr Wells): That is entirely up to the parties. We took that decision before we decided to bring in Hansard. Everything is a matter of public record, so there is nothing to be gained by secrecy.

Mr Ford: Not only has that changed, but so has the intensity of the work that we are planning.

Mr McFarland: Another issue is that parties have various people who are away. It would be useful to have some form of continuity. Perhaps someone could sit at the back of the room to ensure that members do not drop bombs — metaphorically speaking — on different weeks.

The Chairman (Mr Wells): If parties have whizz-kids who are experts in particular issues, they could sit at the back of the room. We may need to move to a bigger room. That raises the difficult issue of whether we allow the press to sit in on meetings.

Mr McFarland: One of our successes is that, although we have Hansard reports, we are building relationships through people's ability to speak to one another. If a press chap is here, the moment a member says something outrageous, he will be out the door, and when we leave the Committee, it will be on the one o'clock news.

The workings of the Committee will be easier if the reports are in Hansard, and we can do our stuff later. However, if we effectively do it live, we will all be bouncing in and out of meetings to make comments to the press or to appear on 'Talkback', or whatever. That stands to wreck our work, which is building quite sensibly among the parties. We are getting some proper work done.

The Chairman (Mr Wells): There is much merit in what you say, Mr McFarland.

The Committee Clerk has suggested that we decide whether we discuss institutional affairs on a Monday, and revisit it on consecutive Mondays, or whether we discuss institutional affairs three days in a row next week. Institutional affairs will be the time-consuming issue. What sort of continuity will we have if we discuss institutional affairs on a Monday, have another bite at it a week later and a further bite the week after that?

Mr McFarland: Chairman, you are involved in only two of every five meetings. The Subgroup on Economic Challenges facing Northern Ireland is to meet twice a week. Technically, there is nothing to stop this Committee discussing institutional affairs on a Monday. If somebody other than you or Mr Molloy were to chair the Tuesday meeting of the economic challenges subgroup, you would both be free on Tuesdays and Thursdays to chair another meeting of this Committee.

The Chairman (Mr Wells): Remember that the only difficulty is that a substantial proportion of the membership of this Committee will also sit on the economic challenges subgroup.

Mr McFarland: No; they are different. I said that different people are involved in this.

The Chairman (Mr Wells): At least one member from each party must sit —

Mr McFarland: No. That was the case for the two proposed subgroups, which no longer exist.

The Chairman (Mr Wells): The economic challenges subgroup was established under the regulations for subgroups.

Mr McFarland: Yes, and Mr McNarry represents our party on that subgroup. He is the only person who is out of the loop. *[Laughter.]*

My point is that, in discussions on institutional issues, law and order issues and safeguards issues, our party can be represented by two Members other than Mr Kennedy, Mr McNarry or me. There are no rules in this Committee about that, because substitute members can sit on the PFG Committee.

Dr Farren: We will need to have a big recruitment drive.

Mr McFarland: Had the subgroups been formed, either Mr Kennedy or I would have had to sit on it.

The Chairman (Mr Wells): On that basis, 99 of the MLAs will have eventually sat in this room.

Mr McFarland: Absolutely. There are no rules for this Committee, other than that substitute members can sit on it.

Mrs D Dodds: Would it not be wise to leave the make-up of the delegations to the parties?

Mr McFarland: Yes, but the make-up of party delegations is directly related to how many times a week we can meet.

Dr Farren: Parties must answer to themselves.

The Chairman (Mr Wells): Is there anything, for example, to stop this Committee meeting on Tuesday to discuss institutional affairs?

Dr Farren: No.

The Chairman (Mr Wells): The economic challenges subgroup would meet in the morning and this Committee could discuss institutional affairs on Tuesday afternoons, if needs be. Are you suggesting that as a practical way forward, Mr McFarland?

Mr McFarland: A programme needs to be set out. If you chair a meeting on a Monday, Mr Molloy is present. Similarly, if Mr Molloy chairs a meeting on a Wednesday, you are present. If both Chairmen attend a Committee meeting, they cannot chair another meeting. Although it is useful to have the other Chairman present, it is neither effective nor efficient. If you were a time and motion man, you would be sacked for suggesting that.

The question is whether both Chairmen can afford to continue attending the same meetings. I argue that they cannot. It is very useful and helpful, but you will not be able to sustain that if there are other meetings

because, logically, if you chair a meeting on a Monday and Mr Molloy chairs a meeting on a Wednesday, you cannot chair the economic challenges subgroup. Do you see what I mean?

Mr M McGuinness: As we have agreed the number of groups and so forth, I am not that sure that we should begin to work out the detail of how the issues will be taken forward. A more sensible way to proceed is for the two Deputy Speakers to meet a representative from each party to devise a programme for the coming weeks. If we continue as we have, we will be here until midnight.

Mrs D Dodds: There is no reason why we cannot agree to Seán Farren's suggestion that this Committee meet on Mondays, Wednesdays and Fridays and the economic challenges subgroup meet on Tuesdays and Thursdays. This Committee can sit into the afternoon, if it so desires.

Lord Morrow: Or into the night.

Mrs D Dodds: That would resolve the issue.

Mr Molloy: If it is decided on a Monday that the Preparation for Government Committee must meet on Tuesday, members who do not sit on the economic subgroup could attend the Committee. If membership of the economic subgroup were kept separate from that of this Committee, the Committee could meet on any day of the week.

Mr M McGuinness: The problem is that we are thinking on our feet about this matter. Members must reflect on today's discussion and send a representative to meet the Chairmen to work out a programme of meetings. The arrangements for how and when the Committee and the economic subgroup will meet are likely to be made through an ongoing process of amendment and change.

Mr McNarry: Members of the economic subgroup were issued with a schedule. Therefore, they know what commitments they have until 18 August. A similar schedule would be helpful for the business of the Committee. Members have other commitments at their constituency offices and other people to meet. Committee staff should be able to organise a schedule for future meetings.

The Chairman (Mr Wells): The Committee is staffed by two experienced Clerks, who have formulated schedules for other Committees. We need to decide whether we wish to spend three days in a row discussing one topic, such as institutions, followed by, if required, three days in a row on law and order, or do we want to take forward business on a Monday-Wednesday-Friday basis? For example, each week, the Committee could concentrate on institutions on a Monday, law and order on a Wednesday, etc.

What is the best way to deal with those issues? That is the only guidance that the Clerks need. Beyond that, we should let them use their expertise. What do members think? Should the Committee discuss institutions every Monday, or should it take one subject and discuss it on Monday, Wednesday and Friday?

Dr Farren: I can see the attraction of trying to achieve much on one of the issues in one week. However, we need to engage others. Next week, we should start with institutions on Monday, use Wednesday for law and order, and discuss rights and safeguards on Friday. One subject — for example, institutions — may gather a head of steam and need more and more time devoted to it. If we address the issues in parallel, the other subjects are less likely to get pushed down the agenda.

The Chairman (Mr Wells): Are members agreed that we must build in flexibility to ensure that if one issue needs further discussion, that can take place?

Dr Farren: Yes.

Mr M McGuinness: Absolutely.

The Chairman (Mr Wells): That is a good compromise.

Dr Farren: That would be wise.

The Chairman (Mr Wells): Members must decide whether to ask the parties to submit papers. May I assume that we will call witnesses?

Mr McFarland: Time is against our inviting witnesses, unless they could substantially enlighten the Committee. Members have been discussing many of these issues for four or five years, or longer. In some areas, we may need expert witnesses, but we have no time. If we are to have one meeting a week on each of the issues, and we have to report in three weeks' time —

The Chairman (Mr Wells): Can we leave it that, in principle, if we decide that we need to call witnesses, we will do so? That does not mean that we must call witnesses, but that the mechanism is there should witnesses be required.

12.15 pm

Mr McFarland: We should err on the side of caution with witnesses because of the time factor and the trouble that we could get into by not inviting all the interested parties who may wish to give evidence.

The Chairman (Mr Wells): That brings us to an important issue. To assist the Committee, do parties wish to produce papers for each meeting? If so, papers for Monday meetings will need to be with Committee staff by the previous Friday.

Mr McFarland: There is an awful shortage of time and many different topics to cover. Parties will be pushed enough to get this done with the personnel that they have. Hansard is recording the meetings, and,

obviously, parties will be organised within their own systems.

If we are to produce papers for each of the topics, the key people will have to spend all their time engaged in that when they should be at one of the subgroups. Parties may need to submit a paper on a particularly complex issue, but if we have to produce a paper on each topic, we will run out of time, effort and hours available.

Dr Farren: The institutional issues are essentially inter-party ones, and we should not have to call expert witnesses on them. The parties had already prepared papers, some long and some short, in the run-up to the Leeds Castle discussions and what flowed from them and during the review that was undertaken a few years ago. There is unlikely to have been a great deal of change since. We have already initiated the procedure to produce a briefing paper on the issues, and if anything is missing, we will take it from the list that the Committee Clerks have prepared and from what we have prepared ourselves. We can have a paper ready for circulation on Friday. It is helpful if parties can produce brief papers on the issues. Otherwise, no one is very clear about people's approaches until they start to talk.

The Chairman (Mr Wells): The problem is that we need to have some structure for Monday's meeting. At the moment, all we have is 10 or 11 points. It would help if the parties could at least provide sub-headings to each point.

May I apologise to the Committee: I simply have to attend an incapacity tribunal in Newry, so Mr Molloy will be taking over from me in five minutes' time.

Do the parties agree that they will be able to produce something for the Clerks on the institutional issues, no matter how brief, by lunchtime on Friday? Then at least we will have some structure to the discussions that Mr Molloy will be chairing. I do not have to worry too much about it. Is everyone happy with that?

Members indicated assent.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): Could we have papers on the law and order issues by lunchtime on Monday and papers on rights and safeguards by lunchtime on Wednesday? It is also helpful for Hansard if the parties, and any witnesses that they may call, provide papers in advance.

The next item of business is the future work programme. Members will have the work plan that was issued by the Secretary of State after the meeting held by the Prime Minister and the Taoiseach. There is also the suggested work plan for the Programme for Government, which is to be dealt with today.

Can we take the work plan issued by the Secretary of State?

Mrs D Dodds: Mr Deputy Speaker, are there spare copies of the work plan?

The Chairman (Mr Molloy): Yes.

Can we close the windows? There is a terrible smell of diesel.

The Committee needs to decide whether to accept the work programme and how our work will fit into it. Do members have any views?

Mr McFarland: Originally, it was discussed whether the Committee would report by 18 August. Can I get an update? Is there a date by which the Committee must have its work completed in order for the debates on the report to be held at the beginning of September?

The Chairman (Mr Molloy): We need to go the Business Committee by 25 August in order to meet the date of the proposed plenary meeting on the report.

Mr McFarland: Working back from that date, at what stage do we have to meet as a full Committee to agree the report?

The Chairman (Mr Molloy): The deadline for the economic challenges subgroup is 18 August. Because this Committee is not forming subgroups, it will have a wee bit of extra time to meet. The date that we are working to is 25 August, at which time we will go to the Business Committee, provided that the report is finalised by that date.

Mrs D Dodds: This Committee must also consider the report from the economic challenges subgroup.

Dr Farren: How fixed in stone are the dates of the plenary meetings? In order to gain a little more flexibility in the Committee's work programme, and that of the subgroup, would the Secretary of State concede a week's delay?

The Chairman (Mr Molloy): My understanding is that, unless the Preparation for Government Committee proposes subjects for plenaries, the dates are not fixed at this stage. If the completion of the report were to be delayed by a few days, the Business Committee and the parties, rather than the Secretary of State, would be flexible in arranging plenary meetings.

Dr Farren: It would allow us a little flexibility, and we would not be shackled to dates to which we need not be shackled.

The Chairman (Mr Molloy): There could be another way around it: if the economic challenges subgroup's report were ready, it may be debated in a plenary meeting before the debate on this Committee's report. The economic challenges subgroup has been asked to submit a report early so that this Committee

can consider it. That will take slightly longer than the other way.

The Programme for Government is one of the tasks set by the Secretary of State for this Committee to conclude by October. A draft Programme for Government and a draft ministerial code will be finalised. That will obviously be completed after the September deadline.

Do members have any opinions on that? Parties obviously need to agree the order of work.

Mr O'Dowd: I am getting a headache from the diesel fumes. Can we adjourn to get some fresh air?

The Chairman (Mr Molloy): The fumes could be coming from a generator.

Mr McFarland: It seems that the fumes are being pumped into this room.

The Chairman (Mr Molloy): The order of work is the final issue to be dealt with. Shall we discuss it at a future date?

Mr O'Dowd: Perhaps we can discuss it in future.

The Chairman (Mr Molloy): We can note the issue today, and parties can return to the Committee with an opinion. We obviously cannot decide everything today. We will meet again next Monday at 10.00 am.

Adjourned at 12.24 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Monday 31 July 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Francie Molloy

Mr P J Bradley

Mr Gregory Campbell

Dr Seán Farren

Mrs Arlene Foster

Mr David Ford

Mr Alan McFarland

Mr David McNarry

Mr Conor Murphy

Mr John O'Dowd

Mr Peter Robinson

Mr Jim Wilson

Observing: Mr Jim Wells

The Committee met at 10.03 am.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): Welcome to this morning's meeting. The minutes of the meeting of 26 July are attached to the papers. Would members like to raise any issues about the minutes? Are the minutes agreed?

Members indicated assent.

The Chairman (Mr Molloy): I will deal with apologies and changes of personnel.

Mr O'Dowd: I am here on behalf of Michelle Gildernew.

The Chairman (Mr Molloy): Is anyone else from your party coming?

Mr O'Dowd: No.

Dr Farren: P J Bradley will join me for Mark Durkan.

Mr Ford: Naomi Long is on her way.

Mr McFarland: Mr Wilson is standing in for Mr Kennedy.

Mr P Robinson: Gregory Campbell and I are standing in for somebody or other. Arlene Foster is the new Willie McCrea.

Mrs Foster: Thanks. Has that been minuted?

The Chairman (Mr Molloy): Hansard will have noted that.

As the meeting is being reported by Hansard, I remind members that they must switch off their mobile

phones because they affect transmission, even if they are on silent mode.

Today we will discuss the institutional issues. Parties were given the option to provide papers. I propose that each party takes five minutes to go through its submission, and then we will start the discussion.

Mr Ford: According to the note that the Committee has been given, two parties do not intend to provide papers. How does that fit into the plan that everybody will talk to their papers?

The Chairman (Mr Molloy): It will be a challenge.

Mr McFarland: It was proposed at the end of the previous meeting that parties would provide papers. The UUP representatives agreed to that, as we were effectively going out the door. I thought about it afterwards, and I am confused about the purpose of providing papers. At the beginning of this exercise parties submitted papers stating the issues, and they spent many hours questioning one another about what they meant. The DUP was questioned for five hours; Sinn Féin for six; and the UUP for four and a half. Unless there are new issues, which, as we discussed at the previous meeting, people are quite entitled to bring to the table, I am not clear about the purpose of providing new papers.

Issues with which we must deal were identified in the first round. The purpose of the Committee in this format is not to negotiate but to mine down into those and identify whether there are further matters that we have not yet spotted or that need clarification and expansion.

The Chairman (Mr Molloy): My impression is that we are to narrow discussions to institutional issues and that members could put forward a paper — to structure the meeting more than anything else — or they could simply talk about the issues that they think affect the preparation for government.

Mr McFarland: The logic is that we have our list of issues already, and some will be important and extensive while others will be minor and fairly limited. For example, the Civic Forum is on the list. There are strong views about the Civic Forum, but it is not particularly complicated and could be dealt with relatively quickly. However, when the Committee comes to items such as the comprehensive agreement and the Belfast Agreement, discussions will be fairly extensive because different parties raised those matters. Matters that are issues for one party may not be for another. I thought that, having got this list, it would be logical for us to decide the order in which we want to deal with the items and then mine down and expand upon them.

Technically, parties could bring forward a whole raft of new issues that did not derive from the first round. If that happens, we will be redoing the scoping exercise.

The Chairman (Mr Molloy): I agree that there could be other issues; however, if parties feel that some matters are important and should be raised, the Committee should recognise that and deal with them. Issues may have been lost while the Committee was considering the bigger picture.

Can we agree that we open the discussion with five minutes for each party to present their paper or talk about the issues that they feel are relevant?

Members indicated assent.

OK, Mr Ford, over to you.

Mr Ford: I will touch on the issues that the Alliance Party raised in writing or verbally in June 2006. Key issues revolve largely around the Assembly and the Executive. Other issues that we have mentioned, such as the Civic Forum, North/South and east-west bodies, appear to be relatively straightforward in comparison.

The Alliance Party believes that the fundamental issue of ensuring that there is a fair and effective voting system in the Assembly has not been addressed. Such a system is possible only if voting is based on a weighted majority. The removal of designations remains a priority to getting a working voting system.

Although issues on the composition of Committees and the election of Chairpersons are not crucial, fundamental difficulties have been shown with the ineffective and unfair d'Hondt formula, which is currently being used to compose the Executive and which will be used to recompose the list of Committee Chairpersons on at least two separate runs.

The Alliance Party is not content with the current scrutiny of Executive functions, and we are particularly concerned that the Committee of the Centre does not cover all the functions of the Office of the First Minister and the Deputy First Minister (OFMDFM). That is, of course, subject to any future functions that OFMDFM may have. We want scrutiny of the North/South Ministerial Council (NSMC) to extend from Ministers merely reporting on meetings to their compiling an annual report on which detailed questioning of the Council's work could be based.

In certain circumstances, the Assembly should be able to use a weighted vote to reverse ministerial decisions. That proposal is somewhat different from that which states that ministerial decisions would stand only if they attracted a weighted majority.

Under the heading of "Executive", there seems to be broad agreement on the need for a statutory ministerial code. The Alliance Party supports that, but there is also a need to enhance the ministerial Pledge of Office.

There are major problems with the formation of the Executive and the Assembly's endorsement of it. Those problems were touched on in some respects by the so-called comprehensive agreement, but they have not been dealt with properly.

There is also a huge issue about the lack of and need for Executive collectivity. Discussions on the devolution of justice have highlighted that point, while other issues have illustrated that there are too many Departments. The structure of Government is ineffective, and that point ties in with the functions of OFMDFM.

There is scope for enhancing the role of the Civic Forum, which perhaps should have the statutory right to be consulted on proposed legislation. There is also scope for ensuring that civic society has a more effective input in the government process.

There is a need to re-examine the scope of the various aspects of North/South co-operation to ensure that opportunities to derive more practical benefits are taken. The comprehensive agreement's recommendation to form a parliamentary tier between the Assembly and the Oireachtas should be advanced. The Alliance Party proposed that in the Assembly some years ago, but it was never implemented.

Similarly, the effectiveness of the British-Irish Council (BIC) on east-west issues should be enhanced. An annual report would be beneficial, but I suspect that we would not get the leaders of all the Governments that are represented to debate that report.

Mr P Robinson: I sympathise with Alan McFarland's point about us being in danger of going over the same material. If the hope is to grind the discussion down further, we must talk about the issues that are listed under the heading of "Institutional issues" on a subject-by-subject basis. We are content to do that.

However, the DUP stands apart from all the other parties who supported the institutions in the Belfast Agreement, although I expect that even the parties that supported that agreement will have recognised, through experience, that it was not a perfect document and that there is scope for improvement. Therefore, between our proposals to change fairly significantly some of the structures of the Belfast Agreement and the view that there is some improvement, some work can be done.

Like the Alliance Party, the DUP is not content with a system that is mandatory and that ensures that all the major parties are in government for all time. A mandatory system in an emergency or other special circumstance could be justified — for instance, in wartimes, all Westminster parties came together in a war Cabinet. One could also reverse the analogy and justify having all the parties sticking together in situations in which a country comes out of war. However, the system must exist for a limited time, and the Belfast Agreement gave the impression that this one was for ever.

One way of doing that is to adopt the Alliance party's suggestion of looking at the voting system, because that leads inevitably towards coalitions that are voluntary, provided they can get the necessary support. I assume that the weighted majority would be struck in such a way as to ensure a level of cross-community support. The DUP is quite content to look at those ideas, and its policy document 'Devolution Now' already advocates a voluntary coalition, which can be brought about by weighted majorities.

10.15 am

As far as the general principles are concerned, the DUP divided its misgivings about the structures of the Assembly under the Belfast Agreement into four — whether they were accountable, stable, effective and efficient. They were demonstrably not accountable, either to the Assembly or the Executive. I enjoyed that free rein as much as some other Ministers, but it obviously meant that decisions could be taken within a Department; the Committee, the Assembly and the Executive could do nothing about it — the only person who could do anything about it was the nominating officer, if he or she determined to do so. That is not a satisfactory situation and, in the long term, could lead to all sorts of democratic perversions. For example, I could foresee one Education Minister leading policy in one direction, only for it to be moved in a completely different direction by another Minister appointed after the next running of d'Hondt — even though the Executive might remain constant. Therefore, there must be some collective responsibility, and the Government's proposals in the comprehensive agreement sought to bring about a greater degree of such responsibility. It is essential that we do that.

If accountability is important at an Assembly level, it becomes more important, at least theoretically, at a North/South level, where decisions should be in keeping with the view of the Executive and the Assembly, rather than the view of the Minister who happens to be present at the time. I understand that the previous Executive did discuss some issues that were intended for discussion at North/South meetings, although in working practice, as opposed to under any legal requirement. Accountability must be on a clear legal basis so that everybody has the comfort of knowing that the decisions taken will have been aired and, hopefully, agreed before such meetings take place.

I do not think that I need to argue the case too much in relation to stability. The repeated suspensions of the previous Assembly, and this Committee's existence, show that we do not have that stability, and a series of issues fall under that heading.

As regards efficiency, even the Secretary of State seems to be wising up to the need to streamline the institutions. The SDLP's paper mentions the Civic

Forum. The existing Assembly rules allow for a most massive consultation mechanism whereby any member of the community can be consulted about any initiative. I am not quite sure if there is any benefit in adding to the structures and making the whole process more cumbersome and less efficient. As the Secretary of State has recognised, the issue of efficiency clearly falls around the number of Departments. That does not necessarily go to the heart of the issue of the number of Ministers, because there can be more than one Minister to a Department, as is often the case.

As far as Departments are concerned, there is duplication of work between the Office of the First Minister and Deputy First Minister and not just the Department for Social Development, but other Departments such as the Department of Finance and Personnel. It is hard to separate some of the roles given to Departments, and we had experience of that in particular with regard to planning, where area plans were separated from the regional plan. Similarly, road safety was separated from the Roads Service.

Through running the system even over the short period that we did, that kind of issue arose across a range of subjects. One would have drawn lines between departmental responsibilities differently. It was hard to justify the existence of the Department of Culture, Arts and Leisure, which did not have sufficient work. Reducing the number of Departments would have made good sense and would have saved money, allowing funding to go to front-line services to the benefit of the whole community.

I move on to the issue of effectiveness. I suppose it is better openly discussed around the table that although Sinn Féin and the DUP were involved in discussions leading to the publication of the proposals for a comprehensive agreement by the two Governments, neither party signed them off. I suspect that there are elements that Sinn Féin would like to have had otherwise; there are certainly elements that the DUP would like to have had a different way. By and large the proposals sought to address some of the issues of accountability, stability, effectiveness and efficiency.

Criticisms by other parties were made, probably because they were not involved as much, or as much as they should have been, by the Government, rather than because of the content of the document. Most criticism centred on how the First Minister and Deputy First Minister were to be put into their posts; the impact that that might have subsequently on ministerial positions; and whether there was any requirement for the Assembly's approval. I saw less criticism of the processes used to ensure accountability. I must say I found them a bit cumbersome.

We have sympathy with the general principles of the institutional changes that were suggested in the

comprehensive agreement, although in many cases we thought they could have been done better.

Issues relating to the North/South structures are seen as those in which nationalists are most interested. I have no difficulty in having a better relationship with the Irish Republic, particularly with respect to mutually advantageous co-operation. The line that the DUP draws is that we want the relationship to be practical, rather than politically motivated. We do not share an ideology where the purpose of institutions and structures is simply to suck Unionists into all-Ireland processes with an eventual political goal. For practical purposes we want to co-operate and be good neighbours. The best way of putting it is that we want to be their friends, not their family. The DUP is happy to go into detail on each of the issues, but I suspect I have run out of time in this brief run around the course.

Mr Murphy: As Alan McFarland has said, parties tabled papers at the start of this exercise. Part of our paper detailed the outstanding institutional issues. We were questioned for some six and a half hours on that aspect. Not all of that time was spent on institutional issues, but there was quite an airing of them. We are not convinced of the need to submit a further paper on these issues. They are well documented.

The institutional issues arise out of the formal review of the Good Friday Agreement, which was the mechanism used by the parties some years back. Those discussions paved the way for the Leeds Castle talks and, eventually, the two Governments' proposals for a comprehensive agreement, which were tabled in December 2004. Several issues were raised at that time in the expectation that the institutions would get back up and running in a short time frame. The DUP was to be involved in that, and, as we made clear when we talked about those issues at the start of this Committee's work, that context no longer exists.

The proposals for a comprehensive agreement no longer exist in their original context. Therefore, at the beginning of this year, when we were asked to submit suggestions to the two Governments relating to outstanding institutional matters, we presented several issues that needed to be addressed. I must stress that, in our consistently held view, none of those issues are an excuse for not setting up the institutions now. All of those matters can be dealt with in the context of functioning institutions. Although we are highlighting issues that we would like to see addressed, our clear view is that that can be done when the institutions are up and running. There is no need to use the matter of outstanding issues to delay the setting up of the institutions.

Nevertheless, in the context of this Committee's work, some of the issues that we highlighted to both Governments when we met them in February to

discuss outstanding institutional matters concerned stability. We put forward our long-held view that the Northern Ireland Act 2000, which allowed for suspension, should be repealed because it was the primary cause of instability in the institutions.

On accountability, we asked for legislation to create a requirement for Ministers to attend Executive meetings, which was not the position in the last Executive, when the Democratic Unionist Party did not attend them. That legislation would also require Ministers to attend the North/South Ministerial Council and British-Irish Council meetings, when appropriate. We wanted legislation to create an automatic entitlement for all Ministers to attend North/South or British-Irish plenary meetings, and for Ministers with relevant responsibilities to attend the sectoral meetings of those bodies. Members will recall that the former First Minister interfered with that process and refused to allow my colleagues to attend the appropriate and relevant sectoral meetings of the North/South Ministerial Council.

We also suggested putting the Committee of the Centre on a statutory footing, which it did not have in the previous Assembly. There was a sense that the scrutiny that applied to the Office of the First Minister and the Deputy First Minister was not as strong, or did not have the same authority, as the other statutory Committees that scrutinised Departments.

We argued that the Ministerial code should have a statutory basis in order to improve accountability. Issues of that nature arose within the previous Executive, and there was a general sense during the formal review discussions, and in any discussions on institutional matters since, that accountability mechanisms needed to be tightened up. We shared some of those views.

Peter Robinson referred to the proposition on the election of the First Minister and the Deputy First Minister. In our view, the context for the proposition put forward by the two Governments in paragraph 9 of annex B of their comprehensive proposals no longer exists. We argue that the Good Friday Agreement's position on the election of a First Minister and a Deputy First Minister should be adhered to and should not be changed. We have also argued for the convening of a bill of rights forum.

We have outlined several issues. We are content, however, to listen to the ideas advanced by other parties and see where that takes us. There is a general view — which was brought to the formal review of the Good Friday Agreement — that there are areas of agreement that can be tightened up, such as accountability and stability, and we are prepared to look at all of those. However, to be clear, the context for the issues put forward by the Governments in their comprehensive proposals no longer exists.

Sinn Féin will pursue the outstanding institutional issues as we see them, and I hope that we will reach agreement on all of those matters. However, agreement on those matters does not necessarily predate the establishment of the institutions. That should happen as a matter of urgency. There is nothing that stands in the way of the re-establishment of the institutions.

10.30 am

Dr Farren: I am not as concerned about repetition or revisiting issues as some people seem to suggest, notwithstanding the lengthy discussions and interrogations that parties have had with each other over the past few weeks. I have been involved in these kinds of exercises long enough to realise that repetition is probably the least of our problems. We should not be afraid to revisit issues if necessary, especially given the kind of agenda that we set ourselves last week.

The SDLP's submission follows, in numerical order, the main items listed for discussion last week under the heading of "Institutional issues". I do not intend to go through them all in detail now. A significant proportion of the electorate, North and South, endorsed the Good Friday Agreement, and it remains the bedrock on which we need to move forward. I have always recognised that there are shifts in opinion on the agreement. However, those are more to do with the failure to operate and maintain the institutions because of matters that were extraneous to them rather than any that were inherent in them.

That is not to say that the SDLP has not recognised during the review of the agreement and, more recently, during discussions in this Committee, the need to examine some matters to ensure greater degrees of accountability, effectiveness and efficiency with respect to how the Assembly; the Executive; the North/South Ministerial Council; the east-west structures and the Civic Forum operate, and that is reflected in our submission.

The SDLP believes that the Civic Forum still has a useful role to play. It came into existence in the later stages of the operation of the institutions and, therefore, took some time to find its feet. Given the nature of the Civic Forum, it was never going to be a major public body that would operate in a blaze of publicity: it would be one that would do useful work in bringing together all the strands represented on it. Those strands would not otherwise have an opportunity to hear from each other or to express their views, insofar as they were collective views, to the Executive, the Assembly and the wider public, thereby acting as a challenge on medium- and longer-term policy matters. There would be no obligation on the Assembly or the Executive to adopt the Civic Forum's views but it would still have a useful role to play and should continue to receive our support.

The parties who were centrally involved in comprehensive agreement will say that they did not sign off on it. However, at the time they greeted the proposals from both Governments as historic, and a major breakthrough, and seemed to think that there was considerable potential for progress.

The SDLP was not involved centrally. It made its views known to the Governments and it engaged in discussion with other parties — notably the DUP, and, at times, Sinn Féin — but it had no hand, act or part in the final draft of the proposals, has never accepted them, nor does it regard them as having any formal standing. Some aspects of the proposals could attract the SDLP's interest and support, however, it does not support the proposals for a comprehensive agreement, and it is trying to make the necessary improvements to the operations of the institutions as set down in the Good Friday Agreement.

The SDLP welcomes this opportunity. I am not sure how the Committee will organise its business from now on, and that may be the next issue we will have to address when the initial round of contributions have been concluded.

Mr McFarland: The UUP's detailed views are in the Official Report of 28 June, and I will not go into those again.

The statements made by our Government and the Irish Government continue to say that the Belfast Agreement is the basis on which all parties are having discussions with a view to getting Government up and running. As Peter Robinson said, there are areas in the agreement that did not work properly in the first Assembly. There are areas that in light of our experience of the first Assembly could be tweaked and improved, and it is clear from the first round of discussions in the Committee that most parties are not uncomfortable with that. There is disagreement about which areas need to be improved, but there is agreement that improvements must be made.

There are common issues where agreement has already been reached. For example, no party is uncomfortable with the need for a ministerial code to tie Ministers into exactly what they will do and what their responsibilities will be. Most parties broadly agree that North/South issues should be dealt with on the basis of sensible, practical politics and policies between the two jurisdictions — as Peter Robinson said — and that the east-west part of the agreement was an orphan child because the Governments refused to have a secretariat. The east-west structures must be treated on an equal basis with the North/South structures. Those are obvious issues, and should not cause an enormous amount of disagreement.

There is confusion over the comprehensive agreement. For the past month and a half William McCrea

has said that it is inviolate; it is a DUP document, and it has been agreed with the Government and must be delivered. The Minister of State, Mr Hanson, said in the House of Commons that his Government had a deal with the DUP and it would be delivered later in the year. I was encouraged by Peter Robinson's statement the week before last when he said that the DUP was not tied to it.

There is confusion about the status of the comprehensive agreement and the undertakings that have been given on it. It would be useful to get an update, because the comprehensive agreement is a modified version of the Belfast Agreement. Like the SDLP, the UUP was not part of the comprehensive agreement negotiations. We understand that some parties that were part of the negotiations on the comprehensive agreement are not signed up to it. Sinn Féin is on record as saying in this Committee that it is not signed up to the comprehensive agreement, and Peter Robinson is on record in the House as saying that the DUP is not signed up to it. It will be interesting to see where we are with it now, because the comprehensive agreement is the last document that we are examining to establish any useful areas on which we can all agree; and whether those areas on which there is clearly no agreement require tweaking.

The Civic Forum was the enthusiastic brainchild of the Women's Coalition. Arlene Foster will recall that in discussions following the signing of the Belfast Agreement in 1998, we were all so fed up that we went along with the idea of a Civic Forum without having any enthusiasm for it. When the Assembly was first up and running, the Civic Forum proved largely useless. I have spoken to people who sat on it and they agreed that it was largely useless. The comprehensive agreement includes a proposal for an all-Ireland Civic Forum, and I find that even more disturbing. We must discuss that.

The question of dual/ triple mandates is tied in with the Review of Public Administration (RPA) and the number of Departments. They are inter-related issues because large super-councils would have devolved powers, and that will raise effectiveness and efficiency issues for the Assembly. On Wednesday, the Committee, in dealing with policing and justice issues, will discuss whether we need more or fewer Departments. The number of Departments is vital and we need to discuss it. The RPA forbids, by law, Members of the Assembly to be councillors. Interestingly, in Scotland the media led the charge against dual mandates. The media questioned whether MSPs could be doing good work for Scotland if they were sitting in Westminster.

I understand why, at the moment, MLAs may wish to be MPs or councillors. However, if the Assembly were fully up and running, it would be difficult for MLAs to serve their constituents properly at Westminster or in a

council while trying to do good work at Stormont. We need to examine how an MP can also be an MLA and a councillor and any combination thereof.

Issues concerning the First Minister and the Deputy First Minister are tied up with the comprehensive agreement. I talked in depth about them and the question of whether the unionist or nationalist veto on who is First Minister or Deputy First Minister should be removed. At the moment, unionists must put their hands up for the nationalist or republican Deputy First Minister and republicans and nationalists must agree on the First Minister. In a way, that is a safeguard because it locks people into a system of jointly supporting the Office of the First Minister and the Deputy First Minister. The voting system is complicated and we have discussed weighted majorities at various stages. That would lend itself to a full and fruitful discussion of the different options, and we may need some advice on that.

10.45 am

The Chairman (Mr Molloy): Do members want to ask questions or are there issues that they want to raise?

Mr McNarry: I have a question with which the secretariat might be able to help. Despite the Government facilitating the prevarication and vetoes that we have had to endure — which has contributed to a magnificent hatchet job on our credibility with the public — we are trying to create space in which to recover our credibility. My understanding is that the public welcomes the fact that Committees such as this are meeting and working; it sees that as a clear change. Such progress is also building public confidence in our abilities.

The decision to discuss the issues detailed in the schedule — institutions, law and order, rights and economic challenges — separately seems to have been agreed by this Committee. What we are doing here perhaps bodes well for the integrity of a future institution. That is crucial to the points that every member made about stability, efficiency and co-operation. As the Committee discusses the issues, it is important that it presents a report to the Assembly for its approval. We have agreed that, but I merely underscore the importance of doing so.

I am sure that the Prime Minister would embrace the recommendations of a report by this Committee and by the economic subgroup. I assume that a report would contain recommendations. We should also give some thought to establishing the status of such a report. I would not want it to be used simply to promote a debate that we have been calling for in the Assembly. I note, too, that those who previously said that they would not take part in such a debate now say that they will do so. I would not want a report of this Committee to be merely a pitch; it should not be merely an aspiration

for a debate. I hope that during the discussions we will think about the outcome of the report.

I do not wish to run a sprint before we get into the marathon, but it is vital that we give some thought to what agreement can be reached on the recommendations that such a report might contain and how those recommendations might be put before all 108 Members and before those in government. That is very important, and it would be a proper signal to send to the public.

Is there some direction percolating in the background about the status of a report to which this Committee would agree?

The Chairman (Mr Molloy): The content of the report — as opposed to using it merely to get a debate — and the work that goes into it are important.

Mr P Robinson: I assume that the report will indicate the parties' views on each of the issues and where there is, and is not, some agreement among the parties. The report cannot go much further than compiling the level of agreement on each of the subject matters. Some questions were posed during the course of members' contributions, and clearly there were some misunderstandings, so it might be worthwhile touching on some of those.

If anyone can talk about a context no longer existing, surely the context that no longer exists is one where there is support for the Belfast Agreement — the kind of support that is necessary for it to exist. The whole structure of the Belfast Agreement required that there be support from both sections of the community. That support does not exist. There is ample evidence from the last four elections that the Belfast Agreement does not have the support of the unionist community. Indeed, opinion polls indicate that there is some draining away of support even beyond that. Each of us can put our spin as to whether we believe that that is because it was not implemented or because people, having had more time to examine it, recognise that it was folly to have supported it in the first place. The end result is that the Belfast Agreement does not have the support of the unionist community.

The Belfast Agreement, of course, is more than the institutions. It was a series of other decisions about policing and prisoners, and with regard to the institutions, about the fact that people could be in those institutions irrespective of their relationship with paramilitary organisations that may be active. The end result is that it is a context that does not exist. There is no support for the Belfast Agreement in the unionist community. Therefore if people say that no context exists for the comprehensive agreement, we have to face the reality: it is only what we agree here and now that matters. Whatever we call it, that is the only basis on which we can move forward.

As regards the DUP's position on the comprehensive agreement, I thought that that had been made very clear. However, it does not seem to have been understood so I will repeat it. The comprehensive agreement was the product of the two Governments, arising out of extensive discussions with two political parties, separately. We understood, although clearly to a lesser extent with other parties, that the result was not signed off by either Sinn Féin or the DUP. However, the DUP, then and now, regards the proposals contained in the comprehensive agreement as being progress from what had occurred beforehand. It would be a very foolish person who would say that proposals that are not signed off should be implemented if they cannot be improved on. We want to improve on the proposals in the comprehensive agreement, and if we can, we shall — it is as simple as that.

The all-Ireland consultative forum contained in the comprehensive agreement was clearly not a DUP proposal, although anyone in the DUP would regard that as much less worrying than the proposals for an all-Ireland executive body agreed by others. I see no danger in a forum that is consultative; I see it as a waste of time and money. However, in order to get an overall agreement, people will be prepared to take decisions that allow some wastage into the system.

I believe that there is no real benefit in having either a Northern Ireland or an all-Ireland consultative civic forum, although neither of them is particularly damaging to the constitutional position of Northern Ireland.

Dr Farren: David McNarry raised the nature of the report. It would be helpful to gain some clarity on what we can achieve, although some of Peter's earlier remarks clarify at least part of that.

If the Committee is to make a report at this stage, it is unlikely to point to much agreement. The report could outline the parties' positions on various issues. To some extent, there may be degrees of convergence within those positions; in other respects, there will not be convergence. That will be clear to see when the report is presented. We may well have to settle for a fairly modest report, which could form the basis for whatever negotiations will take place in the autumn — unless, of course, we agree to become a negotiating body. However, some parties have clearly set their minds against that at this stage.

Nonetheless, I would like to hear what parties think we can and are likely to achieve with the initial report that we will finalise at the end of this month or in early September. By identifying the issues and detailing parties' respective views, greater clarification will be gained and degrees of divergence and convergence will be more sharply presented. That will be a very helpful exercise and will probably be as much as we can achieve over the next few weeks.

Mr P Robinson: As a possible follow-up to that, the report could list each issue that makes up the component parts of the institutional structures. The report could express each party's views on those issues to gauge the level of convergence.

Dr Farren: The initial list was presented at our meeting last Wednesday — there was some modification to that, but not a great deal. That list is a series of headings, which may need to be further ordered in a more logical way, but it certainly provides scope for a report to be compiled that details the views of the SDLP, the DUP, the Alliance Party, Sinn Féin and the UUP. If we cannot agree to go further than that, people will see for themselves to what extent there is convergence or divergence among the parties. Those speaking about the report in any subsequent Assembly debate may wish to focus on areas where they think there is potential for movement.

That would be a modest report, but possibly the only type that the Committee is likely to be able to present — unless, of course, we turn ourselves into a Committee that wants to go further than simply identifying in more detail where each party stands on the issues. I am ready and anxious to do that, if others are happy to engage in more detailed discussion on where we can — and should, and probably have to — achieve a high degree of convergence and agreement.

11.00 am

Mr Murphy: Seán Farren is correct to say that it would be a modest attempt at producing a report to simply list the issues and individual party positions. The Committee has done that already. Several weeks ago, there was an attempt to complete a report simply because the Committee had met x number of times and had been recorded by Hansard.

In Sinn Féin's opinion, any report should be an attempt, at least, to resolve some of the institutional issues. There are issues on which there could be broad agreement, and it is important that those be identified. If there are other issues on which there cannot be agreement, and that members feel would be better left to later negotiations, the Committee should agree that. However, if the Committee's purpose is to identify issues and to hear the views of each party, it has done that and it is doing it again today. It could do it in more detail, but that would set the Committee's sights very low. The Committee should attempt to put at least some of the issues to bed and to state that because the parties are in agreement on them, they do not need to clutter up any future discussions. That is the sort of report that the Committee should aim to publish.

David McNarry made the point that Sinn Féin has gone public at last with its position on Assembly debates. Its position has been clear since 15 May. If there were genuine business, concerning preparation

for government, Sinn Féin would be quite prepared to debate it in the Assembly. Its objection was that Assembly debates were being tabled on issues over which the Assembly has no responsibility. Of course, given its reaction to some of the proposed topics, it has been proven that the Northern Ireland Office takes no heed of party suggestions.

The Committee should not simply be going round the houses, listing issues and saying where it stands with them. It should be considering whether resolution could be achieved on the issues that parties have identified. Members need to ask: Can the Committee move forward? Can it use its time constructively? Can the Committee contribute to getting the institutions to function before 24 November? As I see it, that is the Committee's purpose. Otherwise, why are members — all of whom are busy in their own rights — spending the summer sitting around a table discussing these issues? Why are they doing that if not to achieve some form of resolution?

Peter Robinson remarked that the context for the Belfast Agreement/Good Friday Agreement has altered. The fact remains that it is a sovereign agreement between the two Governments. It was mandated, and the two Governments were mandated to implement it. No such status exists for the 'Proposals by the British and Irish Governments for a Comprehensive Agreement', which were published in 2004, and that should further drive on the Committee to reach an agreement whereby the Assembly can be working again before 24 November.

If the Committee does not reach such an agreement by 24 November, Northern Ireland will find itself with the Good Friday Agreement minus the Assembly, the element to which, I suppose, unionism was most attached. That is what is shaping up for us beyond 24 November. Sinn Féin would prefer that the Assembly was up and functioning, which is why its members have attended this Committee to clear away some of the issues that people feel are outstanding.

The Committee needs to aim for a report that shows the work that has been done, the issues that have been discussed and resolved, and, maybe, highlights those issues that need further work. To produce a report that simply lists how each party feels on the issues would be to ask the Assembly to debate the Hansard report. Members attempted to do that a number of weeks back. Sinn Féin wants to see a genuine report that reflects genuine work.

The Chairman (Mr Molloy): Will members consider how the issues could be grouped?

Mr McFarland: The task of the Committee in this format is to mine down into the issues and to identify whether there are other more complex issues that members have not spotted. A number of the issues fit

together or are included under the same heading. It would be helpful if members could extract the broad headings. In his document, Peter Robinson listed accountability and institutional issues.

If we agree to extract broad headings and make a list within those, we can find out whether there are further issues to be identified. I do not know whether we can agree. The word “negotiation” has been neuralgic. At every meeting of this Committee, William McCrea confirmed that the DUP is not negotiating, although he agreed that the party would identify issues. We should stick to that for the moment to see whether there are other issues within these broad topics that need to be identified and whether they can be solved by this Committee.

We should not become excited about some of the issues that are not solvable by the parties or by the Committee. We should simply log those issues. In negotiations, the parties may be able to solve other matters. If we identify those issues and the party positions, we will be well placed to take decisions eventually.

Mr Ford: Peter Robinson commented that support for the agreement continues to drain away. In recent polls — which I do not have in front of me — there was a clear indication of a significant body of people — a majority — who wanted to reform the agreement rather than do away with it. That is entirely consistent with the position of this Committee.

The parties have set out their priorities in different ways and at different times. The party documents are set out in different ways. They do not differ hugely, but there is no easy way to read across. Seán Farren’s modest first step would at least mean that we set out the parties’ positions on the topics that have been identified. We might well take some of them to a further stage where we could record that there was a broad measure of agreement. For example, we have already highlighted issues such as the ministerial code.

If we start by putting parties’ views together on the individual topics, we might find ourselves at the point where some matters could be resolved in a relatively straightforward way. On other matters we would record a set of conflicting opinions, which would inform an Assembly debate. I would hope that the Committee might have made some decent progress by early September. A report would provide information in real negotiations led by the two Governments, at whatever point the Prime Minister and the Taoiseach decide to parachute in on us.

The Chairman (Mr Molloy): There are 12 items on the list. Perhaps we could link them together. The Belfast Agreement and the comprehensive agreement are linked. First Minister and Deputy First Minister issues, the voting system in the Assembly, partnership

in government — can we link these together to narrow them down? Is that possible? Understandings and undertakings perhaps fall outside the remit.

Mr P Robinson: This list constitutes not much more than a whinge list that we have produced collectively. If we want to find out the extent of convergence among the various parties on the component parts of the institutions, we need to examine those components. Presumably, there is at least convergence on the belief that there should be an Assembly. We might start falling apart on whether there should be 108 Members, whether it should be elected by single transferable vote, or whether it should have scrutiny Committees. Surely we should examine each element of the institutions to find out what we are agreed on and what we are not.

Dr Farren: Many of these issues were discussed during the review of the operation of the agreement. The types of headings that Peter suggests are probably more appropriate than our current loose and unlinked set of headings. The secretariat has extracted this list from presentations and interrogations in this Committee.

Mr P Robinson: By its nature, therefore, this is where we disagree rather than agree.

Dr Farren: Yes. However, I would not present these for any further elaboration in the manner in which they have been presented. That would lead to a lot of unnecessary repetition. However, we do need to look at the institutions.

I questioned whether we could address the Belfast Agreement and the comprehensive agreement under “Institutional issues”. I do not think that I will ever convert the DUP into saying that it formally accepts the Good Friday/Belfast Agreement. That will not happen. However, we must address the operation of the institutions that were established under the Good Friday Agreement, because both the parties that accepted the agreement and those that did not have identified how the operation of those institutions might be improved.

We can look at whether the Assembly should be of the same size as it is at present, or whether it should be larger or smaller. Parties gave different views about that during the review. There are also issues relating to the Office of the First Minister and the Deputy First Minister — the election of the Ministers to those offices and their functions. There are also concerns about collectivity and accountability within the Executive, and we may also have to examine the need for the Government Departments that exist.

We could order the debate that we might enter into over the next few weeks by taking the various headings of the institutions and working through from the Assembly and the Executive to the North/South

and the east-west. That would sweep up issues related to the voting systems, etc, that are listed. One issue that is outside that scope is the reform of the RPA; that could be taken separately.

If we were to proceed in some way similar to what I have attempted to outline, we might be able to have all of the parties' positions identified where there is agreement on the kind of changes — if any — that we want, or no changes but agreement to keep things as they are. That could be stated explicitly, but it would be clear anyway from what the parties had said. The debate would then be honed down to the issues where there is no convergence. These discussions will not finish at the end of August.

Mr P Robinson: There are issues on which people will want to see some movement before devolution takes place, but they will not necessarily expect them to be in operation. For instance, people might think that 108 Members is too many for the Assembly, but they would not expect that to be resolved before devolution. In some cases, it would be sufficient to have a process under way, rather than having all issues resolved for the date of devolution.

The Chairman (Mr Molloy): How do we want to proceed?

Mr McFarland: Some sensible ideas have been suggested, and if we proceed as Peter and Séan have outlined, then we have a logical structure to move through, and we can record positions as we go.

The Chairman (Mr Molloy): The list includes the Belfast Agreement, the Assembly, the Executive, departmental Committees, Government Departments, the North/South Ministerial Council, the North/South implementation bodies, east-west issues, the British-Irish Council, the British-Irish Intergovernmental Conference, the Civic Forum, the Human Rights Commission, the Equality Commission and the RPA, which falls slightly outside the remit of the Preparation for Government Committee, but it certainly affects us —

Mr Murphy: The British-Irish Inter-Parliamentary Body should also be on that list.

Dr Farren: Are human rights issues not being addressed at the meetings on Fridays?

11.15 am

The Chairman (Mr Molloy): They will be, yes.

Do members want the Committee Clerks to draw up a list under those headings or do they want to suggest a list?

Mr P Robinson: We are not just talking about the institutions; there are issues about the voting system to, and within, the Assembly and the ministerial code. They are issues in themselves.

The Chairman (Mr Molloy): Do members want to make suggestions?

Mr P Robinson: Officials could produce as comprehensive a list as possible, which could be open-ended so that members can add to it.

The Chairman (Mr Molloy): Would members like to call witnesses or have presentations from outside organisations on any of those issues?

Mr McFarland: At the last meeting we spoke about time not being on our side. The Committee may wish to call witnesses who have a particular expertise, but colleagues around this table are aware that we have been at this for years; most members know the ins and outs of most of the issues. The Committee may wish to seek professional advice on particular aspects, legal or whatever, but we may waste too much time because all witnesses within a certain grouping must be called, otherwise people get upset.

The Chairman (Mr Molloy): If the Committee wishes to call witnesses, even at a later stage, the Committee Clerks must be given a list as early as possible. If parties have suggestions, the Committee Clerks can make applications.

Mr Murphy: I am not convinced that we need any witnesses. The institutional issues need to be resolved by the parties. I am not quite sure whether somebody can introduce an imaginative suggestion about some other way of resolving this matter.

Chairman, you have a list of headings. Under "Assembly", for example, parties have identified a number of topics; they could be broken down into subheadings, under which we could agree issues for discussion. That might be a way to move forward. We could move down through the institutions one by one, list the issues of importance to parties and work through them to find areas of agreement, putting to one side those issues on which we cannot reach agreement.

The Chairman (Mr Molloy): Peter has made the point that some issues must be resolved before the institutions could get up and running. At this stage, they could be listed and prioritised because they may stop the institutions from getting up and running.

Mr Murphy: Mr Chairman, there would be differences of views on that. In our view, none of the issues has to be resolved before the institutions are restored. If we have time, it would be practical and welcome to resolve some of them, but none of them, we would concede, would be a precondition to re-establishing the institutions. However, I do not see any reason that parties cannot identify issues that they wish to see resolved before the institutions are returned.

Dr Farren: I want to make a similar point. Parties will identify issues that, if not resolved, they believe will prevent devolution. In earlier presentations, the

SDLP has said that the basic conditions that brought about the collapse of the operation of the institutions no longer exist and that we should, therefore, be back in business.

I recognise that we cannot be. If there are issues that we can resolve, and that it would be helpful to resolve, let us try to do that. There will be no agreement among parties on which issues must be resolved before devolution can happen. Therefore, we should just go ahead with discussing the issues and let parties say whatever they wish.

Mr P Robinson: Agreement is not necessary. If there is an issue that you believe must be resolved before devolution, it is not just your problem; it is mine as well. Likewise, if we have problems and we indicate that we cannot see how powers can be devolved until x, y and z are resolved, it becomes your problem as well. Agreement is not necessary. It is sufficient for parties to state their case.

Dr Farren: Agreement on what the issues are is unnecessary. That is what I am saying.

The Chairman (Mr Molloy): The DUP say that there are some issues that must be resolved. It is important to have those matters clarified, whether people agree with them or not. At least we will know that those are the priorities for one party.

Mr P Robinson: Are we then saying that, for every party except the DUP, nothing needs to be resolved before devolution?

Mr McFarland: We have identified a raft of issues that people have problems with. However, as Peter Robinson said, we can solve this problem only when everyone is in agreement, or when everyone can live with whatever is proposed. This is a scoping exercise aimed at identifying issues; if we start delving too deeply into the psychology of who is comfortable with what, we will not get past first base. We were going well until now.

The Chairman (Mr Molloy): I do not wish to create problems, but it is important to place the issues up front, so that members can prioritise them, and so that we can try to deal with them. I do not think that that is point scoring.

Mrs Long: Unless we identify and address the issues, it will not be possible to restore devolution. However, it would be folly to say that other issues that could lead to the restored institutions being continually destabilized are not as important as the major barriers to setting up an Executive. We have already heard reference to the matter of public confidence in the institutions and in members around the table and colleagues outside the room. Constant instability within restored institutions will not help to boost public confidence. We should try to make the restored

institutions as stable as possible. There are issues that may not be barriers to the setting up of an Executive, but which limit the ability of that Executive to function normally, well, and in the best interests of the people of Northern Ireland. From that perspective, it is equally important to address those matters.

The lowest common denominator — identifying the issues — has been discussed, but we must also try to identify some solutions to those problems. That is part of our responsibility. If we come up with problems, we must also come up with potential solutions. We must be prepared to discuss and question one another about those potential solutions. We may not want to negotiate, but most members, when they are discussing problems, can see at the back of their minds ways to resolve those problems. That should be placed on record, so that it is clear where each party stands on individual issues.

The Chairman (Mr Molloy): How do members wish to proceed? Can we reach agreement that clerks provide a paper on identifying the issues within the sections that we discussed: the Assembly; the Executive; North/South issues; east-west matters; and the Review of Public Administration?

Mr P Robinson: There has been a question-and-answer session of five or six hours for two of the parties, and of I do not know how long for the others. If, in that period, the parties have not set out the issues that they require to be addressed, they have not been doing their job very effectively.

I presume that if the officials search through all the Committee's work thus far, they will see all the issues that need to be resolved before devolution can be restored. A list compiled on that basis should surely cover everything.

Mr McFarland: In our various discussions parties raised issues that did not necessarily have to be resolved before restoration. They also raised issues that had arisen from the first Assembly: suggestions that might have helped the Assembly to run better but not necessarily matters over which people would die in a ditch. There were degrees of concern about those.

Mr P Robinson: I return to Naomi's point. I do not know whether the list comes in two columns rather than one — a list of issues that have to be resolved before devolution can move forward; and issues that would improve devolution when it was restored.

Mr Ford: It is potentially then a list of three —

Mr P Robinson: Alternatives.

Mr Ford: No. The list should contain that which has to be resolved; that which, if it is not resolved, could destabilise the Assembly after restoration; and that which we might need to do something about at some stage in the future.

The Chairman (Mr Molloy): I do not think that the Clerks can be expected to do that, because they would be making a political judgement.

Mr Ford: I agree.

Mr P Robinson: They make a political judgement when they decide in which column items belong.

The Chairman (Mr Molloy): When the parties were cross-examined, we found that there was no clear line on most of the issues: did a particular issue have to be resolved before 24 November or could it be discussed in future? That is where it becomes more difficult.

Mr P Robinson: If each of the parties was asked to make a written submission about issues that it saw as obstacles —

The Chairman (Mr Molloy): There were quite a few obstacles, and some of them had longer tails than others.

Mr McFarland: If the staff list the issues, we can have a meeting to put them into columns; then the parties can highlight issues that are neuralgic to them.

The Chairman (Mr Molloy): Surely the list is not so long that each party cannot spell out its priority issues now. That would give the Clerks some political guidance from the parties instead of leaving them to make judgements.

Dr Farren: I am a wee bit concerned about the direction in which we propose to move. As I tried to say earlier, a more acceptable and neutral exercise for our secretariat would be to make a list of the institutions. Let us take, for example, the number of Members. If a party does not agree with the number 108, it will say so. It is not a case of saying, “Unless we start with 70 or 80 and have an election before devolution, we will not agree to devolution.” I do not think that that will happen. I am just using it as an illustration.

Parties may say that unless nominations for First Minister and Deputy First Minister are as set out in the proposals for a comprehensive agreement, they will not allow devolution to take place.

Parties will set out their positions on the items listed under the various institutional headings, such as the Assembly, the Executive and so on. We should not set up columns and leave the secretariat to decide which unresolved issues would be obstacles to devolution. That would put the secretariat in an invidious position. It is not the most helpful way to proceed.

Mr McFarland: Returning to when we were producing the broad headings and preparing to discuss them in turn may reveal the parties’ positions. It would be slower, but it would be useful to have time to think as we go along. When we talk round the table, some issues may become less important, as some parties may have received reassurances or other parties’

positions may have moved. If we go back to producing a list of headings and begin to discuss them —

11.30 am

The Chairman (Mr Molloy): My only concern is that we will continue to produce lists without resolving the issues. There have been two lists and there may be a further one, but, if that is how members wish to proceed, that is not a problem.

Mrs Long: Dr Farren’s suggestion on how to proceed is sensible. The factors that parties believe must be addressed prior to restoration will become apparent only during a negotiation process in which all the issues are brought into the mix. Some issues may be interconnected, therefore, if some are partially addressed, others may become less important. It would be wrong to put those into fixed lists, because that would create barriers before we even begin.

It would be more constructive for parties to state the difficulties that they perceive are in the current arrangements and then try to move that on to their suggested solutions rather than listing things in order of importance. If we did that, we would automatically begin to tie parties into particular positions, and that would not be useful.

Mr Murphy: I share the Chairman’s concern about producing more lists; however, the list that we have now does not allow for a step-by-step discussion through the institutional issues, because we could hop from one item to another and add various topics. Therefore some restructuring may be necessary. Stating the issues within those broad headings may assist the Clerk and Committee staff who are compiling the list.

I am not averse to discussing the RPA, but I wonder how such a topic fits under the institutional discussion. How can we achieve consensus on it or resolve any of the outstanding issues? Representatives from political parties sit on various RPA committees, but, if people wish to discuss the matter at this Committee, I will not shy away from it. However, we may be biting off more than we can chew by including the RPA, especially given our time frame and the number of headings that we already have.

Mr McFarland: It is of direct interest to the Assembly to discuss the RPA in relation to issues that impinge upon the Assembly, such as the number of Departments and what will transfer from Departments to the RPA or to councils, because if we are trying to find —

Mr P Robinson: The number of Departments is the issue, not the RPA. The RPA is a factor that will determine how many Departments there will be. The more power that goes to local government, the less need there will be for so many Departments.

Mr McFarland: The number of Departments can be discussed under the RPA. However, the powers that will be passed to councils from the Department of the Environment (DOE) or the Department for Regional Development (DRD), for example, may impinge upon whether it is worthwhile amalgamating Departments. The RPA is an item under the “Institutional issues” heading, but it may not need to be a separate point, given that parties are dealing with the function of the RPA elsewhere. However, it may impinge upon the issue of Departments and how the Assembly functions.

The Chairman (Mr Molloy): It is important that the Committee discusses the Assembly and the institutions and the knock-on effects that those will have on the RPA, as I do not wish to sideline the RPA.

Do members wish to list any items, or do they want to leave that to the Clerks?

Dr Farren: Although we have not yet used the terms, we are essentially considering the institutional issues under strand one, strand two and strand three of the agreement. They seem to be the most comprehensive headings and will likely form an agenda — unless there is something outside those that I have not mentioned. If we took the issues relating to strands one, two and three and spent the next two or three meetings working through those issues as best as we can, we would identify all —

Mr P Robinson: Are you suggesting strands one, two and three as headings?

Dr Farren: Yes, and sub-headings would come from each of those.

The Chairman (Mr Molloy): To link those groups together?

Dr Farren: It seems that that is what we are addressing.

Mr Campbell: Surely that would have to be in the broadest sense; you are talking about very broad headings.

Dr Farren: They are broad headings, but within each heading are particular aspects of the Northern institutions, the North/South institutions, the all-Ireland institutions and the east-west institutions, and, insofar as there are inter-relationships between them, they would have to be addressed.

Mr P Robinson: Everything will fall under those three headings.

Dr Farren: That is what I thought. Strands one, two and three are set out in the Good Friday Agreement and could be used as headings. Parties may be happy with a particular issue and want it to continue, or, if they want an issue changed, they should say so. We should proceed in a logical and structured way.

Mr P Robinson: If we use strands one, two and three as headings, what are the sub-headings under strand one?

Dr Farren: The Assembly, the Executive and the voting systems are all issues.

Mr P Robinson: Are we leaving the headings to the Committee Clerks?

The Chairman (Mr Molloy): It would be much easier if we could decide the headings, which the Committee Clerks could then tweak out.

We are considering strand one of the Belfast Agreement. Will the comprehensive agreement be part of that discussion?

Mr McFarland: I thought that we agreed that the Belfast Agreement and the comprehensive agreement contain all the issues we would discuss: the Belfast Agreement is the original document; the comprehensive agreement seeks to change aspects of it. Those two issues could be taken out, given that we have decided on a format based on strands one, two and three. There may be other issues of particular concern that may need to be spelt out within those three headings.

If strands one, two and three are the headings, we need to ask the parties for their particular issues for discussion and see whether they fit under those headings. Does that make sense?

Mr P Robinson: If we agree that there should be an Assembly elected by single transferable vote and multi-member constituencies, are we not better to say that we agree? Or are we only talking about issues on which we disagree?

Mr McNarry: We need a structure to follow; otherwise we will jump from one issue to the next. We have been prone to that over the past few weeks. If we are agreed on the headings and are looking for columns to follow, are we saying — and I hope that we are — that there are issues that we accept, issues on which we will seek improvement and on which we will largely focus, and problem issues? We need to present the issues and allow the columns to be filled in from our discussions.

The Chairman (Mr Molloy): I would like the parties to present the issues, if that is possible. The Committee Clerks can put the issues together and fill in the columns. We accept that the workings of the Assembly are part and parcel of the issues.

Mr McNarry: We should focus on the positives as well as the negatives. If the template is strands one, two and three, will strand one be discussed at the next meeting? Do we look at the positive and negative aspects of strand one and see what needs to be improved?

Mr P Robinson: Before the Committee meets again, can we agree the template and issues for

discussion on strand one? It is a case of whether members leave it to the Clerks — and I am sure that they are delighted at the prospect — or whether we put forward a list of issues for discussion.

The Chairman (Mr Molloy): It would be useful if the Committee provided a list of issues for the Clerks. If the Clerks were to draw up a list of issues, the Committee would lose a day either scrapping half of it or adding to it.

Mr McFarland: Under strand one, the Assembly and Executive are sub-headings, and voting falls into one of those. Is there a third sub-heading?

Mr McNarry: Departments.

Mr Murphy: That comes under the Executive sub-heading.

Mr McFarland: Under the Assembly heading are First Minister and Deputy First Minister issues, voting systems and so on.

The Chairman (Mr Molloy): The Committee structure and scrutiny Committees would also come under that sub-heading.

Dr Farren: There are issues relating to safeguards. The sub-headings under strand one of the Good Friday Agreement are: “The Assembly, Safeguards, Operation of the Assembly, Executive Authority, Legislation, Relations with other institutions.”

Those encompass most issues that parties have raised. Other matters may fall outside those sub-headings, but they already exist and have been agreed. Whatever the level of disagreement now, the Good Friday Agreement has been the basis on which we have operated the institutions, insofar as we were able.

Mr P Robinson: There have been Assemblies, Committees and Executives in existence before the Belfast Agreement was conceived. Their roots are not particularly in the Belfast Agreement.

The list of issues for discussion starts with the election to the Assembly, the number of Assembly Members, the election of the Speaker and Deputy Speakers, the formation of Committees and proportionality.

The Chairman (Mr Molloy): The setting-up of the Executive would also be part of that.

Mr P Robinson: I was taking the Assembly and Executive as two separate categories.

I assume that the ministerial code, and whether it should be a statutory duty or should be revised, comes under the Executive heading. Also under that heading are: the number of Departments; how Ministers are appointed; how the First Minister and Deputy First Minister are appointed — if, indeed, there is to be a First Minister and Deputy First Minister; how decisions

are taken within the Executive and how appointments to outside bodies are made.

Dr Farren: I want to mention safeguards, by which I mean issues relating to the petition of concern.

Mr Murphy: The establishment of the Committee of the Centre also comes under the Assembly sub-heading.

I am not sure that legislation relating to suspension necessarily falls under Assembly or Executive, but we need to discuss that under the sub-heading of institutions.

Mr P Robinson: The role of Committees, which concerns the Committee of the Centre and its power to scrutinise and call Ministers, is another issue.

Mr Ford: I appreciate the effort to put issues into either the Assembly or Executive categories. However, given that Seán referred to safeguards and that we have discussed accountability, it may be necessary to examine those two issues, which, in many senses, lie between the Assembly and the Executive, as a separate category.

We have also missed out, possibly deliberately, the Civic Forum, which is a strand-one institution.

The Chairman (Mr Molloy): We are taking the Assembly as one part. The Executive and the Civic Forum would be other parts.

Mr Ford: We need to discuss safeguards and accountability as a specific issue. If we discuss matters pertaining to the Executive, we may deal with some of those issues, but we need to flag them up.

11.45 am

Dr Farren: Did we mention the issues relating to the Pledge of Office and the ministerial code of conduct?

Mr P Robinson: There is a ministerial code and a ministerial code of conduct; they are separate issues.

Dr Farren: Yes, that is what I meant.

Mr P Robinson: The relationship between the Assembly and the Executive does not fall into either category, but it combines both.

Mr Ford: That is the accountability point.

The Chairman (Mr Molloy): Accountability both ways.

Mr McFarland: The issue of the role and effectiveness of Committees arose in the first Assembly. I do not know whether it is worth chucking it into the mix, but, technically, Committees were able to introduce legislation in their own right. However, their budget was extremely limited. A Committee that wanted to introduce legislation would have needed legal advice and a team to develop legislation, and that was not available. As far as I am aware, no Committee introduced legislation in the first Assembly.

The Chairman (Mr Molloy): The Clerk has just told me that that was being developed at the time. The role, powers and resources of Committees will be examined as part of our discussions.

Mr Murphy: It was more a question of resources than powers: they had the powers, but they did not have the resources.

Dr Farren: They had powers over secondary legislation but not over primary legislation.

Mr P Robinson: The review process is also an issue. We talked earlier about issues that had to be resolved for devolution to be restored and about issues that could be dealt with later. The comprehensive agreement set up an institutional review committee to deal with issues that were not essential at the beginning of discussions. It was felt that that was a better way of proceeding than waiting for five-year reviews and so forth.

The Chairman (Mr Molloy): So there would be a committee dealing with ongoing reviews?

Mr P Robinson: It is up to us to consider whether it should, but we should at least include it as a heading on the list.

What about the issue of community designation? Does that not need its own heading?

Mr Ford: I thought that that issue was fairly well highlighted in discussions on voting systems. However, if the DUP wishes to include the abolition of designations as a priority, I am happy to agree.

The Chairman (Mr Molloy): We will include designations and voting patterns and structures as an overall issue.

Mr McFarland: Have we included the number of MLAs and the question of dual mandate?

Mr P Robinson: We should.

The Chairman (Mr Molloy): Dual — or triple — mandate.

A Member: Or quadruple.

The Chairman (Mr Molloy): Any other issues? We have a list, albeit not a full one, but, as we said earlier, other issues may arise from it. If we are flexible, we can add to it. The Clerks can identify issues as they come up in the submissions.

Mr P Robinson: It would put more responsibility on the parties if, rather than wait until next Monday, they contact the Clerks if issues occur to them.

The Chairman (Mr Molloy): That would be easier.

Mr McFarland: Are we dealing with the Executive separately?

The Chairman (Mr Molloy): At this stage we are dealing with categories. We dealt first with the Assembly and strand one. The Executive comes into that as well.

Mr McFarland: There are several issues concerning the Executive. The first — where power is vested — arose when the Assembly was suspended. We discovered that, in 1921, power was not vested in Parliament or its Ministers, but in the Departments.

Therefore it did not matter what happened, and that was why it was so easy to suspend the Assembly. Power is vested from Westminster into the Departments and exercised by the permanent secretaries. If the Assembly is to fly properly, we need to consider whether that power should be seconded from Westminster to the Assembly and from the Assembly to Ministers. That is not at all clear.

The Chairman (Mr Molloy): That would come under the suspension legislation as well.

Mr McFarland: It is also about the Executive and how it functions and about Ministers' powers. If power is not given to the Minister but to the Department and the permanent secretary, the Minister can be disposed of at any time and, indeed, the Assembly ignored. An Assembly in which power was vested would be slightly more difficult to dismiss.

Mr P Robinson: Let us be clear about where we are going on this. The issue came up in November 2004. If power were vested in the Assembly, ultimate authority would rest with it. That is completely different from either the Belfast Agreement or the proposals in the comprehensive agreement. It is a more sensible and democratic proposal. We would be vesting power in the Assembly, and only the Assembly could discharge that power. It would no doubt do it on the basis of ministerial recommendations, just as Westminster does. The comprehensive agreement and the Belfast Agreement were more Executive-based devolution. Vesting power in the Assembly would make it very much as I would like it to be — a parliamentary democracy.

Mr McFarland: At present, power rests with the Departments and the permanent secretaries and has done since 1921. Whether we want it to move from there to the Executive or to the Assembly is an issue that needs to be examined.

The Chairman (Mr Molloy): It is part of the discussion, although we cannot cover it entirely today.

Mrs Long: Chairman, I do not wish to add to the list. I simply want to clarify when the parties will receive a draft of the list so that we can add to it if we need to before next Monday. It would be helpful for all of us to see the complete list as soon as possible.

The Chairman (Mr Molloy): It might be available on Wednesday. If members have additional items, they can be included for next Monday's meeting.

Mr P Robinson: May I tiptoe and drop in the subject of disqualification as well.

The Chairman (Mr Molloy): Why not? We have had everything else. We need more detail on disqualification.

Mr P Robinson: It could be disqualification of Members, of the Executive, or of parties.

The Chairman (Mr Molloy): We now need to consider issues relating to strand two.

Dr Farren: We have to address the issue of the nomination of Ministers in a way that obviates the difficulties that were encountered when the First Minister refused to nominate Ministers from a particular party to participate in meetings of the North/South Ministerial Council.

Mr Murphy: I presumed that that was addressed under ministerial code and ministerial code of conduct issues such as rights of participation and the requirement to participate. I suppose that it can be dealt with under either heading.

The Chairman (Mr Molloy): The Assembly and the Executive have to deal with a ministerial code and a ministerial code of conduct. However, there would be a knock-on effect on strand two through the North/South institutions, so it is a matter of linking the two.

Mr Murphy: That could be dealt with under either heading.

Mr Ford: We have highlighted that, in any event, there will be a certain amount of overlap, but, to me, the strand two issues concern the operation of the NSMC and other cross-border bodies. Compared to the amount of discussion that we have had on strand one matters in the past, I would have thought that those two issues would subsume most North/South points.

Mr Campbell: Further to David's point, the line of accountability of NSMC issues to the Assembly is another point of discussion.

Mr Ford: Yes. I am conscious of your concerns about accountability and of Seán's points about the practical operation of the NSMC.

Mr McFarland: We need to discuss the interdependency of the institutions. After November 2002, we discovered that, in theory, the NSMC should have been suspended but was not. Sanctioned by both Governments, the North/South bodies intended to beaver ahead, when they were supposed to be operating on a care-and-maintenance basis. There was quite a row at the time because they were pressing on with issues. If the Assembly is not functioning, the NSMC

should not function. That needs to be either reiterated or discussed.

Mr P Robinson: Certain issues relate to the implementation bodies.

Dr Farren: Are you suggesting that their number should increase?

Mr P Robinson: Under efficiency grounds, we may want to reduce their number.

Dr Farren: I see.

The Chairman (Mr Molloy): Do members want to raise any other strand two issues?

Mr P Robinson: In the context of strand two, there is the question of whether a North/South body is a stand-alone creature or whether it should be part of the British-Irish Council.

Mr Ford: The North/South parliamentary tier also occurred to me, but there may not be that much fuss about it.

The Chairman (Mr Molloy): We will move on to strand three issues.

Mr McFarland: The operation of the British-Irish Council and its secretariat come under strand three.

Mr P Robinson: Whether there should be a new Council of the Isles is another issue.

Dr Farren: In addition to the present one?

Mr P Robinson: Encompassing the British-Irish Council.

Mr McFarland: The British-Irish Interparliamentary Body (BIIPB) is a strand three issue, and it takes its genus from the Anglo-Irish Agreement of 1985. It would be logical if it took its origins from the Belfast Agreement or whatever, because everyone could then participate in it. Of course, that was not the case in the first Assembly. There were problems, such as when the BIIPB discussed transport and the Committee for Regional Development was unable to meet it.

The Chairman (Mr Molloy): That relates to the workings of the BIIPB.

Dr Farren: You can suggest whatever you like, obviously, but I did not hear any justification for that.

Mr McFarland: The British-Irish Interparliamentary Body is a creature of the Anglo-Irish Agreement of 1985. Neither my party nor the DUP sat on it because of its origins. We tried to persuade the First Minister and the Deputy First Minister to talk to the London and Dublin Governments to redesignate it as a body that originated from the Belfast Agreement, with the result that everybody could join it. However, that never happened. If an all-islands interparliamentary body is to be created, everyone must be able to comfortably join it.

Mr P Robinson: Whether everyone can join is also an issue. Under the present process, only a select number are appointed. Any Member of Parliament can join any of the other parliamentary bodies in which we are involved. However, other Members of Parliament are denied access to the BIIPB because only the chosen few are invited to sit on it.

Dr Farren: Members who need to be involved in any discussions that we might have on strands two and three do not participate on the Committee on the Preparation for Government. They would therefore need to be apprised of what we intend to discuss, and we might need to provide an opportunity for them to be present.

12.00 noon

The Chairman (Mr Molloy): Yes, particularly if they were to appear as witnesses or to give evidence.

Dr Farren: They are part of the decision-making process for any changes to the operation of the institutions. Therefore, it would be rather presumptuous of the Committee to —

Mr McNarry: Whom do you have in mind, precisely?

Dr Farren: The two Governments, of course.

Mrs Long: Is it not the case that the Committee was formed to scope the issues from the perspective of its members? Its findings will be matters for later negotiation. Members of the Committee are not here to take decisions; they are here to scope the issues, to state their party positions, and to put forward any suggestions. Indeed, members may reach agreement, which would be nice for a change. However, although members may reach agreement in Committee, they then have to negotiate with others to bring about those changes. That is fine, but the Committee is here to scope the issues as they are seen from the perspective of its members.

Mr P Robinson: Otherwise, Seán would have wanted Her Majesty's Government at the strand one negotiations. *[Laughter.]*

Dr Farren: I would have had no objections to that. The British Government are not essential to the operation of the Assembly and the Executive. They are essential to whether the Assembly and the Executive can operate, but that is a different matter.

Mr Campbell: Of course, for strand three issues, it may be difficult logistically to bring over the Manx Government and the authorities from the Channel Islands.

Dr Farren: At the same time, does the Committee not need to hear the voices of all those who are entitled to be present?

The Chairman (Mr Molloy): It may be possible to request submissions from the relevant bodies.

Dr Farren: It may well be.

Mr P Robinson: If the Committee were reaching agreement, that would be a good idea.

Mr McFarland: It is scoping.

The Chairman (Mr Molloy): The options available to the Committee are that it can call witnesses or it can request papers from relevant bodies.

Dr Farren: To make a useful contribution at the scoping stage, it would not be unhelpful for the Committee to hear the voices of those who could also be involved in the process.

Mr McNarry: Perhaps Seán could leave that suggestion in abeyance until such times as the Committee reaches that point and decides whether it would like to apprise those who could also be involved?

The Chairman (Mr Molloy): The Committee is not taking decisions. It is suggesting issues that may be discussed. Members do not have to finalise those issues today.

Mr P Robinson: Could the Clerks contact the NIO to ask Minister Hanson to provide them with a copy of his report of the detailed discussions that took place about six to eight months ago with all of the parties? I understood that such a report had been, or was being, prepared. It would cover a lot of those issues, and the Committee might find some useful headings in it.

The Chairman (Mr Molloy): Are members agreed that the Clerks ask whether such a report is available?

Members indicated assent.

Mr P Robinson: We might all want to see it.

The Chairman (Mr Molloy): It might be useful to see what has been said.

Members have produced quite a substantial list of issues. As was said at the start of the meeting, time is one of the main factors in putting all of this together. Therefore, perhaps we should move on. Parties can approach the Clerks if they have issues that they want to raise. Alternatively, they can bring them up at next Monday's meeting.

The next item of business is the Secretary of State's draft Programme for Government, which he suggested that the Committee considers. Members discussed it briefly at the last meeting and decided to leave it on the agenda for this meeting.

Mr McNarry: May I propose that the Committee notes the issue.

Mr P Robinson: Chairman, can you continue to keep the topic on the agenda? Am I right to think that the Committee has enough to keep itself going?

The Chairman (Mr Molloy): The main reason that I can give to keep the item on the agenda is to allow the Clerks adequate time to complete any preparatory

work that they need to do in advance of a discussion. Do members have any other issues that they feel should be included?

Mr McFarland: At the last meeting, Seán mentioned timescales. Four debates have been timetabled for 4, 5, 11 and 12 September. As I recall, Seán suggested that, as the Committee is firming up its programme of work, it should, perhaps, give early warning that it might need an extra week or so before it publishes its report.

It would give us a bit of leeway. The economic subgroup has to make its report by 18 August. That seems to be quite tight. You might ask for an extra week or more. If the Committee were to take that decision now, it would allow us to plan better.

The Chairman (Mr Molloy): Any views? The Secretary of State has indicated that the first debates will take place on 4 and 5 September. That means that the Business Committee would need to be notified by 25 August, and this Committee would have to have its work done before that. Are the parties agreed that we should contact the Secretary of State in relation to having an extra week to draw up the reports?

Mr Murphy: He gave us a directive to establish two subgroups, and we have not done that either. The directives do not seem to matter that much. Regardless of the Secretary of State's schedule, or that of the NIO, if we feel that this is becoming a fruitful exercise then we should take whatever time we need.

The Chairman (Mr Molloy): Can we advise the Secretary of State that the parties are in agreement that we need an extra week, but still work towards the programme that we have, so as to meet that if possible?

Members indicated assent.

Mr McNarry: The economic subgroup is also looking for an extension. Has it contacted this Committee regarding the process that we have just agreed?

The Chairman (Mr Molloy): No.

Mr P Robinson: If things are getting very tight, we could ask the Secretary of State to put back the 24 November deadline. *[Laughter.]*

The Chairman (Mr Molloy): I think that that is beyond the remit of this Committee.

Mr McNarry: On the point that I raised, what is the mechanism? Somewhere in Hansard you are reported as saying that there was flexibility on those dates.

The Chairman (Mr Molloy): We have noticed all along that the Secretary of State will accommodate this Committee if it has a programme of work. The mechanism would be that the economic subgroup would contact this Committee and ask for an extension of time.

Mr McNarry: Could this Committee write to the economic subgroup?

The Chairman (Mr Molloy): I will be at the economic subgroup tomorrow, so perhaps we can get the Clerks to deal with it.

Mr McNarry: Will you deal with that, then?

The Chairman (Mr Molloy): Yes.

Mr McNarry: Thank you.

The Chairman (Mr Molloy): Moving on, a draft programme of work has been set out by the Clerks. Any comments on that?

Dr Farren: Can we anticipate morning and afternoon sessions next week?

The Chairman (Mr Molloy): I think that that will probably be necessary if we are to get the business through. We are talking about one day per issue, although there is the possibility of extending into the next day. Look at it on the basis of having a full day. Lunch will be provided in the room. You are not going to get out at all.

Any other business? Do parties want to submit further papers on law and order issues or equality, or are we happy to proceed as we are?

Mr McFarland: We have spent hours and hours, and the issues are there. We should start by going through the same exercise that we have just had, for both policing and justice and the rights issue, of fitting those into some structure in order that they can be discussed.

The Chairman (Mr Molloy): If parties want to bring researchers, they can be part of the meeting as well, at the back. Madam Speaker suggested this morning that her adviser might also attend, if members are content with that.

Any other issues?

Mr P Robinson: Did I understand you to say that parties can bring an adviser or researcher?

The Chairman (Mr Molloy): Each party can bring an adviser or a researcher who can sit at the back. That will afford some continuity of party presence, and it will be of benefit should a party wish to receive advice on any of its papers. That is an additional resource for a party when dealing with a particular item at the Committee on the Preparation for Government.

Mr McFarland: That is a reasonable suggestion, considering that the people attending the Committee are changing, due to the holidays. That gives some parties a degree of continuity, knowing that they can have people in different meetings to keep track of what is going on and being discussed.

Mr P Robinson: That is a sensible decision; I was not aware of it.

Adjourned at 12.11 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Wednesday 2 August 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Jim Wells
Mr Alex Attwood
Mr Wilson Clyde
Mr Fred Cobain
Mr David Ford
Mrs Arlene Foster
Mrs Dolores Kelly
Mrs Naomi Long
Mr Raymond McCartney
Mr Alan McFarland
Mr Conor Murphy
Mr Peter Weir

The Committee met at 10.05 am.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): Good morning. I will check on the substitutes, as I see some new faces. I will start with the DUP. What is the line-up this morning, Mrs Foster?

Mrs Foster: Peter Weir will join us before 11.00 am, and Wilson Clyde and I are here instead of the other main players. I am Lord Morrow, and Wilson is Ian Paisley Jnr, so to speak.

Mr McFarland: Mr Kennedy sends apologies; he is on holiday. Mr Cobain is representing Mr McNarry as our policing spokesperson.

Mr Ford: I am me again, and I am expecting Naomi Long shortly.

Mr Attwood: I am Dr Farren.

Mrs D Kelly: I am me.

Mr Murphy: Raymond McCartney is replacing Martin McGuinness, and I am the only other Sinn Féin representative today.

The Chairman (Mr Wells): I remind members that the quorum for this Committee is seven. We must be careful not to drift below that number, as we would have to stop immediately.

We do not have minutes to approve today as this is the first meeting of the institutions section of the Committee on the Preparation for Government (PFG). The minutes of this meeting will be carried forward to the next meeting of the PFG in this format.

As there is a relatively high turnover of members, I must ask you to declare any relevant interests.

Mrs Foster: I declare membership of the Northern Ireland Policing Board.

Mr Attwood: Fred Cobain might not want to declare that. *[Laughter.]*

The Chairman (Mr Wells): Mr Cobain, you may wish to declare at this point.

Mr Cobain: I am also a member of the Northern Ireland Policing Board.

Mrs D Kelly: Alex and I are also members, Mr Chairman.

Mr Ford: I should declare my membership of Antrim District Policing Partnership, and, on Naomi's behalf, declare her membership of Belfast District Policing Partnership.

The Chairman (Mr Wells): Are no members of the PSNI or intelligence services present? I suspect that they would not declare an interest even if they were here.

Mr Murphy: They are so intelligent that they would not be here. *[Laughter.]*

The Chairman (Mr Wells): We will bring a declaration of interest as an agenda item into each meeting in case new members have something to declare.

Those of you who attended Monday's meeting will know that it was decided that we would not be calling for papers from each party today. Therefore we will move straight into the substantive part of the meeting. I suggest that each party gives a five-minute presentation on the important issues, as it sees them, under the subject headings that are listed. I will call the parties in alphabetical order, with Mr Ford to speak first. After each party has given its views, we will open the question session on their positions. That follows the format that was adopted for the institutional strand of the Committee, but without papers.

Are members content with that as a way to start the ball rolling? I cannot see any other way to start the discussion. Members do not have to deal with every issue on the list — there may be issues that some groups do not want to take part in — but it will be useful to get the ball rolling. I am sure that you are all familiar with the routine: it will be the Alliance Party, DUP, Sinn Féin, SDLP and the Ulster Unionist Party Assembly Group (UUPAG).

Mr McFarland: Does everyone have a copy of the list? It would be quite useful for people fresh to the Committee.

The Chairman (Mr Wells): There is a copy in members' folders. It is important that new members have the list in front of them during today's discussion. The topic is "Law and order issues", starting at point 1, which is "Criminality" and ending with point 8, which is "Rule of law".

Mr Murphy: There are two additional issues that are not mentioned, or perhaps they are in a different order.

The Chairman (Mr Wells): “Intelligence Services” and “Community Restorative Justice” have been included. They have been inserted in alphabetical order rather than added to the end of the list.

Mr Ford, are you happy to start the ball rolling and give us the views of the Alliance Party?

Mr Ford: A precedent, Mr Chairman.

With regard to criminality and the rule of law, the Alliance Party, having proposed the Independent Monitoring Commission (IMC), believes that it will have a major role over the coming months in assessing criminality by various organisations. I want to put on record that we think it would be better if that opinion were given by the IMC rather than by Government Ministers doing pre-emptive spin on the IMC. However, there is a significant issue on the rule of law as to whether the Pledge of Office that Ministers are currently required to take is actually a commitment to solely peaceful and democratic means. We believe that the Pledge of Office needs to be strengthened in that respect.

The Alliance Party believes that there are still clearly gaps in current Government proposals on community restorative justice (CRJ). There are merits in CRJ as a system. However, we have major concerns about ensuring that those engaged are fully vetted and about ensuring full co-operation with the police as an institution in the operation of CRJ schemes — in particular how dealing with antisocial behaviour measures, which do not fall within the criminal justice scheme, can be applied by CRJ schemes.

The major issue — the devolution of policing and justice — is, it seems to me, almost an institutional one. As the Alliance Party has made clear, we do not believe that any of the four models proposed by the Government satisfy the need to ensure that the community as a whole engages in policing with the confidence of all parties in the Assembly. That can only be done within a single department of justice, which would cover all devolution issues — and we believe that list of devolution issues is more or less accurate. A single department of justice could only operate across the community with respect if it were covered within the context of collective responsibility within the Executive. We do not believe that the current proposal for power division, or, alternatively, mutual veto in the Office of the First Minister and the Deputy First Minister (OFMDFM) style, provides a suitable recipe.

The significant issue of timing appears to have been addressed in the most recent Westminster statement. There is, effectively, the triple lock — a cross-community vote in the Assembly, approval by the Secretary of State and approval by Parliament. This is probably on

the basis that we need to see a year or so of reasonable progress before we could be sure that an Executive would be capable of dealing with those matters collectively and with confidence.

Those are the key points as we see them. I have not addressed everything, but I have stuck within the time limit.

10.15 am

The Chairman (Mr Wells): You certainly have. Mrs Foster, would you present the DUP submission?

Mrs Foster: Yes. The DUP sees the IMC as having a role, as Mr Ford mentioned, in relation to the issues of criminality and paramilitarism, but we take a wider view. The Northern Ireland Affairs Committee recently published its report ‘Organised Crime in Northern Ireland’. We will take that into consideration and, indeed, take other soundings on criminality and paramilitarism, because that is a huge issue for the whole community.

Members will be aware that the Government have recently issued a protocol for CRJ. Like the Alliance party, the DUP believes that there are still gaps in that protocol with regard to dealing with recognised schemes. This Committee has the power to call witnesses. They do not have to come — they are not compellable — but it would be useful if somebody from David Hanson’s office could speak to the Committee about community restorative justice from the Government’s point of view. Presumably we will return to the list later, but community restorative justice could very easily be broken down in relation to the protocols that Mr Hanson has issued. He has broken that down, and I will come back to it later.

Devolution of policing and justice is not a time-limited matter for the DUP. It can occur only when there is broad community support for it, and it obviously needs cross-community support within the Assembly. The touchstone for the devolution of powers is confidence in the institutions and their integrity, and that cannot be brought about by a timescale alone. In fact, a prescriptive timescale would have the opposite effect on confidence as the timescale would become the focus and not the institutions and their workings and outworkings.

Rule of law is a primary issue for the DUP. The party had a huge issue with the on-the-run legislation when it was before Parliament because it compromised the rule of law. It strongly believes that any devolution of powers must give primacy to the rule of law.

I notice that the office of the Police Ombudsman for Northern Ireland is not on the list. The DUP would certainly like it to be added to the list so that we can discuss in full its role, remit and accountability, about which we have concerns.

I could obviously go into more detail, but, like David Ford, I will limit my comments for now. We can return to these issues.

The Chairman (Mr Wells): Mrs Foster has raised two important issues. First, it is entirely within the gift of this Committee to add items or subsections to the law-and-order section such as, for example, the Police Ombudsman's office, which she suggested. Other members are perfectly entitled to do likewise, and we will discuss the matter of calling witnesses later. Mrs Foster suggested that we should invite Mr Hanson to appear before the Committee, and the decision on whether we call expert witnesses and Government Ministers can be taken at a later stage.

To return to our batting order, next to speak is Sinn Féin. Mr Murphy, I assume that you will speak?

Mr Murphy: I will give a brief introduction. The Committee's task is, as its official title suggests, to prepare for Government. Members have different perspectives on that; some see its purpose as simply to scope issues. Engaging in more focused work on the issues that the Committee has identified provides an opportunity to resolve some of those issues. Thus the policing and justice issue presents an opportunity for parties to find some sense of agreement or to explain positions that rule out agreement.

Given that this is the Preparation for Government Committee, the devolution of policing and justice powers is a key issue. Although we have made progress on negotiations on policing and justice matters since the Good Friday Agreement, Sinn Féin's stance is that it wants to see the Patten package completed. Sinn Féin wants a time frame for the transfer of powers, agreement on the departmental model and the powers to be transferred, and it wants the British Government to enact the necessary legislation to transfer the powers to a local Assembly and into all-Ireland arrangements.

There is also an issue with regard to the role of British intelligence services in the North and their impact on the proper accountability mechanisms that must be built in to policing.

Therefore there are issues around that, and no doubt the Committee will address them. I see that as one of the priorities given that this is a Committee on the Preparation for Government.

Members have listed issues such as criminality, decommissioning and paramilitarism, and Sinn Féin is happy to discuss those items if members wish to. We have expressed our view that devolution could be restored tomorrow morning and that there are no issues outstanding which would preclude the re-establishment of the institutions. The issues listed here could be dealt with as that is happening. Those relating to loyalist activity and loyalist weapons are of concern to the

community that I represent, but no issue is so great as to prevent the immediate reinstatement of the institutions.

We had a lengthy exchange — some might say interrogation — with the DUP and other parties about criminality, decommissioning and paramilitarism. We would like to ask other parties, particularly the DUP, about the weapons of Ulster Resistance and the influence that the DUP may have with that organisation in putting weapons out of circulation and out of action.

There has been an unfortunate, misplaced and politically-orientated hysteria around the operation of CRJ. Not only has CRJ been well able to defend itself and stand up for its own record, but it has been evaluated and assessed by justice oversight mechanisms which have found that to be so. It has also been assessed by human rights agencies, which have found that its methods stand up to scrutiny. However, Sinn Féin is happy to talk about CRJ, and if people want to call witnesses, we will be prepared to talk to them.

One must bear in mind the time frame for the Committee's work and deliberations. That might mitigate against getting into a series of witnesses, because inevitably one person's evidence will spark the need for balance and for other witnesses to be called. However, if that is how the Committee wants to proceed, then we will consider it.

There is a broad range of items under "Law and order issues", and today's meeting will be useful in ordering them. Some of the eight items are practically the same, and there is significant overlap. Today's meeting should be useful in arranging them, as we did on Monday with "Institutional issues".

This section of the Committee — given that it is not a subgroup because the DUP would not partake in a subgroup to deal with policing and justice or the institutions — should proceed with putting the items in the order in which they should be addressed.

Given that this is the Committee on the Preparation for Government, devolution and all related issues should be high on the agenda.

Mr Attwood: One anticipates that there will be a significant difference of opinion on the eight items — or maybe there are more than eight now. However, the SDLP feels that the Committee may come to a greater agreement on some items when they are probed than is expected. I will concentrate on the "Devolution of policing and justice" and the "Intelligence services".

The Patten report recommended two approaches to national security: first, that MI5 take primacy in 2007, which the British have adopted; secondly, that the Chief Constable of the PSNI report to the Secretary of State, or a possible successor body, on national security matters. The SDLP would like to discuss with members why the second recommendation is the better option

for the North. If MI5 takes primacy on national security, there will be risks around lack of accountability, mission creep and control. The preferred model is one in which the PSNI retains responsibility for national security and all other intelligence. That is the best way of sustaining policing and political confidence, and it is something that people around this table can sign up to.

I was interested to hear Jeffrey Donaldson MP MLA, on behalf of the DUP on the Floor of the House of Commons during St Patrick's week, asking some probing questions of the British Government Minister at that time about his concerns on the proposed primacy role being given to MI5 in the North.

The second issue on which we can make useful progress is the devolution of policing and justice. That is in the paper that the SDLP will submit. We outline several principles to govern that matter. We believe that parties round the table can sign up to those principles in order to inform the nature and structure of the devolution of justice, if and when that arises.

Included in those principles is the requirement that there be no encroachment upon the Patten policing institutions by any other models of devolution of justice that might be introduced; that there would be devolution, not just into strand one, but into strand two, given that there is a range of all-Ireland justice issues that are of concern to everyone around the table; that there would be cross-community safeguards in respect of sensitive devolved powers, such as the removal of the 50/50 requirement or the power of the Chief Constable to challenge a decision of the Parades Commission.

There are several other principles, which we believe form the correct basis on which to conduct a conversation on policing and justice and which, to a greater or lesser extent, parties can sign up to.

We welcome having that hard and heavy conversation as soon as possible, because there is more that we can agree on than is indicated by the public positions that one or all of us have taken from time to time.

The third matter that I want to raise is policing, which, I recognise, is more limited. Given what the Secretary of State said in his Glenties speech, and other things that are being speculated on, there is a danger that, with regard to policing in the North, we are heading towards a situation in which there are two legitimacies. That is: the legitimacy of the new policing arrangements to which all the parties subscribed; and some other legitimacy, in which one party does not sign up to those institutions and has a different approach when it comes to relationships with the police and signing up to lawful authority and the rule of law.

That is a strategic threat to that part of the Good Friday Agreement, which, over the past few years, has worked best: namely, the policing arrangements. More

fundamentally, however, it destabilises not just the prospect of the restoration of the institutions, but their sustainability thereafter. Though that is a limited point, given the range of views around the table, it is one that this Committee needs to resolve. That is why I concur with the DUP that we should call witnesses — though not in large numbers — including the Secretary of State, so that we can probe what he meant in his Glenties speech, and representatives of MI5. I would prefer to hear someone from London, but if not, then Richard Dennis.

Mr McFarland: As you do. *[Laughter.]* Eliza, get your stuff ready.

Mr Attwood: If she is willing to come. Assuming that she is not going to come — although she might surprise us — then I would want to hear from Richard Dennis, who is the head of MI5 in the North.

The party has a draft paper on all of these matters, but given that you are not compelling us to hand it over, Mr Chairman, it will be submitted in the next couple of weeks. I concentrated on those two or three issues because there is useful work that we can do. I am not diluting issues that others have talked about.

The Chairman (Mr Wells): Thank you, Mr Attwood. That witness session would certainly be an interesting one, if ever it comes about. The Press Gallery will be packed.

Mr McFarland: I was much encouraged by Monday's meeting, in which, for the very first time, we had first elevens from each party. I am equally encouraged today, because it looks as if everyone is sitting down for the first time ready to discuss policing.

I want to take a quick look at how my party sees the current situation on some of the issues.

10.30 am

The last IMC report stated that the republican leadership appeared to be serious but that there was still a level of criminality in the organisation. Martin McGuinness and Gerry Adams were then challenged on the issue of criminality in various forums. Their response was that the authorities should deal with it, and that was encouraging. Shortly after that, there were raids in south Armagh. I will not go into detail on that, as we have had that discussion, and the case is still presumably before the courts.

However, a fortnight ago a report by the Organised Crime Task Force confirmed that there had been a reduction in republican criminality. That too is encouraging. Nonetheless, we will have to await the publication of the next IMC report on normalisation at the beginning of September, as that will include a threat assessment. That will be followed by another IMC report at the beginning of October. Last week, the Secretary of State said that criminality and republican

paramilitarism had gone. He was perhaps slightly over-enthusiastic in his assessment, but, no doubt, the IMC will inform us in due course.

The DUP raised the issue of decommissioning in its original submission, and that is why it appears on the list. We have on record that William McCrea and Ian Paisley Jnr accepted that decommissioning had taken place, but the IMC report stated that some part of the IRA had held weapons back. Martin McGuinness and Conor Murphy denied that. However, I was taken aback by a recent report in the 'Sunday Tribune' that the south Derry IRA had left, taking with it the cache of weapons that it had held back. Perhaps that will account for those weapons that had been held back. If so, presumably the next IMC report will state that those weapons are now outwith the organisation. We will have to wait and see.

We need to address the issue of where the IRA is going. If it turns itself into a republican legion that meets every Tuesday to tell war stories, that is fine. However, if it is to remain as a fully functioning army, albeit without its weapons, we must question why it should remain in existence in that format, given what the leadership tells us. It will be useful to see movement or to have an idea of where the IRA is going, because it directly impinges on the issue of policing and armies existing in the state. The fact that there may be a second army running around excites the Republic. It is an issue that will affect policing and justice here.

The last take that we had on the devolution of policing and justice was the comprehensive agreement. William McCrea said that it is the DUP's document, and everyone else should get their hands off it. Minister Hanson said in the House of Commons that the Government would deliver it in the autumn. Peter Robinson said in the Assembly that that was not the case, and I think he confirmed that on Monday. Therefore there is some confusion, but it is worth reminding ourselves of Sinn Féin's statement on the comprehensive agreement, which read:

"As a result of our discussions we now have a commitment from the British Government and the DUP to the transfer of powers on policing and justice to the Assembly as soon as possible, a DUP commitment to a speedy, time framed discussion on the departmental model and the powers to be transferred with a view to agreement by the time the Executive is established".

I think that was in December, and the modalities were discussed in February, according to the timetable. It was encouraging that there was a speedy intent at some sort of discussion on the issue.

I wish to cover the intelligence services briefly. Part of the reason we are discussing this is due to the fact that the SDLP has spent the past four years complaining bitterly about Special Branch, what a ghastly organisation

it was, and how intelligence handling should be removed from Special Branch immediately, because it was a force within a force. No doubt, the Government listened to the SDLP, as they usually do, and decided to transfer intelligence gathering on republicans outside Special Branch.

Is the SDLP surprised, given all its shouting and demands, that the Government have decided to move intelligence handling somewhere else? It has gone to MI5, partly because it is hard to get one's head round the prospect of Gerry Kelly as minister for policing and justice overseeing a police service handling republican informants. There are logical reasons why it has gone to the intelligence services.

Community restorative justice was an issue when I sat on the Policing Board with Mr Cobain, as it was for other colleagues on the first Policing Board. Various organisations spoke to us. Community restorative justice continues to be an extremely vexed issue, and it is still not right. No doubt we will have healthy discussions on that.

The Chairman (Mr Wells): I thank everyone for being so succinct and keeping to time. We are in danger of becoming a well-organised Committee. I am sure that somebody will sort that out.

We have suggestions for new sub-headings. Some interesting points have been raised, and some extremely interesting suggestions for witnesses. We have the basis for some probing questions on those presentations.

Mrs Foster has already indicated that she wishes to ask a question. Does anyone else want to come in at this stage?

Is everyone happy? That is unusual.

Mr McFarland: The suggestion that we need to sort these into some sort of order is quite useful.

Mrs Foster: I want to pick up on some of the comments that were made after I spoke, Chairman, if that is in order.

The Chairman (Mr Wells): Yes. Obviously members took the opportunity to come back on the various presentations. It is only right that you get a chance to answer. I am surprised that no one wants to follow Mrs Foster.

Mrs Foster: I am sure that they will. Alex Attwood is right about the Secretary of State's Glenties speech; dangers present themselves from the distinction that he is trying to create between "constitutional" and "practical" arrangements. It would be worthwhile to hear his thinking. Sometimes he makes these statements and it is hard to clarify where he is coming from. There are inherent dangers if he is suggesting that Sinn Féin can involve itself in what he would call practical support, but not constitutional support, for the police.

In relation to paramilitarism, loyalism and republicanism, a member of the PUP is now sitting on the Policing Board. That does not mean that the UVF is not involved in criminality and paramilitarism, and that needs to be brought out into the open. Just because a party takes its position on the Policing Board does not inherently mean that that party supports policing and justice, and that must be discussed.

Alan McFarland mentioned comments made by colleagues in the Committee about decommissioning. The DUP has accepted that decommissioning took place. However, the manner in which it took place did not bring about the maximum amount of confidence in the community as a whole — that has always been our position. Recent reports from Scotland suggest that weapons are being sold. Therefore, we still say that decommissioning remains an issue because of the lack of confidence surrounding the event that took place some time ago.

Alan McFarland also referred to the comprehensive agreement. The deputy leader of the DUP made it clear where the party stands on that matter. He stated on Monday that the comprehensive agreement was not signed up to by his party or Sinn Féin. Alan quoted from the Sinn Féin document, so it is unlikely that the DUP would have had any input into that.

Mr Attwood: I have a few brief comments. Although the issue of loyalism, raised by Arlene Foster, is already included under the broader subject of paramilitarism, it should be put firmly on the agenda. The various loyalist-related public displays and activities in recent days, the speculation about the UVF and whatever is going on between the British Government and elements within loyalism mean that there is the potential to be productive on issues surrounding loyalism, if they are properly handled. Conversely, loyalism may endure and ultimately destabilise the restored institutions because of what loyalists may, or may not, get up to.

I am also concerned that the loyalist display of strength over the weekend provided evidence that, despite organisations saying that they are going out of business, they maintain their power base and retain their ability to impose their will or culture of control in their communities, something that is not necessarily restricted to loyalist groupings. The broader issue, and the future of loyalism in particular, should concern us.

Alan commented on the SDLP's efforts in relation to Special Branch. The question is not whether there should be a Special Branch, because Patten said that there should be; rather, it is about the nature of intelligence gathering and the management and accountability of any Special Branch or intelligence branch within the Police Service of Northern Ireland. Due to the work on the Stevens, Blakey and Crompton

Reports by Alan McFarland and others on the Policing Board, the Oversight Commissioner has said that:

"Intelligence standards now comply with best international practice".

Although high vigilance must be maintained on intelligence matters, there is no doubt that many corners have been turned, including the deactivation of very large numbers of agents.

Accountability has increased and the standard of intelligence gathering has been raised to an international level. Yet MI5, which has no such standards or accountability, will have primacy over intelligence gathering in the North. Even a senior MI5 operative conceded to me at a meeting in the NIO that there was a danger of mission creep, whereby MI5 would realise that given the unique criminal and terror world in the North —

The Chairman (Mr Wells): Sorry, Alex. Will you explain what "mission creep" means?

Mr Attwood: MI5, the police and anyone who looks at the North realises that the situation here is unique because the threat to national security and the criminal threat both emanate from the same source. The view of the British Government is that the threat to the stability of the state emanates from republican groups that are also involved in crime. Consequently, intelligence that emanates from the criminal side of an organisation's enterprise gives an insight into the national security threat that it poses and vice versa.

Therefore, there is a need for a joined-up intelligence approach in the North. As a result of the work of the Policing Board and the various reports that have been produced, the PSNI has begun to adopt such an approach by applying the best standards to intelligence gathering and accessing that intelligence, wherever it may be, within the criminal and terror organisations.

The danger is that MI5, which was intended to have a strictly national security responsibility, will quickly realise that in order to understand what is happening within the organisation that carries the national security threat, it is also necessary to gather intelligence from the criminal side of that organisation — and indeed MI5 already knows that.

Mission creep happens when MI5 does not restrict itself to gathering intelligence on the national security threat but broadens its intelligence base to access information from the criminal side of the organisations, because that is where information relating to the national security threat may arise. When that happens MI5 will begin to crowd into the area for which the British Government propose that the PSNI should have exclusive responsibility, namely gathering intelligence on the criminal side.

That is the danger and the risk. On a positive note, the views and concerns of the DUP, Sinn Féin and members of the Policing Board on that can be worked through, and we can arrive at a far better place.

10.45 am

I want to echo some of the concerns raised about restorative justice. The protocol deals inadequately with some issues and fails to deal with many others. By a happy coincidence, the life of the Preparation for Government Committee may mirror the life of the consultation period for restorative justice. This Committee will be discussing restorative justice at the same time as the British Government are consulting on their protocol. There is justified hysteria about restorative justice, and a weight of evidence about bad practice. Over the past 10 days, many commentators have stated that we must get restorative justice right.

The Chairman (Mr Wells): If there were to be a question about “mission creep” on a TV quiz show, I would be able to answer it. *[Laughter.]* It might take me two hours, mind you.

Mr Ford: The issues highlighted by Arlene and Alex are significant for all parties and several organisations. The issues have significant relevance for two of the groups on this Committee. I look forward to all parties, including Sinn Féin, playing a constructive role in future policing. We must examine that role in relation to participation in the institutions and respect for the rule of law and the Police Service. For example, the Alliance Party is not represented on the Policing Board, but it fully respects the position of the PSNI as being the legitimate institution maintaining the rule of law in Northern Ireland. On the other hand, the PUP has a representative in the institutions, but I doubt whether its associates fully respect the rule of law as I, and most people, understand it. We must examine attitudes towards the institutional side of participation, which is why I initially flagged up the matter of the ministerial Pledge of Office. The Pledge of Office covers only Ministers, but many other people should also be covered.

There are differences between loyalist and republican paramilitaries in relation to the intelligence services. Alex said that the national security threat and the criminal threat share the same position. I am not sure that that is the view of the British Government, given the manner in which they deal with loyalist crime. Loyalist paramilitaries are not seen as a threat to national security, although they are, potentially, a destabilising threat in Northern Ireland. If the Police Service is left to deal with all matters relating to loyalist crime, and MI5 deals with republican criminal activity, there will be major concerns about all sections of society being treated equally in demanding respect for the rule of law. That issue could be teased out with

the Secretary of State and the head of MI5 — when they turn up.

Mr McFarland: I want to clarify the expression “mission creep”. Your mission is to take a glass of water to the door. You get halfway around the room when somebody says: “Will you open the window on your way out?” You open the window and are halfway between the window and the door when somebody says: “Will you take the jug out with you and fill it up with water?” The basic idea is that you have an original mission and, as you embark on it, the mission grows.

Mr Ford: That is the difference between a lawyer and a soldier.

Mr Murphy: We could have a broad general discussion on all these topics. One of the drawbacks of having a Hansard report is that members feel obliged to set the record straight because it will be read in the future. I would prefer that we got down to identifying specific areas for discussion. We can go round and round, restating our positions on a range of topics, but most of the parties’ positions are well known.

It is time that we got to work on them.

The Chairman (Mr Wells): There have been various suggested additions and amendments to the list. Perhaps this is an appropriate time to seek agreement on those. We can then move on to the matter of witnesses, which Mr Attwood and Mrs Foster have already raised.

Mrs Foster: Mr Chairman, do you believe that some issues on that list could be linked? I have added to the list, but perhaps members could try to make it more succinct.

The Chairman (Mr Wells): First, are there any glaring omissions? Secondly, can we combine some of the items? Do we wish to create sub-headings?

Mr Attwood: If Arlene has concerns about the Police Ombudsman, that topic should be incorporated under the “Policing” heading, rather than be a dedicated one.

The Chairman (Mr Wells): Mrs O’Loan would be keen to state that her office is entirely separate from the policing institutions, and that she heads a completely independent body. However, we could certainly create a “Policing/Police Ombudsman” heading.

Mrs Foster: I have no difficulty with those items being linked, despite the accountability mechanisms being completely different.

Mr McFarland: Mr Chairman, may I tease something out? Colleagues will know that this list was produced from issues that the parties raised during their opening submissions. Criminality, decommissioning and paramilitarism are fairly clear; those matters were raised by the DUP. The SDLP raised the matter of the

intelligence services. Community restorative justice (CRJ) was raised as a common issue. The devolution of policing and justice is obviously part of the modalities.

However, the matters of the rule of law and policing — other than where they are bound up with criminality and the general acceptance of policing — are not clear. In particular, Sinn Féin is the only party that does not accept policing or the police. What does “rule of law” mean in that context?

The Chairman (Mr Wells): The Alliance Party specifically wanted the heading of “Rule of law” to be included. Members took the principled decision that if a party thought a matter was important, it was included. We did not argue that point.

Mr Ford: The Alliance Party raised the rule of law as one of the topics that were covered early on. That does not necessarily mean that it wishes to highlight it as an individual issue. I suspect that it may well be bound up with criminality in the context of any meaningful discussion.

Mr McFarland: Logically, we can do that. I believe that the Police Ombudsman is a separate issue because it concerns oversight, which has been a running issue for a number of years. That matter could fit in at item 8. The other items are fairly clear in that they have a particular slant on the discussion and have particular issues attached to them.

The Chairman (Mr Wells): Before Mr Weir speaks, I wish to point out that we received a declaration of interest from each member at the beginning of the meeting. Mr Weir, I think that you may have something to declare.

Mr Weir: Apart from my genius? *[Laughter.]*

Presumably, that declaration is that I am a member of the Northern Ireland Policing Board.

The Chairman (Mr Wells): Are you also a member of a district policing partnership (DPP)?

Mr Weir: No. The two positions are mutually exclusive, as I believe Dolores Kelly can attest. I believe that she had to resign from a DPP in order to join the Policing Board.

The Chairman (Mr Wells): I am sorry that I had to ask for that declaration, but it was an important step before you make your first contribution.

Mr Weir: I take on board the points that have been raised by my colleague Arlene Foster, by Alan McFarland and by David Ford. On the matter of combining issues, if the rule of law were included with criminality, it is important — as the Alliance Party and others were driving at — that there must be an acceptance by all parties of the rule of law and, indeed, support for the police and the institutions of the law. On one level, that is a slightly separate issue than simply not being

involved in criminality, although it can certainly be linked to criminality. Those two matters are inter-related, but it may be helpful to combine them.

Members should not feel restricted to the eight issues listed, if they can think of additional matters. There has not been any discussion on the order of dealing with the items or, indeed, whether we call witnesses. I presume that the topics are simply in alphabetical order at this stage?

The Chairman (Mr Wells): Yes. The order is no indication of importance at all. The topics are simply in alphabetical order.

Mr Ford: Peter Weir’s suggestion has been helpful. We have talked in the past about matters such as a “culture of lawfulness”, which means slightly more than “not criminality”. Moreover, Peter used the word “parties”, and we have emphasised that “Paramilitarism” is not simply a republican issue; it affects society in general.

Mrs Foster: I am loath to lose “Rule of law” from the list, because that is the most fundamental of all the law and order issues. It underlies most of what we shall discuss. If members want to remove it from the list, that is all very well, but, for us, the rule of law is the most fundamental building block in all of this.

Mr Ford: I was attempting to be helpful in agreeing with your colleague that we made the heading “Criminality/Rule of law”, and “Rule of law” was removed somewhere along the way.

Mrs Foster: My point is that we could have “Rule of law/Paramilitarism”, “Rule of law/Policing”, or even “Rule of law/Everything”. The rule of law underlies everything before us. We have not really talked about the criminal justice system in any meaningful way this morning. Obviously, the rule of law also underlies that. I am loath to lose “Rule of law” from the list.

The Chairman (Mr Wells): We must have consensus, so it is worth saying, Mrs Foster, that if you maintain that position, “Rule of law” will stay on the list. I just want to point that out, Mr Ford.

Mr Ford: I was seeking to assist the Committee in shortening the list. No doubt, even in this slightly different format, the Committee will continue to be as creative as usual in covering topics.

Mr Weir: The list’s length does not matter greatly as long as the topics are being covered. It does not matter ultimately whether issues are grouped. If we end up with a list of 14 issues, we will cover the 14 issues. We could group exactly the same number of issues under three or four different headings, but the same amount of work has to be done one way or the other, and the same number of topics is to be covered.

It is not overly helpful to get too fixated with having a short list; what is important is that the topics get covered.

Mr Murphy: My suggestion is along similar lines. At Monday's Committee sitting, we agreed a couple of broad, generic headings for the institutional issues, with sub-headings underneath those.

It strikes me that there are a number of issues. One is around the issue of devolution, and there are issues that come under that heading, including intelligence. Then there is the broad issue that members are calling "Rule of law", and all the issues that fit into that. Separate issues may be the Ombudsman's Office and community restorative justice.

If we could agree, the Committee could discuss a broad topic, under which would be a number of sub-headings, at its next meeting, and take a day to deal with that topic. If we were to take a list of eight headings, there would be a substantial amount of overlap, and one day's business would drift into another day's or would revisit a previous meeting's discussions. It might be more helpful to proceed as we did on Monday, where three or four broad, generic headings were agreed, under which members were happy to have a list of sub-headings that they wished to see included.

The Chairman (Mr Wells): I sat in on Monday's sitting, and the way in which the matter was dealt with by that Committee, which is this Committee but with a very different membership, was very useful.

Before I call Mr McFarland, it is worth saying that if the fear is that the Chairman will not allow for debate some burning issue that a member or a party wishes to raise because it is not on the list, Mr Molloy and I both gave an assurance at last week's meeting that that would not happen. If an issue is related to law and order, it will be ruled admissible, so no one will be restricted.

To follow on from Mr Murphy's comments, once we agree headings, we will try to insert the sub-headings. That was done much more easily at Monday's sitting, because the parties had given their views in writing on what the sub-headings should be. We do not have views in writing before us today, but we do have the opportunity to discuss the matter now.

Mr McFarland: We agreed on Monday that a useful template was to dig out the Belfast Agreement, because it contained headings for the institutions. I wonder whether the agreement contains headings for policing and justice. Do we have a copy handy?

The Chairman (Mr Wells): We will soon find out for you.

Mr McFarland: The agreement may only contain one heading, in which case it will not be helpful. However, the agreement proved quite useful in providing headings for institutional changes, because it divided up the institutions into bite-sized chunks, as it were.

The Chairman (Mr Wells): We will look at that for you, Mr McFarland.

Mr McFarland: Does it have sub-headings under which each of these might readily fall?

11.00 am

Mr Weir: The problem with many law and order issues is that because the agreement essentially set up the Patten inquiry, they were put on the long finger. Many law and order issues will not be mentioned at all.

Mrs Foster: Can we have three sub-headings? The generic term "Policing" would cover policing and the Police Ombudsman. The second generic term "Rule of law" would cover criminality, paramilitarism, decommissioning and community restorative justice.

The Chairman (Mr Wells): Can you take it slowly? It is good stuff, but we are trying to write it down.

Mrs Foster: The third heading would be "Devolution of policing and justice", which would include the intelligence services.

The Chairman (Mr Wells): Has everyone been able to —

Mrs Foster: That is all the subheadings that I have to suggest.

The Chairman (Mr Wells): Are those suggestions simply vehicles for discussion?

Mrs Foster: Yes.

Mr McFarland: Might CRJ not fit more readily under policing as an issue or is it essentially a paramilitary issue?

Mrs Foster: I have no firm views about under which heading it might fit.

Mr McFarland: It could fit under one or the other; it depends on how it is viewed.

Mr Weir: It depends on whether it is viewed a paramilitary issue.

Mrs Foster: It could be viewed as a rule of law issue.

Mr Ford: Is there an argument, on the basis of what Mr Attwood was saying, for making CRJ a stand-alone item, given the significance of the consultation taking place on it?

Mrs Foster: We could have four sub-headings.

The Chairman (Mr Wells): Do members have any comments? Remember, we have to reach consensus.

Mrs Long: I wish to declare an interest: I am a member of Belfast District Policing Partnership.

What specific sub-headings were suggested under "Policing"?

Mrs Foster: "Policing", which was at number 7; and the "Police Ombudsman".

The Chairman (Mr Wells): Do members have any suggestions on that position? Do they feel that it might prejudice their position? We went through this same routine on Monday, which I found very helpful.

Mr McFarland: Is everyone happy with CRJ? It makes sense to have it as a stand-alone issue, as it would be possible to deal with it and produce a sub-report on it that relates directly to the consultation period. That would save it getting caught up in other issues.

Mr Raymond McCartney: I do not understand why CRJ should be seen as a separate issue from the devolution of policing and justice. We could say that MI5 and criminality should be under one sub-heading.

Mr McFarland: It was a purely practical suggestion.

Mr Raymond McCartney: There is a danger of people weighting the issues in a particular way. The suggestion that CRJ should be in a sub-heading with paramilitarism shows the intention of some people. I cannot understand why CRJ should be a stand-alone issue.

The Chairman (Mr Wells): Where should CRJ be placed?

Mr Raymond McCartney: It could go under “Devolution of policing and justice”.

Mr Ford: I suggested that CRJ should stand alone because I saw it not just as an issue of paramilitarism. It is not the same as devolution, which is more to do with the institutional issues. CRJ concerns a range of issues, but because it is a hot topic — and Mr Attwood mentioned the consultation period — I suggested that it stand alone.

Mr Attwood: It is hard to find the best place to put CRJ. If we put it under “Policing”, we will create a sense that CRJ is a policing project, which it is certainly not meant to be. Also, it does not sit naturally under the heading “Devolution of policing and justice”. I agree with Raymond that putting it under the heading “Rule of law and criminality” would make it very loaded, so that is not the place in which to put it.

A fourth category could be created: some justice issues need to be flagged up.

The Chairman (Mr Wells): Mr McCartney’s view is that there should not be a separate category.

Mr Attwood: Such a category would be for justice issues and could include restorative justice.

The Chairman (Mr Wells): That is a possible way forward.

Mr Attwood: There are some residual items. A fourth category could obviate any difficulties that might be created by making CRJ a stand-alone item, as Mr McCartney put it, and would integrate it into something broad, which is more appropriate.

The Chairman (Mr Wells): Everyone seems to be happy with that compromise.

Mrs Foster: I suggested that “Intelligence services” should go under the heading “Devolution of policing and justice”, but I wonder whether it should go under the heading “Policing issues”.

The Chairman (Mr Wells): Yes.

Mrs Foster: Therefore the first category would be “Policing issues” and would cover policing itself, the Police Ombudsman and the intelligence services.

Mr Murphy: It will be a burning issue in the devolution of policing and justice. However, as you say, where issues are formally listed does not preclude their being raised under other headings. This issue is very relevant to the transfer of powers: in fact, it will be key to the transfer of powers.

Because issues are in one box or another does not prevent them from being raised during discussions on policing. The issue fits into both categories, and there will be a degree of overlap in some topics that will have an impact across a broad range of areas.

The Chairman (Mr Wells): It might be worth putting on record that we have moved various items back and forth. As things stands, the first heading will be “Policing issues” and will include the intelligence services, the Police Ombudsman and policing itself.

The second heading will be “Rule of law” and will include criminality, paramilitarism and decommissioning.

The third is “Devolution of policing and justice”, which will include justice and CRJ.

Mrs Foster: CRJ is a separate issue.

The Chairman (Mr Wells): That is correct. It has been scribbled out.

Mrs Foster: Under the sub-heading “Justice”, you could put residual justice issues.

The Chairman (Mr Wells): Do we have agreement on the content so that it can be minuted and so that we know exactly where we stand on each strand of issues? We will then need to prioritise them.

Mrs Foster: Will a new list be issued?

The Chairman (Mr Wells): Yes. A new list will be sent out.

We need to prioritise the issues in order of importance — those, presumably, with which we will want to deal first. That will concentrate our minds on the witnesses that we may need to call for each section. It might be more difficult to reach agreement on that. Which is the priority: policing, the rule of law, devolution of policing and justice, or justice?

Mr Murphy: I made the point in my initial submission that, since we are the Preparation for Government

Committee, devolution should be given priority, although I accept that all the issues are important. We can discuss the rule of law, but we could end up spending six and a half hours restating the Sinn Féin position and more than four hours restating the DUP position. That can be useful, but in order to get work done we should hone issues on which there is likely to be some agreement among the parties, and the devolution of policing and justice is the most likely to offer opportunities for resolving issues.

Mr McFarland: There are some issues into which the Committee can have direct input because all five parties are represented; there are others on which we would wish to state our opinions but on which the Committee's direct effect is less. That may influence our thinking.

Logically, we would pick the easiest issues, agree them and stash them away. Unfortunately, these issues are neuralgic, and I am not sure that we will get any quick fixes.

As Conor said, rather than restating party positions, which are noted in the Hansard reports of the first month and a half of meetings, it is a question of deciding what the Committee can usefully do to make a difference.

The Chairman (Mr Wells): Can the other parties give their views on this?

Mr Attwood: As was said at the beginning, the SDLP thinks that common positions can be found on the devolution of policing and justice and intelligence services. Given that that potential exists, the SDLP would like the devolution of policing and justice to be dealt with first. Thereafter, the SDLP is not dogmatic about where the Committee should go. Policing and intelligence services seem to be the natural second topic, and, as I said, the SDLP is relaxed about what should be discussed third and fourth.

The four categories are useful. Given the time frame to which the Committee is working, the categories show a natural order and a realistic amount of work.

Mr Ford: Like the SDLP, the Alliance Party is fairly relaxed on this. However, there is logic in Conor's comments that, as this is the Committee on the Preparation for Government, the institutional links between the Monday discussions and the devolution of policing and justice indicate that it would be logical to deal with those issues first. I will certainly not veto other members' thoughts on what should happen after that.

The Chairman (Mr Wells): Three parties are in favour of discussing the devolution of policing and justice first. It will be interesting to see whether the Committee reaches consensus on this.

Mrs Foster: This is where the wheels come off.
[Laughter.]

I have already stated that rule of law is the DUP's priority. Other parties might believe that the devolution of policing and justice is the most important item on the list, but the DUP cannot subscribe to that. However, if the Committee is trying to agree a work plan, without prioritising the issues, that is a different matter. I do not want it to be recorded that Arlene Foster felt that the rule of law was less important than the devolution of policing and justice. Therefore, to me, prioritisation is the issue. I want to clarify that.

Mr Ford: In my presentation this morning, I did not suggest anything other than that the rule of law was very important — it was the first thing that I highlighted. However, formulating a work plan is not the same as overall prioritisation.

Mrs Foster: Yes, I am just clarifying that because the Chairman initially said that members were to prioritise. If that is the case, the rule of law would be the DUP's top priority.

Mr Weir: Our particular reason for highlighting this is that if the Committee is considering these issues to prepare for government — the reason that the Committee was created — the DUP regards acceptance of the rule of law and support for policing institutions as fundamental and of key significance to preparation for government.

From a timetabling point of view, the DUP can be flexible as to where issues are slotted in. However, although the Committee has a reasonable amount of time, if there are opportunities to agree a broad view, there may be merit in having a debate on restorative justice, on which there has, at least, been consultation.

It depends on future discussions, but I would caution members that if they think that the devolution of policing and justice will be an easy issue to crack, they are being overly optimistic. There may not be the consensus that members expect.

Mrs Foster: The second issue that I want to address is that, if the Committee is to call witnesses, Committee staff will need some time to set up those meetings. Members do not want to be here next Wednesday without the witnesses that they felt should attend. I do not know how long those arrangements would take.

The Chairman (Mr Wells): Members will need to take a decision on that today.

Mr McFarland: Chairman, you will be aware that a key element of the initial submissions from the UUP and DUP was that it is difficult to see any progress being made without an end to criminality and paramilitarism and an acceptance of policing, by republicans in particular. That remains the case, and until an IMC report is published that says that those issues have been sorted out, it is difficult to see how discussions on policing will progress seriously.

11.15 am

Having said all that, I return to the point of whether it would be more useful for the Committee to attempt to tease out the issues on which the parties can have some influence, rather than the parties simply restating their positions on activities that, pending the IMC's reporting that they have stopped, will continue to block the devolution of policing. It would be wrong to think that, because the Committee is trying to deal with issues on which it can do proper work, those issues take priority; clearly they do not.

Party positions on the background to this are recorded in Hansard. The question is, would the Committee be better off spending its time examining new issues on which it could have some practical bearing in the event of the conditions for the devolution of policing and justice being right?

Mrs Long: I reiterate that as far as the Alliance party is concerned, the rule of law is the foundation on which all the other structures will be built. Whatever the architecture for devolution of policing and justice, the transition must be built on a foundation whereby everybody has a similar view as to what the rule of law entails and concept of what justice and policing are about. It must be a shared definition because, when policing and justice are devolved, there will be a degree of collective responsibility for them. It is important that that be established. Putting it further down the list in no way diminishes its importance. As far as the Alliance Party is concerned, it is the key that will unlock the whole issue.

Alan McFarland talked about criminality "by republicans in particular". I am not sure why that should be the case. His Assembly party has structural links to armed, active paramilitary organisations, so it seems ludicrous to suggest that only republicans need to address the issues of paramilitarism and criminality. The Committee needs to consider paramilitarism and criminal activity across the board.

The point was made that republican paramilitarism could be viewed as a threat to national security, but both loyalist and republican criminality and paramilitarism have a destabilising effect on Northern Ireland. Also, those activities have a negative effect on local people and a huge bearing on the effectiveness of policing across the community. Members need to go into this with open minds and balanced viewpoints, not in finger-pointing mode, which would not be constructive.

The Chairman (Mr Wells): I will allow Mr McFarland to answer that.

Mr McFarland: The reason I was —

Mrs D Kelly: Sorry, Chairman, but my point was essentially the same. Members have sat here for over

an hour and have yet to hear one mention of loyalist paramilitarism from the Ulster Unionist Party. That causes grave concern, given the level of activity by loyalist paramilitaries, not only in Belfast but across the North.

Mr McFarland: There is no doubt that loyalist and republican paramilitarism needs to be sorted out, but members need to remember why we are here. We are members of a Preparation for Government Committee. We are not in Government trying to sort this out. Sinn Féin is the only party with its own private army that could end up in Government.

Mrs D Kelly: What about the UUPAG?

Mrs Long: I must contend that my point was that your Assembly group now has a direct link, through the PUP, to the UVF. Therefore, it is not sufficient to say that Sinn Féin is the only party at the table with a direct link to paramilitarism. That needs to be recognised. The UUP has gained benefits from its link to the PUP, but there will also be disbenefits, including the link that it now has to the UVF.

Mr McFarland: The Committee has spent five hours on this, with the Alliance Party getting very exercised. We went through it in enormous detail.

Mrs Long: It clearly has not sunk in.

Mr McFarland: The ins and outs are all in here. If you want to have a row, we can have a row.

The Chairman (Mr Wells): We are discussing the prioritisation of topics.

Mr McFarland: The reason I said "in particular" was that Sinn Féin "in particular" might be going into Government.

Mr Ford: Will Alan McFarland confirm that by that statement he means that he does not expect the UUPAG to be in Government?

Mr McFarland: Nobody is going into Government until this Committee sorts out what is happening. These are not issues at the moment, but when the time comes, we will see whether they are. My point is that —

The Chairman (Mr Wells): Things were going too smoothly, so that was bound to end. Let us get back to the issue.

Mrs Foster: For clarity, and to bring the discussion back on track, we are not talking about priorities; we are talking about a work plan.

The Chairman (Mr Wells): "Priorities" was perhaps the wrong word; "sequencing" would have been better.

Mr Attwood: To emphasise Arlene's point, the rule of law and the acceptance of democracy are the parents of this. Everything arises and flows from those.

Therefore any work plan is not meant to make any issue any less of a priority.

Alan talked about the business of this Committee, but we should also consider what is happening in the real world. There are several issues to consider in the natural order of things. First is the devolution of policing and justice. That is a meaty issue that is relevant to the restoration of the institutions.

Policing is a pretty natural place to go for our second item, given the live debate around it, which was demonstrated by the Secretary of State's speech in Glenties. Policing is a real-world issue.

Restorative justice is the third topic that we should discuss, given its fundamental and primary impact on the rule of law and given that we will have consultation on the protocol soon.

The fourth subject should be the more global issue of the rule of law and criminality. It suits our time frame, given the report that is due in October on the rule of law and criminality, which Alan mentioned.

The Chairman (Mr Wells): One of the great benefits of having Hansard is that everyone has now explained that, by agreeing to a certain sequence, we are not putting any weight of importance on particular matters. You may be hung out to dry on that decision because you have made it very clear.

We seem to be reaching broad agreement. Assuming that that is the case, we need to consider two issues. First, should we call witnesses? I am very conscious of Mr McFarland's point about how calling witnesses could create a long process for the Committee.

Secondly, given those concerns, whom do we call? I take it that the devolution of policing and justice is agreed as the first subject — although perhaps not the most important — with which we deal. If we accept Alex's suggestion that policing, including the intelligence services becomes the second issue, members seem to be reasonably relaxed about what become the third and fourth.

Mrs Foster: I am happy to say that the DUP is OK with that work plan. If the rule of law is the last topic, it is almost like a catch-all that will deal with anything that has been missed in the previous three.

The Chairman (Mr Wells): On that basis, we have our sequence: the devolution of policing and justice; policing; justice issues; and the rule of law. Is everyone happy with that?

Members indicated assent.

The Chairman (Mr Wells): Good; I am very pleased to hear that.

We need to discuss witnesses. I have scribbled down a few ideas.

Mr Cobain: Before we start discussing that, I should say that we are a time-bound Committee. I do not mind calling witnesses, provided that they will add to the debate. I am not in favour of calling witnesses so that we can have a bit of a brickbat with them. Some of the issues that we have talked about are irrelevant. There is no possibility of having an in-depth discussion about the intelligence services in this Committee; that goes over my head.

We have no direct link to the Police Ombudsman, who reports directly to the Secretary of State and then to Parliament. If we are looking to enhance the debate or bring witnesses to give us a better understanding of the subject, that is fine, but I am not happy with bringing them here for no reason other than to have a bit of a brickbat with them.

The Chairman (Mr Wells): The economic subgroup has dived in, invited a huge number of witnesses and heard some wonderful stuff. However, my experience of the subgroup has been that members can get bogged down in an awful lot of material. We accept that we must be very selective. Some core people must be invited because, without their input, we will get nowhere. However, I will be guided by the Committee on how extensive that list should be.

Mr McFarland: Chairman, I raised this issue on Monday. Everyone around the table has been at this for a number of years: members have had discussions within their own parties, with other parties and in Leeds Castle or wherever. Indeed, three Northern Ireland Policing Board members are present. Within this room, there is a fair degree of expertise on most of the issues. Fred is right: if we are unsighted on certain issues, or do not have the necessary details, it may be worth calling witnesses who can enlighten us. However, we do not have time to fire people in just to have a tilt at them.

The Chairman (Mr Wells): Obviously the NIO must be on that list, whether at ministerial or permanent secretary level, no matter how we deal with the issue. The Police Service of Northern Ireland or the IMC are other suggestions, but I am just throwing out ideas.

The devolution of policing is an NIO issue. That brings us to the decision: will we invite the Secretary of State — or one of his Ministers — to this Committee, and is he likely to come?

Mr Murphy: I am not averse to the Committee calling any of those witnesses or taking the time that it needs. However, the devolution of policing and justice involves deciding on modalities, the powers that members would like transferred, time frames, types of departmental models and so on. We know what policing and justice powers currently rest with the NIO and Whitehall — all we have to do is get a list. The parties will have to agree on the type of model. It will not be handed down to us from the NIO as this virtual Hain Assembly was.

As I said, I am not averse to calling witnesses, but we can resolve many of the issues ourselves. Given that Hansard records all our positions and we ensure that we reinforce them for that record, there may be a tendency to call witnesses simply to balance previous evidence. I take a more minimalist approach to calling witnesses unless there is a very clear and compelling case to hear evidence.

Much of the first element of work on devolution matters that we have agreed to undertake involves matters that parties have been discussing for several years; within their own party, with other parties and certainly with both Governments. The institutional section of this Committee has decided not to call any witness because the parties can deal with those matters themselves. That approach may be more conducive to getting business done quickly than the economic subgroup's approach.

The Chairman (Mr Wells): From a procedural point of view, if folk want to discuss any particularly sensitive issues, the Committee can at any stage — by consensus — decide to have sessions without Hansard.

Mr Murphy: My point is that members feel obliged to take their party's perspective, and I understand that. For instance, Arlene Foster felt obliged to say that the DUP's priority was rule of law, and, from the DUP's perspective, that is fair enough. I refer to Hansard because it is inevitable that if a witness is called there will be a need to balance their evidence by calling a counter-witness to give an alternative or contrary view. Therefore as far as some of these topics are concerned, we should think long and hard about the need to call witnesses at all.

11.30 am

Mr Weir: Some subject matters lend themselves more to the calling of witnesses than others. We should call witnesses on the basis of real need.

As with almost any subject, one could call witnesses for meetings once a week from now until Christmas 2008, but it is questionable how productive that would be. Witnesses should only be called where it will be of benefit.

Representatives from the police should be invited to give evidence at some stage, and to get the best use out of witnesses they should not be tied down to one subject. Someone from the police, for instance, might not want to be drawn on the devolution of policing and justice, because it is such a political issue, but they would have things to say on policing and intelligence. They might also be questioned on community restorative justice and certain aspects of rule of law. There is no point in having a police representative here one week to talk on a subject and then another representative two or three weeks later to talk about something else. We must use our time constructively.

I am not convinced that getting a witness from the NIO would be helpful when discussing the devolution of policing and justice, because they would merely give a technical list of the aspects that they regard as being covered under policing and justice. I suspect that they are trained not to answer particular questions — like in a police cell in Castlereagh or some other organisations. The NIO will fit in with whatever agreement is reached on the modality, timing and circumstances. It will take a neutral position and throw it back to the parties. In ways the NIO is right to do that, because these things should not be imposed over our heads. Therefore, there would be no benefit in getting witnesses from the NIO, apart from getting a technical list to make sure that we are covering all aspects of policing and justice.

I am keeping an open mind that someone will suggest a suitable witness for discussions on devolution of policing and justice; I cannot think of anyone. It would be useful if someone could come up with a relevant witness, but it is a matter for the parties.

Mr Murphy: There is also the option of asking for written papers and submissions.

Mr McFarland: We have our list, so I suggest that we start and see how we go on this. If we hit blockages of information, we may need to call witnesses. However, we should get going on it. The police might be useful witnesses towards the end, because we might build up the odd question here and there. As Peter Weir suggested, we could do a wrap-up of some questions to the police on areas that we are not sure about and on which we need further information.

We should start off and see what witnesses we need as we go along.

The Chairman (Mr Wells): There are expert witnesses who are not directly involved. John Simpson spoke at yesterday's economic subgroup meeting, and he produced some excellent ideas and novel views that stimulated the subgroup's thinking. The Committee on the Preparation for Government could go down that route as well as asking for the real players.

Agreement must be reached because of the modalities of what we are doing. Letters to potential witnesses would have to go out today to give them adequate warning. Would it be useful if the Clerk gave you a briefing paper on the NIO devolution document?

Members indicated assent.

If we do not reach consensus on witnesses, we will not have any. However, no one is dying in the ditch on this either way. I can hear various views being espoused.

Mr Attwood: I agree with the last two members who spoke. I do not think there is any need for witness evidence on the devolution of policing and justice. There are probably questions that need to be raised

with the NIO arising from the consultation document because, while it is a fairly neutral document, it does have a few dark corners.

As for the other three categories, from my party's point of view, we might have to call three witnesses: someone from the police to discuss relevant matters; the Secretary of State, to discuss the global policing issue; and perhaps an official to talk about justice and CRJ concerns. It will be a small number — that is the best way to go. However, for the purposes of next week and the immediate work programme, we can proceed without witnesses.

The Chairman (Mr Wells): You would not call the IMC or the intelligence services?

Mr Attwood: I would like to see someone from the intelligence services, but I do not see the need for any more than three or four witnesses in total.

Mr McFarland: The parties have met the IMC at various stages. We would get no more from the IMC than the contents of its most recent report. The police are currently preparing their report on normalisation for publication at the end of August. We will probably get nothing new from the police until they have told the IMC and the IMC has produced its next report at the beginning of September.

There is an issue there about what useful new information we are likely to get from these organisations. We have three meetings in which to sort this out before the end of August. We got an agreement from last Monday's meeting that we could work into the first week of August, so we are asking the Secretary of State to put the first debate back to 11 September.

The Chairman (Mr Wells): We will be coming back to that later.

Mr McFarland: So we have time, but there is not a great deal of it and some of these issues, particularly devolution and policing and justice, are potentially complicated.

The Chairman (Mr Wells): We will not need witnesses next week, but just to give staff some guidance, Alex has suggested a small core group of witnesses. There does not seem to be much enthusiasm for calling in the Police Ombudsman or the IMC. It would be interesting to see whether the Secretary of State would come if we invited him. We need to tie up these loose ends.

Mr McFarland: Should we not call someone from the police so that, towards the end of the week, we can wrap up questions that have arisen? We might get something from Assistant Chief Constable Sheridan, for example, or indeed, the Chief Constable himself, if there were policing issues of concern. Perhaps we should warn them now that we might want to speak to them. The question is whether they would be willing to come.

Mr Murphy: In relation to issues such as CRJ, my party would reserve the right to make further suggestions depending on which witnesses the Committee agrees to call. That is why I would have argued for a minimalist approach. We must think long and hard about what value can be added, but we will reserve the right to look at the witnesses that have been called and determine whether we wish to call others ourselves.

The Chairman (Mr Wells): Issues may develop in such a way as to make that apparent.

Mr Cobain: As far as witnesses are concerned, the devolution of policing and justice is really a matter for the parties. We have skirted around this for long enough, and there is no added value in bringing individuals in to talk about policing. It is for the parties to agree, and the Secretary of State will play it with a straight bat when he comes anyway, so it is a waste of time.

As far as CRJ is concerned, all of the protocols are in the public domain. If the Committee wants to produce a report on CRJ, all of the information is accessible. Conor Murphy is right. If we bring one witness in we will have to balance that with another. It is a matter for the Committee if it can reach a consensus on CRJ to make a report. We cannot get involved in bringing one witness from one side and one from another. If the Committee has a view on community restorative justice then it should make that view known.

These are important issues. We could produce a report that would go some way to assisting the debate on the issues, but the time frame will not allow us to have a stream of witnesses. However, if a report is produced with which some parties are uncomfortable, they will naturally want to redress the balance by questioning witnesses. There is a great deal of information in the public domain, so the Committee can make pronouncements on those issues. Who needs witnesses about CRJ? All the issues are in the public domain, and members are au fait with CRJ. I cannot imagine how inviting witnesses to talk about CRJ would enlighten the UUP's view on it.

Mr Attwood: I will think about that, because it is a valid point. We have been around the houses on that issue and others. Even though our overall work programme is heavy, it is critical to the Committee's understanding of the issues to call the Chief Constable, the Secretary of State and a representative from MI5 as witnesses.

Mrs Long: They may be key players in the implementation of decisions or agreements, but to call them as witnesses may not shed any light on our discussions. We need to strike a balance. There was a kernel of an idea that the Committee does not need to call witnesses, but, if questions arise, we may need to seek expert advice in future. We would be better to proceed as best we can, on the understanding that we reserve the right to re-open the issue about witnesses if expertise is

needed to guide and inform our discussions. At this stage, no one has identified any witnesses for at least one session, possibly two, and it would be a waste of time to invite them for the sake of it.

Mrs Foster: I am also conscious of the time frame, for more than one reason. If we proceed on the basis that we do not intend to call witnesses — with one exception, and that is the Secretary of State, because of what he said in Glenties in County Donegal about policing — we need clarification on that point, and that would not take long. If experts could provide written evidence to the Committee, that would short-circuit the process. Other members have also suggested that. However, we need to speak to the Secretary of State about what he said. I presume that he is going on holiday at some stage.

Mr Weir: There would be an opportunity for him to be flown back at vast public expense.

We need to question the Secretary of State on what he said. One advantage of adopting a flexible approach, which is not to depend on witnesses at this stage, but to consider where they are needed, is that — with the possible exception of the Secretary of State — we may be able to identify individuals. However, almost all the potential witnesses represent institutions or bodies. They do not tend to be individuals; for example, they may be representatives from the police or the IMC.

Other Committees try to focus on a couple of individuals, but the advantage of adopting a flexible approach is that, if the Committee decided that it would be useful to invite someone from the police in a fortnight's time, we would not be tied to a specific individual. The bodies concerned should be able to provide senior representatives at short notice, if necessary.

That is what gives us a degree of flexibility, unlike the economic subgroup, which has a range of individuals and is a much smaller organisation in that regard. I support Arlene's comments.

The Committee has had enough lectures from the Secretary of State over the past few months, and it would be nice to be able to question him. We would all appreciate that.

11.45 am

The Chairman (Mr Wells): We have different ideas floating around. We have Mrs Long's view that we do not call witnesses unless something materialises during our discussions that we feel requires us to take evidence. We have the DUP's view that we do not call anyone other than the Secretary of State to answer questions, particularly in relation to his Glenties speech.

Mr Weir: We are not precluding other witnesses. Apart from asking the Secretary of State to attend, our view is similar to Mrs Long's.

The Chairman (Mr Wells): There is also Alex Attwood's view that we should call a very select number of witnesses — maybe two or three — including ones from the intelligence services.

Mr Attwood: You can reconcile those positions. You can decide on the Secretary of State now, and keep a small number of witnesses under review.

The Chairman (Mr Wells): We are in danger of having seven agreements in a row at one meeting, which would be an astonishing achievement.

Is there consensus to call the Secretary of State to answer questions on policing issues and then, taking up Mrs Long's proposal, if any other issues arise to call witnesses as and when we need them by consensus?

Do we have agreement on that?

Mr Murphy: I am OK with that. However, Sinn Féin reserves the right to review matters when the other witnesses are known. Flexibility is important. I am not confident that the Secretary of State will agree to come along.

The Chairman (Mr Wells): You could well be right.

It is important to understand that the Committee will ask the Secretary of State to come along, today fortnight, to answer questions on general policing issues — not on the devolution of policing and justice. That gives us two weeks to fly him home from wherever he is.

Mr Weir: If the Secretary of State does come, the Committee may not get an enormous amount out of him if he is pushed on the devolution of policing and justice. However, I would not preclude particular questions. The general topic will be law and order issues. I do not think we should say to the Secretary of State that he would not be questioned on particular issues.

The Chairman (Mr Wells): If the Committee managed to get the Secretary of State to attend next week's meeting, as opposed to today fortnight, would that cause any difficulties? Of course, we do not know what his diary is like.

Mr Weir: I think that he is away.

Mr McFarland: I have two problems: first, if he comes next week, we can write off the session, because we will not get into the devolution of policing and justice issue until the following week; secondly, he may decide, given his previous dealings with the Committee, that he is not the best person to come and speak to us and produce one of his officials.

Is the issue to get information out of the Secretary of State, in which case the official can give it and that will be OK, or is it to have a go at the Secretary of State? Will we be happy with an official if the Secretary of State does not want to come?

The Committee must get a head start on its business. It should start with the key issue next week, even if it all falls apart two weeks later. The Committee may need to talk to the Secretary of State, but that should be done at a later stage rather than have it interfere with its work up front.

The Chairman (Mr Wells): That is a useful comment.

Mr Weir: I agree in part with what Alan McFarland has said. It would be foolish to ask the Secretary of State to attend next week's meeting. Some work needs to be done before then. Also, I suspect that he is on holiday. The Committee should hold out for someone at a political level. I would not be happy to be palmed off with an official. The Committee wants to know the Government's direction on policing. An official may reflect the official line, but we would get a lot more depth from the Secretary of State.

I would accept Paul Goggins, in his role of Security Minister, as a replacement for the Secretary of State, but I would certainly not be happy with an NIO official.

I want to question the Secretary of State on the remarks that he made about policing and justice and law and order in his Glenties speech and on other occasions. It is important to hear the Government line, and that must come from a politician rather than from an NIO official reiterating what the Secretary of State has said. I want the Secretary of State to be properly questioned. There is no value in the Committee being offered an official from the NIO as a replacement witness.

Mr McFarland: Is that essentially related to CRJ?

The Chairman (Mr Wells): No; it relates to the general policing issue.

Mr McFarland: An earlier statement related to the rule of law and the operation of parallel policing systems.

The Chairman (Mr Wells): On Wednesday week we will ask to hear from the Secretary of State. We can then request any further witnesses that we deem necessary as the discussions develop. May I put that to the meeting?

Mr Murphy: A way round that may be for the Clerks to write to the Secretary of State telling him that the Committee is dealing with certain issues and that it is interested in hearing his views. They could ask whether he is willing to come and, if so, when he is available.

If the Secretary of State comes before the Committee, there will be a range of questions for him on every topic; his evidence would not fit neatly into one single-issue discussion. I suspect that he may not be willing to appear before the Committee, but it may be better to ascertain that rather than try to slot him into our agreed work programme. If the Secretary of State agrees to come, the Committee may decide to take the time to engage in discussion with him.

The Chairman (Mr Wells): Is everyone happy? For the seventh time in a row, I was about to say that we have consensus, but perhaps not.

Mr Cobain: I do not mind witnesses attending meetings of this Committee, provided that they have something to add to the discussion. I thought that this Committee was working towards the devolution of policing and justice. At the end of the day, irrespective of what the Secretary of State may say, that will only happen if this Committee is happy with it.

If the Secretary of State is brought to this Committee, people will want to make political points about his recent speech. I do not know how that would add to the work of the Committee. I am becoming lost in all this. His statement about whether people are bound into the constitutional issue has obviously antagonised some people, but what has that to do with the work of the Committee?

The Chairman (Mr Wells): Mr Murphy and others made the point that the Secretary of State would not be questioned solely about his Glenties contribution and that other issues would be raised.

Mr Cobain: Such as?

Mr Murphy: I am not jumping out of my skin to have the Secretary of State as a witness, as I think that it would lead to a political discussion, although some members think that his coming here would help in the overall generic discussion on policing and justice. However, his availability or otherwise should not interfere with this Committee's work programme. If he is available to come at a certain time and members want to quiz him on a range of issues, that is well and good.

We should make a start on the programme of work — whether the Secretary of State comes or not could be a distraction to that. If the Secretary of State indicates a willingness to come — and I will be surprised if he does — we should slot him in whenever we can and members can ask him whatever they want.

Mr Weir: We should have an opportunity to question the Secretary of State on a range of issues. We all know that just about any issue involving law and order or policing will have some political overtone. Even if there is consensus on a particular issue, there will be political overtones. Politics will be behind just about everything that is discussed in this Committee. We cannot get away from that.

The Chairman (Mr Wells): Mr Cobain, I thought that we had reached consensus. Will you oppose that?

Mr Cobain: No.

The Chairman (Mr Wells): The Secretary of State may not come, so time may not be an issue.

Mr Cobain: My concern relates to the principal task of this Committee and to the fact that it is time-

bound. The issues are on the table, and the arguments of all parties have been well rehearsed.

To reiterate: it is my view that very few witnesses could add to the discussions on these issues. I am concerned that if a witness were to appear before the Committee, there would be political toing and froing, but members would get little out of it.

Mrs Foster: For the record, Chair, the Glenties speech was ground-breaking in so far as the Secretary of State had moved away completely from anything he had said previously. He spoke about the dichotomy between support for the institutional arrangements for policing and support for practical policing on the ground. We wanted to clarify that issue with him, which is why I feel strongly that we should invite him to appear before the Committee. Members may wish to raise other issues. He may not come to the Committee, but we should still invite him.

The Chairman (Mr Wells): We are agreed that we should write to the Secretary of State and ask him when he is available. We are not wedded to Wednesday 16 August; we will have to meet his diary commitments and slot him in on another date. We have reached consensus on that issue, and now strikes me as being a suitable stopping point. "Quit when you are ahead" is the phrase that is going through my mind. Are members content that we call it a day on the substantive business?

There are a couple of practical issues. We agreed that the economic subgroup would have five Chairpersons. The Committee Clerks wrote to the Secretary of State, who has now written to the parties. The Ulster Unionist Party has been very diligent; it has nominated Jim Wilson as its representative to chair the economic subgroup. It would be very helpful to Mr Molloy and me if we could adopt Mr Wilson almost immediately into our work programme. Have the Alliance Party and the SDLP given any thought to their nominations?

Mrs Foster: We will have to come back to you on the nominations issue.

The Chairman (Mr Wells): Unfortunately, as far as the DUP is concerned, you are stuck with me.

Mrs Foster: As I said, we will have to come back to you on that. *[Laughter.]*

The Chairman (Mr Wells): Has the SDLP communicated with the Secretary of State?

Mr Attwood: I do not know. We will get an answer to him by close of business today.

The Chairman (Mr Wells): Has the Alliance Party communicated with the Secretary of State?

Mr Ford: I am not aware of having yet received a communication from the Secretary of State.

The Chairman (Mr Wells): The letter was dated 1 August and was addressed to: Mr Ford, Alliance Party of Northern Ireland, 88 University Street.

Mr Weir: In Mr Ford's defence, and from our party's experience with the Speaker's Advisory Group, letters about wind-up arrangements sent out under the Secretary of State's name were not received by many DUP Members. Certain items seem to get lost in the post, and perhaps Mr Ford's letter has gone walkabout.

Mr Ford: I anticipated this situation and am happy to confirm that, in the democratic structures of the Alliance Party Assembly group, we agreed yesterday to nominate Naomi Long. I will formally communicate that nomination in writing before I leave the Building today.

The Chairman (Mr Wells): I am sure that the SDLP is dealing with this important issue as we speak. Can we factor those names into the work programme?

The Preparation for Government Committee meets on Mondays, Wednesdays and Fridays, which is quite a commitment for Mr Molloy and me. It would help us enormously to have all five Chairpersons working in rotation. I am here every day this week because of commitments to this work.

At yesterday's meeting of the economic subgroup, we agreed that I would write to myself — given that I chair this Committee and the subgroup — asking for an extension. The economic subgroup faces a huge workload. We have called many witnesses from the public and private sectors. There have been some excellent presentations and some very useful discussions between members and witnesses.

Things are moving along very well in that subgroup, but we are having difficulty with timetabling, so I have written to the Committee to ask for an extension until 25 August. That will create a knock-on effect, and we may need to revisit the matter of plenary meetings. Do members feel that it is reasonable to give the subgroup an extra week?

12.00 noon

Mr Ford: As someone who has sat on that subgroup, I believe that it is entirely reasonable to allow an additional week for its work to be done properly. As you say, that will have a knock-on effect on plenary meetings. It would be logical at this stage for this Committee to recommend to the Speaker and to the Business Committee that we delay the first plenary meeting in September by a week.

The Chairman (Mr Wells): We have already contacted the Secretary of State on this issue. We have had no response, and this is all predicated on his agreement. If he does not agree to that, we shall have great problems.

Mr McFarland: We have had our ears bent all summer about the importance of sending business from this Committee to plenary meetings. The Secretary of State had pencilled in 4, 5, 11 and 12 September for those meetings. Logically, we asked on Monday of last week that he give us an extra week, so that the plenary meetings start on 11 September. That seems sensible, given that we did not get started as quickly as we had hoped. That ties into the subgroup's business. I cannot see how that should be a problem; I would be very surprised if it were. We should get neuralgic if that is a problem.

The Chairman (Mr Wells): On principle, are members agreed that we ask for that extension, and that we write to the economic subgroup?

Mr Murphy: Write to yourself?

The Chairman (Mr Wells): No, we would write to Mr Molloy on this occasion — he is chairing tomorrow's meeting — to say that that has been agreed. We would then have to wait for the Secretary of State's decision on plenary business.

Are there any other issues?

Mr McFarland: Given that we are now starting our proper business, may I suggest — as was agreed during Monday's meeting on institutional matters — that we meet all day on each of our allotted days next week?

The Chairman (Mr Wells): That is exactly what I was about to propose. It is very good that that came from the floor, rather than as a diktat from the Chairman. This could be our ninth area of consensus, which may be a record. Can we agree to meet all day next Wednesday, with lunch provided in the middle of the day to enable members to continue, perhaps finishing at 4.00 pm or 4.30 pm? That is a council night for many members who are councillors.

Mr Weir: Speak for yourself.

The Chairman (Mr Wells): The first Monday of the month is normally our council night. Dolores, does that present a problem for you?

Mrs D Kelly: No. I have another point.

The Chairman (Mr Wells): Can we reach agreement on this?

Mr Ford: As I plan to be on holiday next week, I am very happy to give consent to the rest of you working late.

The Chairman (Mr Wells): I am sure that Mr McCarthy, or whoever it is, will be delighted with an all-day sitting. Are we agreed that Wednesday will be a full day?

Members indicated assent.

Mrs D Kelly: Mr Chairman, you mentioned at the outset that each party would today be asked to give

only a short oral presentation. However, you then said that papers would follow in relation to party positions on the issues.

The Chairman (Mr Wells): I thought that the request for papers was aimed at outside bodies. However, that is an interesting point. Should we look at that matter?

Mr McFarland: It was originally intended that each party — for each meeting on Monday, Wednesday and Friday — would produce a paper to which they would speak. On Monday, some parties did that, and some did not. However, we agreed that parties were going over exactly the same ground as they covered a month ago. If there was something new that a party wished to add to the mix, they could produce a paper on it, but otherwise, we agreed to get on with our business. That is what we did this morning.

Technically, we had been asked to produce papers for today. On Monday, most members agreed to dispense with that and to go straight into our discussions. Most of the issues raised by most of the parties are in the Hansard reports of a month and a half ago. Obviously, we will discuss those matters in turn in more detail as we go through next week. Therefore, I do not see the need for papers.

The Chairman (Mr Wells): Mrs Kelly has raised an issue. We have skirted around the question of whether we call for papers from outside bodies on policing and justice. I cannot recall our tying down a decision on that.

Mr Murphy: When we discussed witnesses, we said that there was the option to call for papers, rather than call for people to appear before us. We should apply the same broad flexibility that we have applied to calling witnesses: as our discussions progress, if we feel that somebody should appear before the Committee or that somebody should provide us with a paper, we will agree on that.

Mr McFarland: Most of the issues that we are about to discuss are well documented; we have been at them for some years. The Government have an entire discussion paper on devolving policing and justice, and that, presumably, is our starting point. We have asked Committee staff to prepare a briefing paper on their analysis of that paper. As Conor says, we may need to call on extra advice as we go on, and that advice can be in written form or in the form of oral evidence. We can deal with that matter when it arises.

Mrs D Kelly: Two separate points were raised, one of which was to do with witnesses. My point, however, concerned party positions on the different issues that were outlined and put before us today. We understood that a paper would be required from each party. Those papers would be succinct, but at least they would reveal parties' common understandings and show how

easily agreement could be reached. As a result, some success could be made of this Committee.

The Chairman (Mr Wells): We have decided not to do that. The DUP produced a paper, but nobody else did.

Mrs D Kelly: We have produced a paper.

Mr Attwood: We have produced a paper, which, subject to some correcting for accuracy, we shall circulate. You never know, it might inform people.

The Chairman (Mr Wells): That decision is voluntary. The next meeting of the Committee will take place on Friday, and it will deal with safeguards, equality issues, rights and victims. There will probably be different personnel in attendance, but our next meeting will be at 10.00 am on Friday.

Adjourned at 12.06 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Friday 4 August 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Francie Molloy
Mr Wilson Clyde
Rev Dr Robert Coulter
Dr Seán Farren
Mr Michael Ferguson
Mr David Ford
Mrs Arlene Foster
Ms Patricia Lewsley
Mrs Naomi Long
Mr Dermot Nesbitt
Mr John O'Dowd
Mr Edwin Poots
Ms Kathy Stanton

The Committee met at 10.00 am.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): Members should ensure that their mobile phones are switched off, because they interfere with the Hansard recording system.

I draw members' attention to the requirement to declare any interests that might be relevant to the work of the Committee. I am not sure what those interests might be.

I ask the deputies from each party to confirm whom they are replacing.

Mr O'Dowd: Michael Ferguson, Kathy Stanton and I are standing in for our party's usual team.

Ms Lewsley: I am standing in for Mark Durkan.

Rev Dr Robert Coulter: I do not know whom I am replacing. I was told to be here in a telephone call last night at 11.00 pm.

Dr Farren: You have a choice of three members to replace.

Mrs Foster: Mr Clyde, Mr Poots and I are standing in for our party's usual Committee on the Preparation for Government (PFG) team.

The Chairman (Mr Molloy): We have copies of the paper that the PFG Committee agreed on the issues to be considered under the title of "Rights; Safeguards; Equality Issues and Victims". I propose that we work our way through that list to identify which issues members wish to deal with first. Before we do that, each party may present a five-minute introduction. The Alliance Party will start.

Mrs Long: Thank you, Mr Chairman. The list covers many of the issues that the Alliance Party raised in its initial submission; namely equality issues, community relations, rights and safeguards, victims, and dealing with the past. Although the Alliance Party wishes to highlight several items on the list, it does not have a comprehensive list of concerns.

We welcome the work that the Northern Ireland Human Rights Commission (NIHRC) has done to develop human rights legislation. That work represents a step forward, but a bill of rights is necessary and must be developed. Our particular concern is that the focus should be on the rights of the individual, not on those of groups. Our fear is that those who are not associated with groups would find that their human rights were diminished. Therefore, it is important that the exercising of human rights is based on an individual's rights, not on group rights.

If people choose to exercise their rights in groups, that is entirely a matter for them, but a person's ability to exercise his or her rights should not be in any way diminished because he or she has not chosen to be part of a group. That is particularly important in a changing Northern Ireland, which has an increasing ethnic-minority population and higher levels of inward migration. Individuals must be reassured at both a policy and political level that their rights will be respected in the same way as those of people who associate with the larger and more traditional groups in Northern Ireland. Therefore, the Alliance Party wishes to highlight that matter under the "Rights/safeguards" heading.

The Alliance Party's view is that, in addition to establishing people's rights, there must be provision for the responsible exercising of those rights. Everyone has rights that should be established in law. However, how rights can be exercised in a responsible way must be established to ensure that other issues, such as good relations and stability in our communities, are not affected negatively. It is important that collective responsibility and a sense of community are maintained in order that, although the rights that are determined under law can be exercised, that is not done in a negative and destabilising way. At all times, people must respect the rights of others.

There are clearly issues surrounding dealing with the past, and truth and reconciliation. There are several models for dealing with issues from the past. The Alliance Party has made it clear in all its submissions that simply transplanting the mechanisms that have been used in another community is not necessarily the way forward. It will have to be explored in detail, for the definition of a victim is a very sensitive issue in our society. We have to deal with it, because the rights of those who have suffered most have to be protected if any process that we take forward is to be stable and healing for our community.

I will link “Good relations” directly to the shared future agenda. If we are to move forward as a society and have a stable base on which to build institutions and democracy, we must have some shared sense of community. That must be at the forefront of people’s minds.

Returning to some of our discussions on the institutions, we believe that the ministerial code of conduct should include a responsibility to behave in a way that is conducive to the promotion of good community relations.

There are several overlapping issues in relation to a shared future. Parades have been identified as one issue, but we see them as part of an overall community relations remit. The way in which those issues, and the rights and equality issues around them, are handled is a mark of how we handle other disputes in our communities. The parades issue is often a touchstone rather than the core issue. We need to look at it in that context.

We wish to see a good-relations responsibility placed on statutory authorities, so that Departments and statutory agencies, when deciding how to administer their finances and discharge their responsibilities, would have to consider the impact of those decisions on community relations.

We also wish to see the implementation of policy appraisal for sharing over separation in order that future decisions would be considered on whether they increase or decrease segregation. That is an important consideration. We recognise that it will not be the deciding factor on every occasion, but it should at least be an important consideration.

That is a brief overview of some of the key points. We will raise and elaborate on other matters in future meetings, but that is probably sufficient for the meantime.

The Chairman (Mr Molloy): Thank you for being precise.

Mrs Foster: Thank you, Chairman. I agree with Naomi that this is a huge area. I want to skirt through a couple of the issues and draw them out. When we get to the work plan we will be able to flesh them out in more detail.

A bill of rights would require the support of an overwhelming majority of people in Northern Ireland, and it would also need cross-community backing in the Assembly. The Human Rights Act 1998 achieved many of the desired objectives and balance, but the DUP is not averse to discussing how to move the debate forward on a bill of rights. We have engaged with various non-governmental organisations (NGOs) on that. I am sure that we will discuss it when the time comes.

The Northern Ireland Human Rights Commission has exceeded its terms of reference as set out in the Belfast Agreement. Its focus should reflect the

circumstances of Northern Ireland, but, unfortunately, in many cases it has exceeded that and has commented on issues that fall firmly outside its remit — issues that are the responsibility of the legislature.

As for the other commission, it is no secret that we believe that the Parades Commission should be abolished. It is part of the problem — it does not provide a solution to issues around parades. An alternative framework needs to be found for dealing with them. The Parades Commission is an unelected quango that has made many inconsistent determinations; it has punished those who have obeyed the law and rewarded those who have engaged in or threatened violence. We believe firmly that the Parades Commission is one of the issues that need to be discussed.

The sub-heading “Culture” on the generic list is broken down into “Ethnic communities”, “Nationalist” and “Unionist”. Each party will have a view on what is important under each of those. There is no necessity at the moment to go through the list of what the DUP believes should be included. We will consider those individually when we come to the work plan.

It is suffice to say that the ethnic-minority problem is new to this part of the UK. The nationalist and unionist issues are probably well rehearsed, but the ethnic minority issue must be foremost in our minds when we discuss the issues, and it must be tackled.

As far as the DUP is concerned, “Dealing with the past” encompasses quite a few other sub-headings. However, I do not see the plight of the disappeared on the list, and it must be included. The DUP also wants to include: compensation for victims, dealing with unsolved crimes, and sustainable funding for victims’ groups, which was highlighted most recently in a report from the Interim Commissioner for Victims and Survivors of the Troubles.

The DUP agrees with Naomi Long that, when considering how to deal with truth and reconciliation issues, Northern Ireland’s unique circumstances must be taken into account rather than simply copy something from another area or country. It is unhelpful to look at what is being done in other places, because people there are dealing with their own specific issues.

I have already highlighted that good relations are not confined to the unionist/nationalist divide. They also concern what is happening within the ethnic minorities. That will be discussed later.

Finally, “Confidence building” is included on the list. Since the Belfast Agreement, the unionist community has suffered a huge loss of confidence, and it is no secret that the DUP has made a number of suggestions to the Government on how to build the confidence of the largest community. The DUP will be happy to expand on those measures when the time comes.

Mr Ferguson: Sinn Féin has consistently pressed for progress on the human-rights and equality agendas, and it will continue to do so. Some detail of what is required to advance those agendas is set out in this paper.

Much of what Sinn Féin has pressed for to advance those issues is, however, the responsibility of the British Government. The Irish Government also have a responsibility to advance this agenda in the Six Counties. The Irish Government have a co-equal responsibility to implement the Good Friday Agreement and to ensure that the British take the necessary steps to give effect to that agreement.

There is an obvious need for an all-Ireland harmonisation of human-rights protection and equality provision. The Good Friday Agreement envisaged the establishment of a Human Rights Commission in the North and one in the South. It also envisaged a joint committee of representatives from the two commissions that would act as a forum for the consideration of human-rights issues on the island of Ireland, with a view to establishing a charter of rights for everyone, North and South.

Sinn Féin is, of course, prepared and willing to engage with any party on how to progress that agenda. Agreement among the parties on this Committee on how best to progress the various human rights issues and the equality agenda would send out a positive signal that all parties are committed to the achievement of what was envisaged in the Good Friday Agreement in respect of both human rights and equality.

However, reaching agreement on how to progress those issues is not a prerequisite for the restoration of the political institutions. Discussions on those issues will, presumably, continue beyond the restoration of the institutions, but they must not be used as an excuse to delay restoration. Issues raised by parties are listed under the heading, "Rights; safeguards; equality issues and victims." Further issues may be added to the list in future. Although many issues are self-explanatory, it is not clear how the various parties will approach them or whether they will attempt to make a case that discussion or agreement on each issue is part of a necessary preparation for Government.

It is not clear, for example, what any party will raise under the heading of "Confidence building", although a couple of references have been made to that today.

10.15 am

Sinn Féin's template is the Good Friday Agreement, and the positions that we have formulated on the identified issues are, therefore, consistent with the Good Friday Agreement. As regards prioritising the issues and the importance of moving forward on the bill of rights, British Minister Hain agreed in February to establish a round-table forum to facilitate grass-roots consultation and provide a momentum to move forward

with a bill of rights. The Irish and British Governments must support that. Sinn Féin hopes that a round-table forum will provide the momentum, information and recommendations for the Secretary of State to introduce legislation.

The Human Rights Commission and its powers are also important, and those powers are high on our priority list. Sinn Féin believes that the British Government need to come forward with their review of the HRC's powers, so that political representatives and the wider community can ascertain whether they are sufficient. We want more powers to be given to the HRC and more resources made available to it. We want it to be allowed to investigate more thoroughly. The resourcing of the HRC is of primary importance, because only 80% of it is located in salaries.

An independent mechanism must be put in place to facilitate the method by which appointments are made to the Human Rights Commission, as it is an important issue. Sinn Féin believes that those appointments should not be political, but that they should comprise human-rights experts and representatives from NGOs and trade unions. Appointments should be Paris Principles compliant — international best practice should apply.

The issues of "Dealing with the past" and "Truth and Reconciliation" have come up. My colleagues have referred to them, and they are important. All the relevant parties need to have a genuine focused debate on the timing and purpose of any truth process. I do not accept the notion that we cannot learn from other experiences. Central to that must be the acknowledgement by the British state of its role as a primary protagonist in the conflict. Clarification of actions throughout the process is also important.

Ms Lewsley: The SDLP also has important points to make, but the issues that we will debate did not give rise to suspension. We hope that none of the parties will elevate those issues into a precondition for restoration.

The SDLP is saddened by the fact that the bill of rights has taken so long to come to fruition. We have worked for a long time with the Human Rights Consortium to ensure that it is brought about. It has been mentioned today that British direct rule Ministers promised many times to establish a round-table forum. The SDLP wants such a forum, with an international chairperson who is independent of Government, parties, the NIO and the NIHRC, with its own secretariat. Most importantly, it must bring together all the political parties. The round-table forum should report to the NIHRC, which, in turn, should report to the Secretary of State. That would not prevent the NIHRC from contributing to the forum, if the chairperson requests it to do so. A worthwhile provision of the comprehensive

agreement was that the forum could get under way before restoration, so the SDLP calls on all the parties to ensure that that happens.

With regard to the issue of “Confidence building”, a peace process has been in place for a decade, and often we have taken small, minimal steps.

We must now take a very large step to ensure that there is restoration of the institutions for the people of Northern Ireland.

The key to the culture and identity issue is contained in page 2 of the Good Friday Agreement, which says:

“parity of esteem and of just and equal treatment for the identity, ethos, and aspirations of both communities”.

Parties must take that collective approach.

“Dealing with the past” has been included as an issue, and the SDLP would like the disappeared to be included under that heading. There is a need for a victims’ and survivors’ forum, which should be victim-centred and victim-led. More funding should be made available for the work that the Historical Enquiries Team (HET) and the Police Ombudsman are carrying out on the past. Of course, all that work must be human-rights compliant; there should be no return to the failed proposals of the Northern Ireland (Offences) Bill.

“Shared future” and “Good relations” have been identified as issues, and they must include everybody. It should not be a matter of those who shout the most getting the best rewards. Often people have no involvement with particular organisations, but as individuals their voices still need to be heard. We must therefore ensure that our approach is inclusive.

The SDLP has called on all parties to encourage dialogue between the Parades Commission and residents, because that is the only way forward. The party is opposed to any dilution of the Parades Commission’s powers and to any reviews that would bring that about. I have touched on a few issues, and I am sure that the debate around this table will enable the Committee to discuss them in more detail.

Mr Nesbitt: This is my first opportunity to participate in the Committee on the Preparation for Government, and I welcome this chance to engage in dialogue. I view the subject of human rights and equality — in the wider sense, as distinct from the aspects on which the Committee will focus — as fundamental to making progress in Northern Ireland. Members would probably all disagree with each other’s citizenship, but we could all agree that we are citizens of a greater Europe. Looked at from that wider perspective, I, as a citizen of Europe, can expect no more or no less than to enjoy the same rights and equalities that obtain elsewhere in the wider Europe.

I note the remarks of Sinn Féin, the SDLP and the DUP, and I am sorry to have missed the early part of the Alliance contribution. There is a coalescing of views. I could not disagree with Sinn Féin that human rights and equality are important — it says that in nearly every one of its statements. The party says that the Good Friday Agreement is the template and that it wants to achieve what has been set out in that agreement. I agree with that as well. Therefore this Committee must have rigour and structure, and it must adhere to and address those issues in that context.

Not to cherry-pick, but I note that, only this week, Prime Minister Blair referred to the human spirit, and that is very important. When he was in California, he referred to the essential elements of democracy: rule of law; justice; and human rights. In fact, any functioning political institution — the establishment of which is the purpose of this Preparation for Government Committee — must have an effective democracy, underpinned by an understanding of and adherence to human rights. That understanding and adherence form the basis of any democracy. Thus I hope that the Committee will take those two words on board — it must first understand the issues and then adhere to them.

I note also that, in the past 10 days, the UK Government, the Irish Government, Sinn Féin and many others have said that we must abide by international law. Indeed, one of the Sinn Féin representatives in the Oireachtas said that if the Israeli Government do not abide by international law, they should be subjected to European trade sanctions. I agree with abiding by international law. That principle underpins many of the topics that this Committee should be examining.

We talk about structure and rigour in the Committee, but if we do not understand the problem, we cannot address the issue and find a solution. We are told that a lack of equality, a feeling of second-class citizenship and even the British presence in Ireland are part of the problem. We certainly have an identity problem; it is mentioned in the Good Friday Agreement, or the Belfast Agreement, as it is properly known. I look to human-rights legislation to address that difficulty.

As I understand it, only one piece of hard law that deals with group accommodation is currently invoked — the Framework Convention for the Protection of National Minorities. I do not wish to play on the words “national” or “minority”, because I am conscious that the word “minority” may make people feel inferior. I do not use the word “minority” in any such context. It just means a lesser number.

The framework convention has been ratified by the British and Irish Governments — the latter having done so under the terms of the Belfast Agreement. Therefore we need to understand what that convention says in order to make progress on human rights.

I have tried to lay down some parameters for examination during the Committee's discourse on human rights. However, I am content that an outside agency be called to give evidence. I would very much like to hear the Northern Ireland Human Rights Commission's view on what rights need to be addressed. Without any party predisposition, I would like to hear from Colin Harvey, a professor of human rights law at Queen's University. He is a former member of the SDLP and a member of the Human Rights Commission, so he could not be viewed as a unionist. I would like him to help us in our discourse. The economic subgroup has called many witnesses to give evidence and advice, so I do not have a problem with people coming to speak to the Committee.

Those are my views on the human-rights dimension. It is an important issue and is central to our deliberations. We need rigour and structure, and we need to know what the problem is and where we are coming from. We already have a framework in situ, which is laid down in international law, and which we should abide by. I use the phrase "abide by", because in my initial comments I talked about an understanding of and adherence to human rights.

I agree with the sentiments of the DUP person to my left.

Mrs Foster: My name is Arlene, in case you had forgotten.

Mr Nesbitt: Yes, I know. This time yesterday I was in an aeroplane somewhere north of Iraq, so I am just trying to find my feet. I apologise, Arlene. This will be suitably transcribed, so I apologise on the record for not remembering Arlene's name. I had no doubt she would remind me as she did.

As Arlene stated, let us take, for example, a bill of rights, which is important. We already have an international bill of rights comprising the UN Convention and political rights. Therefore, we should again adhere to what is in the agreement.

10.30 am

I welcome Arlene Foster's comment about adhering to the Belfast Agreement.

I will move quickly to my second point. I am sorry that I will have to leave at 11.10 am.

Equality is the second dimension to this important issue and, again, structure and rigor are needed to address it. The issue of equality was seen as a problem, but I have no difficulty with officials from the Equality Commission telling the Committee what the problems are. We must find the problems and see whether issues highlighted in the 1998 agreement have been dealt with, and if not, why not, and find a way to rectify the problem. Indeed, we must consider whether the problems were properly analysed in 1998 and, if they

were or were not, were solutions properly derived to combat the problems?

Discrimination featured very strongly in 1998. Was that addressed or is it still a problem? That all builds into a shared future. The summary by Darby and Knox, 'An Analysis of the Responses to the Shared Future Consultation', stated that equality of opportunity will lead to a better future and understanding of each other, rather than the other way around. In other words, better community relations will result from equality of opportunity, rather than the other way around. The cause and effect is important. I am more than happy for Bob Collins, the Equality Commission's Chief Commissioner, to speak to the Committee about discrimination.

Robert will make a few concluding comments on truth and reconciliation and victims.

The Chairman (Mr Molloy): At this early stage, parties are meant give short, five-minute presentations. Can you sum up quickly, Robert?

Rev Dr Robert Coulter: This is my first time at the Committee, and I am not sure of the usual format.

I have been asked to speak about victims. The first thing that comes to mind is that the old maxim of philosophical reason remains true: if the first premise is flawed, all that follows, including the conclusion, will be flawed. We must define what constitutes a victim. As there is diversity of opinion on that, it is vital to determine the definition at the beginning, so that all that follows can be debated within that context.

The post of victims' commissioner should be made permanent and not an interim post, as it is at present, because of the importance of the victims issue in the future. Victims' groups should be registered and their financing should be regulated to ensure equitable treatment among groups and clear and understandable administration.

Truth has been one of the rarer commodities in Northern Ireland in the past, and, like Pilate, I could ask: "What is truth?". Again, we must have a definition of truth. On the issue of reconciliation, because victims have such a diversity of need, I agree that the emphasis should be on the individual and that each individual should be treated in his or her own right. There are many diversities among victims: a diversity of need; a diversity of reaction; a diversity of suffering; a diversity of memory — I could continue.

Wearing my other hat in relation to forgiveness, we must look at the two sides of forgiveness. Both sides must be in operation if forgiveness is to take place: there must be a willingness to be forgiven, and a willingness to forgive.

Far too much emphasis has been placed on the willingness to forgive without the willingness to be

forgiven being brought to the fore. Perhaps a truth and reconciliation forum is not the best way forward for Northern Ireland; no one size of shoe fits everybody. Each individual has his or her own requirements: some people want to be left alone with their grief; some want to contact the Historical Enquiries Team, so that they might discover the truth; and some want to be part of a support group. There is diversity, and the situation in South Africa is not comparable to the situation in Northern Ireland.

The Chairman (Mr Molloy): All the issues will be discussed in detail later. This is an introductory stage, and we will identify categories as we proceed.

Rev Dr Robert Coulter: My apologies if I have overstepped the mark.

The Chairman (Mr Molloy): I am sorry to have cut across you. We will deal with individual issues presently.

The Committee Clerks have compiled a list of suggested themes headed "Rights; safeguards; equality issues and victims", of which members now have copies. Members can suggest additional issues — a couple of items have already been mentioned. We should try to position any new issues under the existing headings rather than create new categories. Items on the list are not in any order of priority and nothing is written in stone. Future evidence sessions may be informed by these headings.

Mrs Foster: Can "The disappeared" be included under the heading "The Past"?

Mrs Long: Perhaps "The Past" is not the best heading under which to include "The disappeared". People continue to be exiled from society, and victims are being created even as we speak. "Legacy issues" might be a better heading.

Mrs Foster: We could change the generic term.

Mrs Long: I understand the thinking behind the heading "The Past", but new victims can be created at any time.

Mr O'Dowd: In previous meetings of this Committee, Sinn Féin said that it is happy to discuss any issues that are presented by any party. We are more than happy to discuss the issue of the disappeared. However, parties cannot come to meetings wanting the latest news headlines to be included on the list of issues. This Committee has been up and running for seven weeks, and the DUP has had plenty of opportunities to introduce the issue of the disappeared. We are more than happy to discuss that issue, but we do not want it to be used as a political football or as a point-scoring exercise. The way to proceed is to discuss the issue sensitively and constructively in order to help families to retrieve the bodies of their lost loved ones.

Mrs Foster: I must respond to that. The person who has just spoken knows that it was not only the DUP that raised the issue of the disappeared. It is not simply a reaction to this week's news; the disappeared has always been an issue. It is contained under the sub-heading "Victims issues", and the DUP insists that it be included on the list because the issue must be dealt with. Other parties will feel the same way.

Mr Ford: The Alliance Party mentioned the issue of the disappeared at an early stage, as did the SDLP. Should "The disappeared" appear as a separate category under the sub-heading "Victims issues"? This is not about grandstanding; some of us have been talking about this issue for years.

On the list, "Shared future" is a sub-heading under "Equality issues", and "Good relations" is a sub-heading under "Culture and confidence issues". "Shared future" means significantly more than "Equality issues" and should be linked to "Good relations".

Dr Farren: I wish to focus on David Ford's last point. Along with "Good relations", "Shared future" must be identified as an issue in itself, because, as the term suggests, it points to the future. I suggest that that sub-heading be removed. I do not see any distinction between the concept of a shared future and that of good relations. I want to see the issue of a shared future treated distinctly. Whether people refer to that as "Good relations" is neither here nor there in one sense, but it is of such significance that it must be identified as a heading in itself.

Mr Ferguson: "Good relations" should be taken out from under the heading "Culture and confidence issues". That sub-heading very clearly belongs under the heading "Equality issues", primarily because the Equality Commission should be clearly identified as the public authority responsible for dealing with that matter. That matter should not lie with the Community Relations Council. The Equality Commission already has responsibility for promoting good relations in respect of race. "Good relations" should not be dealt with under its current heading; its home is with other equality issues.

Ms Stanton: I wish to reiterate that point. The Equality Commission should be clearly identified as having sole responsibility for promoting good relations. Sinn Féin supports the establishment of a commission for national reconciliation under the authority of the North/South Ministerial Council, which would report to the Executive and to the Dáil, and would instigate and participate in consultation and research on the question of inclusivity.

Mr Nesbitt: I largely agree with the points made by Seán Farren and David Ford, followed by those of Michael Ferguson. Although the issues are placed under four discrete headings, there is, nonetheless,

overlap and interplay among three of the four headings. The heading “The Past” is slightly different — Arlene Foster has referred to the phrasing of that — but the other three headings clearly overlap.

In my introductory comments, I said that John Darby and Colin Knox’s Government-commissioned policy document ‘A Shared Future’ was very clear in one of its conclusions that equality of opportunity would lead to good relations, rather than vice versa. Good relations will not lead to equality of opportunity, so there is a highly important relationship between equality and good relations. If we have equality and good relations, we will have a shared future. All those matters are subject to interplay.

Under the sub-heading “Culture”, the sub-entries are “Ethnic communities”, “Nationalist” and “Unionist”. I have no problem with those wordings. However, it is highly important that, from an international law perspective, to which all Governments are expected to subscribe, a cultural dimension is fundamental to a bill of rights and to human rights.

Culture is not decoupled from rights and safeguards — quite the reverse. The right to one’s culture is an integral part of one’s rights. I have no problem if we keep those matters separate, so long as the Committee accepts the fact that rights, safeguards, equality, culture and confidence issues may all interrelate and that there is interplay among them. Each matter is somewhat dependent on the other.

The Chairman (Mr Molloy): All those issues are interrelated. The Clerks have decided to allow four days for evidence sessions and four days for this Committee to meet. As I said at the outset, there is no order of priority among the issues that are listed. The list consists of groupings to cover the issues. All the issues are interrelated and overlap at times. There is no order of priority in the groupings, and the Committee can decide which grouping it wishes to consider first.

Mrs Long: This discussion does not concern only the structure of the four days of meetings, although I understand that that is the idea behind setting out the list. Simply placing “Good relations” under the heading “Equality issues” would limit our discussions, because that already frames that matter as simply an equality issue, which it is not.

“Good relations” has a much wider scope than simply that of an equality issue. That is the point that we were trying to make. “Good relations” is not limited to equality, and it is quite clear that a wider discussion is required on that matter.

Sinn Féin has gone further than disagreeing with the placing of “Good relations” under its current heading for the purposes of discussion. That party has said that it is within the remit of the Equality Commission to promote good relations. I made it clear in my earlier

statement that we believe there should be a statutory duty on all Government Departments and agencies to promote good relations. That is already an issue for discussion, but we cannot prejudge that discussion by subsuming “Good relations” and “Shared future” under the banner of “Equality issues” because, as far as we — and to some extent, the SDLP and the UUP — are concerned, they have a much wider remit.

The Chairman (Mr Molloy): Let us start at the beginning of the list. There are four categories in the suggested list. Is “Rights/safeguards” an accepted heading?

Members indicated assent.

The Chairman (Mr Molloy): What sub-headings do members wish to include under that heading?

Mr Ferguson: “Bill of Rights”.

The Chairman (Mr Molloy): Are members agreed that “Bill of Rights” belongs under “Rights/safeguards”?

Members indicated assent.

The Chairman (Mr Molloy): Do Members have other issues?

Mr Ferguson: “Human Rights”.

10.45 am

Dr Farren: What distinction are you making? A bill of rights is more specific than the concept of human rights in general, but what is the specific distinction?

The Chairman (Mr Molloy): That may not matter, because the list is based on parties’ submissions.

Dr Farren: OK. If someone sees a clear distinction, that is fine.

Mrs Foster: I assume that there are separate headings because a Human Rights Commission exists, and we have some difficulties with it.

Mr Ford: It may have been the case that two separate parties suggested different wording covering the same issue.

Dr Farren: Fine; let us leave that for now.

Mr Nesbitt: Mr Chairman, could you briefly summarise for me — the new boy at the table — in what context this agenda will be dealt with? That is not a negative question; I am simply seeking information.

The Chairman (Mr Molloy): I am not sure that I understand the question.

Mr Nesbitt: Someone mentioned parties making submissions, four days of meetings, etc. I am conscious of how the Committee has operated previously, when party submissions were made and party representatives were questioned. How will the Committee handle the four issues that we are trying to agree?

The Chairman (Mr Molloy): The list emerged from the presentations made by all of the parties during the early stages of the PFG Committee. Clerks drew out of that list—

Mr Nesbitt: I am not disputing that.

The Chairman (Mr Molloy): It was suggested that we break the work down into four days of evidence sessions, because that is the time limit within which we are working. We have been given an extension of one week for the preparation of a report, but if we are going to take evidence, we will break that down into four days.

It is up to the Committee how to deal with each item on the list. Members may wish to call witnesses, for example. Is that clear enough?

Mr Nesbitt: Yes.

The Chairman (Mr Molloy): Parades was another proposed topic. Is that agreed?

Members indicated assent.

The Chairman (Mr Molloy): Would anyone like to add anything else under the “Rights/safeguards” heading?

Right, there is nothing else at this stage, but we can come back to it. Let us move to “Equality issues”. Are members content with that heading?

Members indicated assent.

The Chairman (Mr Molloy): The first sub-heading under “Equality issues” is the obvious one of “Equality”. Are members content with that?

Members indicated assent.

The Chairman (Mr Molloy): Do members have any comments?

Dr Farren: Those sub-headings are “Equality” and “Shared future”. As I said earlier, someone looking at this list might suggest that “Shared future” was being subsumed into some of the other topics.

If we have four days, there is no reason why a morning cannot be devoted to “Equality” and an afternoon to “Shared future”, so that “Shared future” appears in bold type. That is an important concept, and not to have it recorded as such would convey an incorrect message.

The Chairman (Mr Molloy): Therefore we add it to the title, which becomes “Equality and shared future”.

Dr Farren: Yes. That is the proper way to deal with it.

Mr Ferguson: I would like to see “Good relations” included for the reasons that I have already given. The power and responsibility for that clearly lie with the Equality Commission.

Mr Ford: Mr Chairman, Michael can keep repeating that if he wishes —

Mr Ferguson: Excuse me. Mr Chairman, I was speaking.

Mr Ford: Sorry. I thought that the member had given way.

Mr Ferguson: You did not ask me to give way.

I think it would be remiss not to include “Good relations” along with

discussions on “Shared future”. They both fall within the remit of equality and, for that matter, human rights. From the point of view of responsibility for moving forward and ensuring that it is enshrined within a legal framework, “Good relations” must come under the heading of “Equality issues”.

Mr Ford: Michael can repeat as often as he wishes that “Shared future” and “Good relations” fit solely under “Equality issues”. That is simply not accepted by at least two parties at this table. There is not much point in his continuing to repeat that point if we have to continue repeating our disagreement.

The Chairman (Mr Molloy): Let us all calm down. We have a number of new members in attendance today who have not dealt with this matter before.

Mr Nesbitt: We have read the Hansard report, Mr Chairman. We are very conscious —

The Chairman (Mr Molloy): I am not saying that you have not read it.

Mr Ferguson: In the Middle East, no less.

Mrs Foster: I was going to make a suggestion along the lines of Seán Farren’s. Just because we have four days does not necessarily mean that we must have four topics. I received the paper on the institutions yesterday, and there are considerably more than four topics in it. I suggest that we leave “Equality issues” with “Equality” and have “Good relations” and “Shared future” as a separate bold heading. We will probably deal with those on the same day because we are working within such a tight time frame. That is where we would like to see that topic placed.

Mrs Long: At the very least, it should be a bold heading. If we are going to rework it as one session, I suggest that the heading should be “Equality and shared future” with separate sub-headings of “Equality” and “Good relations” underneath. Simply to subsume “Good relations” and “Shared future” under the equality remit is to prejudge the outcome of these discussions. That would not be acceptable to us or, I suspect, to other parties.

Ms Lewsley: I agree. Let us be clear: the Equality Commission oversees the duty to promote equality of opportunity and the duty to promote good relations.

However, the Community Relations Council also has a role in promoting good relations, as set out in the document ‘A Shared Future’. Therefore, there is not only one body dealing with this matter. We agree with Naomi’s recommendation.

Ms Stanton: We can leave that as it is and discuss it under “Equality issues”. However, the Equality Commission already has responsibility for promoting good relations in respect of race. Therefore, it should be given the additional responsibility of promoting good relations between people of different religious and political beliefs. However, that is open for discussion.

Mr Nesbitt: To repeat what Patricia and Naomi said, the Equality Commission has a clear legal remit — section 75(1) and section 75(2) of the Northern Ireland Act 1998 deal with equality of opportunity and good relations — but just because it has the sole remit does not mean that it is the only body with any responsibility. As Patricia rightly said, the Community Relations Council has a role. I referred to the Darby and Knox policy document ‘A Shared Future’. All of that is to do with community relations, so it is much wider than simply a matter for the Equality Commission.

Mr Poots: There appears to be general agreement around the table, so can we move on instead of waffling on?

The Chairman (Mr Molloy): Are members agreed that the main heading should be “Equality and shared future” with the sub-headings “Equality”, “Shared future” and “Good relations”?

Members indicated assent.

The Chairman (Mr Molloy): We now come to “The Past”.

Mr Poots: I suggest that heading “The past and its legacy” and the sub-heading “Dealing with the past and its legacy”. That covers what has happened already and what is happening now.

The Chairman (Mr Molloy): Do we have agreement?

Members indicated assent.

The Chairman (Mr Molloy): We will move on to the sub-heading “Truth and Reconciliation”. Was another title suggested?

Mr Poots: My suggestion was “Dealing with the past and its legacy”.

The Chairman (Mr Molloy): Is this the right place to insert the issue about the disappeared?

Members indicated assent.

The Chairman (Mr Molloy): Are members content that “Victims issues” be inserted here?

Members indicated assent.

The Chairman (Mr Molloy): Should anything else be added to this section?

Members indicated dissent.

The Chairman (Mr Molloy): We move to the heading “Culture and confidence issues”. The sub-heading “Good relations” has been removed from here. The first sub-heading is “Confidence building”. The second is “Culture”, and no priority is ascribed to the order in which the items within that sub-heading have been printed.

Mr Nesbitt: I repeat that culture, in the understanding, definition and acceptance of those dealing in human rights, is a central element of human rights. The same is true of the sub-headings “Good relations” and “Shared future”, which are under the heading “Equality issues”. I am not sure that culture can be segregated from human rights, but if the Committee wishes to do so then I do not mind. The subject matter will be dealt with whether it is under a sub-heading or a separate heading.

Mrs Foster: I recognise what Dermot is saying, but this is much wider than just the legalistic aspect of human rights. The DUP wishes to bring many issues to the table under the sub-heading that would not be on the human rights agenda. I would prefer that the sub-heading remain under the heading “Culture and confidence issues”.

Mr Nesbitt: I do not disagree with what Arlene is saying but, as a lawyer, I look forward to hearing what she is going to ask this Committee to do that is not based on the law.

Mrs Foster: You will just have to wait and see.

Mr Nesbitt: The problem is that we have got an illegal lawyer.

Mr Ford: We should not tell the judiciary that we said that.

The Chairman (Mr Molloy): Dermot, are you finished? *[Laughter.]* I do not mean that in any derogatory sense.

Mr Nesbitt: What did you say? I hope that Hansard records what you said.

The Chairman (Mr Molloy): All I said was: “Are you finished?”

Mr Nesbitt: Yes.

The Chairman (Mr Molloy): I did not mean any disrespect.

Dr Farren: I am at a loss to understand what confidence building might mean under the heading “Culture and confidence issues”. My understanding of the term goes back to the agreement. There is a host of measures, some of which would fall under the previous headings. However, if someone has a clear understanding

of what it might mean in this context I would like to hear it. I do not recall in earlier meetings of the Committee any specific discussion of what confidence building might mean apart from the totality of measures that amount to building our confidence in our commitments to whatever we have to do.

Mr Poots: There is a huge number of issues to be addressed under confidence building. Sinn Féin in particular in the past has derided the unionist community as being on its knees. A substantial element of that occurred in the aftermath of the Belfast Agreement and is about how the unionist community has been treated during that period. As things go on, I am sure that we will get our teeth into the meat of this.

Dr Farren: That still does not indicate anything specific. Some of the measures I might understand Edwin to be referring to have to be dealt with in other sessions of the Preparation for Government Committee. We will soon be turning to the question of who we are going to invite to speak to us about the issues — and who we will be inviting to speak to us about confidence building. I am not terribly sure about who that will be. On the other issues that we have identified I am sure that I would have some suggestions for witnesses.

11.00 am

The Chairman (Mr Molloy): I take it, Seán, that you are looking for sub-headings.

Mr Poots: I can provide the flavour for which Seán is looking. We have an Equality Commission, and two thirds of its make-up is Roman Catholic, yet it is supposed to be delivering on equality issues. We have a divided society, yet we have an Equality Commission, which oversees businesses on equality and fairness issues, that has not delivered fair and equal employment in its own organisation. That has to be challenged.

There is an issue with the Housing Executive and the number of houses that are being built in unionist areas. There is also the issue of the chill factor against Protestants in our universities. Another example is the Queen's University Belfast School of Law, in which the unionist community is vastly outnumbered. Why has that not been dealt with? That is a small flavour of the range of issues that we wish to look at and challenge.

Dr Farren: Those are specific issues that relate to equality measures, and those can be discussed under the heading "Equality issues". I have no problem with the DUP raising those issues. However, if we take confidence-building measures separately, that would mean calling a lot of the same people back. I am just at a loss to understand that.

Mrs Foster: I do not understand, Seán. We are not calling witnesses — except, perhaps, the Secretary of State — to attend the PFG Committee meetings on "law and order". There is no need to call witnesses on

every single topic. Parties will be aware that the DUP submitted to the Government a 64-page document on confidence-building measures for the community. I have it in front of me, but I am loath to go through every single part of it now. Suffice to say, it should stay on the agenda.

The Chairman (Mr Molloy): Can the Committee agree that Arlene wants "Confidence building" on the agenda and that if other parties have papers on confidence-building measures that they want to put forward — from whichever community they come — those papers can become part of their submissions?

Ms Stanton: Sinn Féin does not have a problem with that, but we believe that confidence building is about showing leadership. When it comes to political representation, it is about restoring the institutions. Confidence-building measures involve the restoration of the institutions and power sharing. That is where confidence building begins — it is about leadership and about giving people confidence.

Mr O'Dowd: I just want to correct a statement by Edwin. Sinn Féin has never stated that the unionist community is on its knees. We do not wish to see the unionist community on its knees. It is the DUP that is saying that there is no confidence among members of the unionist community, something with which I do not agree.

The Chairman (Mr Molloy): We shall not go into that.

Mr Ferguson: John has raised one of the issues that Edwin has brought to the floor. I understand Edwin's concerns, and we will probably agree that an independent mechanism should be put in place for appointments to the Equality Commission.

The Chairman (Mr Molloy): We are actually identifying what the issues are; we can debate them later. Confidence building forms part of them. Do we agree that "Ethnic communities", "Nationalist" and "Unionist" should go under the sub-heading "Culture"? Are there any additions?

Mr Ford: We are happy enough, Mr Chairman, as long as we do not regard those as comprising an exclusive list under "Culture", but as exemplars. Otherwise, there could be people left out who do not belong to an ethnic minority and are neither nationalist nor unionist, which would hardly be inclusive.

The Chairman (Mr Molloy): Is there anything you want to add to the list at this stage?

Mr Ford: As long as they are taken as exemplars and are not definitive, I have no problem.

The Chairman (Mr Molloy): Is that agreed?

Members indicated assent.

The Chairman (Mr Molloy): We have four headings now: “Rights/safeguards”; “Equality issues”; “The Past”; and “Culture and confidence issues”.

Can we select the issue that we want to deal with first?

It is not a priority, but one issue is the work programme. If the Committee decides to call witnesses, the time involved in that must be factored in. As many issues will have to be agreed by the parties, witness evidence may not be of much value.

Mr Poots: Many of these issues are cross-cutting, and some have been discussed in the past. We should not get too hung up about the order, because some issues will cut across two or three headings. I do not see any difficulty in dealing with them as they are set out.

I imagine that witnesses will be called to give evidence on the bill of rights and on human rights in general. The Equality Commission may be called to speak about equality. If witnesses are called, it may be better to deal first with the issues that do not require witnesses, in order to allow more time to arrange for witnesses to appear before the Committee.

Mrs Long: Perhaps the least contentious solution would be to discuss the issues in the order in which they are presented. If we rearrange them, it might suggest that we were trying to prioritise one issue over another. I do not think that anyone would suggest that the order in which we deal with the issues in any way indicates their priority. I suggest that we deal with them in the order that they appear at present, accepting that that does not give them priority.

We do not object if the Committee decides to call witnesses. However, the economic challenges subgroup has become bogged down with many delegations, and that has absorbed a lot of time. The subgroup has had a much longer time frame in which to continue its work. This Committee needs to bear in mind that, if witnesses are called, the tendency will be for other members to call witnesses to dispute the witnesses that they do not like, and that will result in a cyclical situation. Unless witnesses are urgently required to speak about human rights and parades, which are among the first issues for discussion in the proposed order, it may be better to reconsider calling witnesses later. A long list of witnesses may not be constructive.

Mr O'Dowd: We have no difficulty with calling witnesses in principle. However, I accept what Naomi has said. Time is against us, and we have four, possibly five, sittings ahead of us. As the Chairman said, it is for the parties to put their points and to reach agreement on the issues, and we should proceed with that.

Mr Poots: Will the order give Committee staff flexibility to move issues around if there is difficulty in arranging when witnesses appear before the Committee? We should not be too hung up on the order.

The Chairman (Mr Molloy): Yes. Are members agreed on the order as set out? At the next meeting, the Committee will deal with rights and safeguards.

Members indicated assent.

The Chairman (Mr Molloy): Are there any particular witnesses that members feel should be called to speak about rights and safeguards?

Ms Lewsley: The Northern Ireland Human Rights Commission.

Rev Dr Robert Coulter: The Equality Commission for Northern Ireland.

Ms Lewsley: The Northern Ireland Council for Ethnic Minorities (NICEM).

Dr Farren: Equality issues are separate.

Mr Ferguson: The Committee on the Administration of Justice (CAJ).

Mrs Foster: If we call NGOs, we will be here for a heck of a long time.

The Chairman (Mr Molloy): We can keep adding to the list and toing and froing.

Mr Ferguson: Surely we are not going to be prescriptive either?

Mr O'Dowd: Thirty seconds ago, most parties said that witnesses would not be required; now we are producing a list of potential witnesses. If we do not have an agreed list of witnesses, we will have no witnesses.

Mrs Foster: I would be happy not to call any witnesses.

Mr Ford: Mr Chairman, when this Committee met to discuss another strand of issues, you highlighted the danger of inviting witnesses unless they have something specific to add. Unless the witnesses are limited to a very small number of statutory bodies, this tit for tat will continue.

The Chairman (Mr Molloy): That is the problem. Many of the witnesses that have appeared before the economic challenges subgroup — and no disrespect to any of them — have concentrated on the issues that are important to them rather than deal with the main issues and impediments.

Mrs Long: Would it be best for the Committee to do as it did on the policing issue? Parties would discuss the issue, and witnesses or written submissions could be requested to answer questions or technical points that we do not have the expertise to answer and where the input of witnesses is necessary. That may be a more constructive way forward.

I am conscious that our first meeting on this is in one week's time, which is a very short time considering that our remit is essentially unclear now. If the Human Rights Commission were to appear before the Committee

to talk about human rights, a couple of weeks would need to be set aside — not just a morning. We must be realistic when calling witnesses and ensure that there are discrete issues that we want them to cover. The best solution may be for the Committee to have its preliminary discussions and identify areas in which that type of support would be necessary.

Dr Farren: Perhaps this Committee needs a clear sense of what it is trying to achieve in relation to human rights. As things stand, there is a Northern Ireland Human Rights Commission, a requirement to prepare a bill of rights and considerable disagreement among the parties about how to make progress.

The Human Rights Commission has been charged with developing a bill of rights. This Committee is not here to reinvent a bill of rights or to consider existing fundamental human rights. Our consideration is the specific requirement for a bill of rights in Northern Ireland, problems that will arise in obtaining that and the issues that the bill should address.

It would be helpful to hear from the Human Rights Commission as to the current state of play on the preparation of the bill of rights, so that the Committee can be well informed. If members can reach a collective position, we could consider how we want to see the bill of rights taken forward in the medium term. The Committee is not reinventing the wheel; it is dealing with specific issues that have arisen over the past few years and with which the parties have identified problems.

Mr Ferguson: In general, I do not disagree with you, Seán. However, the parties around the table know that there was an agreement to set up a round-table forum for the purpose of generating a momentum, which is currently absent, in the creation of the bill of rights. If I am not mistaken, four of the parties agreed to that, and Sinn Féin wants that round-table forum up and running by the autumn. Reaching agreement on that would be a positive step. I do not know whether it is necessary for the HRC to come in to tell the Committee what needs to be done, because we have already agreed to it.

Mrs Foster: I broadly support what Naomi said: the Committee should start the scoping exercise and any specific issues that arise can be raised with invited witnesses or requested in written form.

The Chairman (Mr Molloy): This Committee works on the basis of consensus, so if some parties do not agree to call witnesses at this stage, perhaps we should first examine the issues that have been raised, as Naomi suggested. The Committee could return to the question of calling witnesses if members feel that they want specific answers from specific people.

Ms Lewsley: Does the timescale allow for that?

The Chairman (Mr Molloy): Our next meeting is next Friday.

Ms Lewsley: I understand that. What I meant was that if the issues that are raised result in members wanting to invite witnesses, will there be there additional time for that? Already, four days have been assigned to the different topics. That schedule brings us into the fifth week.

The Chairman (Mr Molloy): We are tight for time. However, the Committee could have an extra day to call witnesses under the “Other” heading on the paper. Some issues may not take up a full day, so there is that flexibility. It would probably mean sitting for an extra day to hear from witnesses, as their presentations can be quite lengthy. Are members content with that?

Rev Dr Robert Coulter: I agree with what has been suggested and with what Arlene has said, because from my experience on the Committee for Health, Social Services and Public Safety, I know that inviting a lot of witnesses led to a great deal of repetition. The Committee needs to define the areas on which it wants information in order to avoid that.

The Chairman (Mr Molloy): Do members agree?

Members indicated assent.

The Chairman (Mr Molloy): The Committee has received a letter from the Secretary of State notifying us of three Members who will be added to the list of Chairpersons for the economic challenges subgroup. They are: Naomi Long, Jim Wilson and Alban Maginness. Are members content with that?

Members indicated assent.

11.15 am

The Chairman (Mr Molloy): The economic challenges subgroup will be notified of those changes.

The Committee has received another letter from the Secretary of State regarding its request to postpone the first plenary sessions from 4 September and 5 September to 11 September and 12 September to allow more time for the Committee to produce its reports. The Secretary of State’s response relates more to the part of the Committee that is dealing with “Institutional issues”, which this part of the Committee has already discussed, rather than to our request for a meeting with Mr Hanson to discuss the devolution of policing and justice. I suggest that we forward the letter to the part of the PFG Committee that is dealing with “Institutional issues”, which will meet on Monday 7 August. Are members content to do that?

Members indicated assent.

The Chairman (Mr Molloy): The next PFG Committee meeting is on Monday 7 August, but the next meeting of the Committee dealing with “Rights; safeguards; equality issues and victims” is on Friday 11 August.

Mr O'Dowd: It is perhaps not for discussion now, but it would be useful if advisers to the political parties sat closer to the parties, rather than at the back of the room. I do not wish to debate that now, but it could be included on an agenda for a future meeting.

Ms Stanton: They do not want to sit at the back of the bus.

The Chairman (Mr Molloy): Members should prepare for an all-day sitting next Friday.

Adjourned at 11.17 am.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Monday 7 August 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Jim Wells
Mr Gregory Campbell
Dr Seán Farren
Mrs Arlene Foster
Ms Patricia Lewsley
Mrs Naomi Long
Mr Kieran McCarthy
Mr Alan McFarland
Mr Michael McGimpsey
Mr Patsy McGlone
Mr David McNarry
Mr Conor Murphy
Mr John O'Dowd
Mr Peter Robinson
Observing: Mr Francie Molloy

The Committee met at 10.02 am.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): As members will be aware, the meeting will go on until 4.00 pm. I propose that we break at 12.20 pm to enable the caterers to bring in the food; however, after a short break we will work through lunch. I hope that everyone is happy with that. I hope that you all have your diaries cleared until 4.00 pm.

We should go through apologies and deputies.

Mr Campbell: I am here, Chairman, but I do not know whom I am representing.

Mr P Robinson: I am representing whomever Gregory is not representing.

The Chairman (Mr Wells): We will make Mr Campbell represent Lord Morrow; Mr Robinson will be Dr McCrea. Are you expecting Mrs Foster?

Mr Campbell: Yes.

Mr McFarland: I am expecting Mr McGimpsey to join me on behalf of Mr Kennedy.

Mr McCarthy: I am representing David Ford.

Mrs Long: I am just myself.

Ms Lewsley: I am representing Mark Durkan.

Mr McGlone: I am representing Alasdair McDonnell.

Mr Murphy: John O'Dowd is representing Martin McGuinness; Michelle Gildernew will not be here.

The Chairman (Mr Wells): We wrote to the Secretary of State about the issue of Chairmen for the Subgroup on Economic Challenges facing Northern Ireland. He has written back to confirm that Naomi Long, Jim Wilson and Alban Maginness have been added to the panel to chair the subgroup's meetings. The subgroup has been advised of that decision. When those individuals slot in, that should free up the two existing Chairmen to chair this Committee. It has been quite an onerous task this past week or two.

Mr McFarland: We have had a difficulty with Mr Wilson's appointment. I am hopeful that he will be replaced later today, but it is difficult to get in touch with people on holiday.

Dr Farren: Are you calling a press conference?

Mr McFarland: No, he has other commitments.

The Chairman (Mr Wells): You will have to notify the Secretary of State. It would be helpful if Mr Maginness, as the next person on the list, could chair tomorrow's meeting, so that we are not prevented from adhering to the new schedule. It is either that or Mr Molloy and I are in the Chair every day every week, which is perhaps a bit much.

The minutes of the meeting of 31 July have been tabled. I hope that members received them in reasonably good time. Does anyone have any additions or corrections to the minutes? Do members agree that they are a true and accurate record?

Members indicated assent.

The Chairman (Mr Wells): There is one other matter to get out of the way, simply because we do not know when this meeting will end. Members will recall that we wrote to the Secretary of State to ask him to move the first plenaries from 4 September and 5 September to 11 September and 12 September. He has written back to us, in a letter dated 3 August, stating that he is minded to agree to that. The Speaker has been informed accordingly. Therefore, both this Committee and the economic challenges subgroup appear to have a bit more time in which to deliberate. Is everyone content with the Secretary of State's decision?

Members indicated assent.

The Chairman (Mr Wells): I hope that members will inform their Whips and parties that the first plenary is likely to be on 11 September.

Mr Robinson had asked for a copy of a report that was prepared following meetings some months ago between Mr Hanson and the parties. The Secretary of State has referred the Committee to the list of institutional issues that we already have. Do members wish to comment on the Secretary of State's decision?

Mr P Robinson: Is the Secretary of State saying that Minister Hanson did not do any work after he

spoke to the parties, or that he did work but will not show it to us?

The Chairman (Mr Wells): From my reading of the letter, I think that it is the latter. It is clear that the Secretary of State is not prepared to give us anything more than the briefest outline of the issues. What do members feel about that?

Mr P Robinson: It is a very poor performance by the Secretary of State. One would have thought that he would have had some desire to assist us in our work; it is regrettable that he does not.

The Chairman (Mr Wells): What do other parties feel about that issue, or do they have no views on it? Dr Farren, do you have any views on that?

Dr Farren: I think that it is mainly our own responsibility at this stage. I agree with the dates for the first plenaries being changed.

The Chairman (Mr Wells): The Secretary of State will no doubt read this meeting's Hansard, in which he will find Mr Robinson's comments.

Having got those preliminaries out of the way, we now move on to the substantive issue, which is the list of institutional issues that the parties agreed at the previous meeting. The up-to-date list is contained in your papers. Members were given an opportunity to point out any problems with the list and to request additions, corrections or deletions, but we have not had any comments.

Therefore we will use it as the basis for this morning's discussion. The issues to be discussed have been placed under headings and sub-headings within strands one, two and three of the Belfast Agreement, and, as no changes were received by 4 August, I consider the list to be agreed.

Both Chairmen gave the commitment that any relevant issues that are raised will be discussed. Therefore, do not feel that we will prevent someone from raising a legitimate issue because it does not fit neatly under one of the headings.

Are members content with the list?

Members indicated assent.

The Chairman (Mr Wells): We will start with strand one, and "The Assembly" and the sub-heading "Accountability/Safeguards". The items listed have been included because all parties stated that they were important issues; that is the only reason. No item has been given priority, because they are listed alphabetically, and I propose that we go through them in order. Members should feel free to speak on whatever issues they feel are important.

I want to avoid a repeat of the material that was raised during the intensive question-and-answer session that we had last month. Do not regard this

meeting as an opportunity for a rerun of what has already been said, because that will not achieve much. The objective of these sittings is to dig deeper and expand on what has already been said on the matters.

Mr McFarland: Chairman, I understand that the list is in alphabetical order, but it would be logical to discuss the election of the First Minister (FM) and the Deputy First Minister (DFM) before discussing the approval of the First and the Deputy First Minister. It seems illogical to discuss the "Approval of FM/DFM and Executive" before there has been any discussion on their election. It would be useful if we could discuss the election before the approval.

The Chairman (Mr Wells): Your point is entirely in order. The alphabetical list does not fit neatly into discussions, so I am happy to take "Election of First Minister and Deputy First Minister" first. Does anyone have anything to add?

Mr P Robinson: If we are to discuss the issues in chronological order, "Voting system" should be taken before "Election of First Minister and Deputy First Minister".

The Chairman (Mr Wells): Discussions on "Voting system" followed by "Election of First Minister and Deputy First Minister" would be the obvious order.

Mr P Robinson: There is also an issue about the number of MLAs, but I am not sure what that would come under.

The Chairman (Mr Wells): "Number of Assembly members" currently falls under the sub-heading "Efficiency/Effectiveness" in strand one.

Mr McFarland: On one level, I agree with Peter Robinson that there is logic to tackling the issues chronologically. However, our deliberations will not affect the number of MLAs that there are at present before another election, whereas other issues could be agreed in the autumn, as they are practical measures that could be introduced before the Assembly fires up again. That said, if there is an election before the Assembly returns, the issue of the number of MLAs becomes more urgent.

The Chairman (Mr Wells): OK.

Mr P Robinson: Chairman, I assume that some of these matters will require little more than a sentence from members when they are giving their opinion, but discussion on some other areas will take longer.

Mr McFarland: Some discussions might take days.

Dr Farren: I get worried when members start to rearrange lists. We have set out the list alphabetically, and the way in which parties attack or speak to the issues will depend on the importance or emphasis they put on the need for change or the need to keep things as they are.

The initial presentations that parties made several weeks ago were not as focused as this agenda invites members to be. Perhaps we will distil our significant points of difference from this exercise, if we do not know them already, but I cannot imagine that we will overcome those differences today. We may come to a greater understanding on parties' differences, but we should defer the challenge of trying to overcome them for some other discussion. I suggest that we leave that as it is and let parties speak to the issues as they consider appropriate.

10.15 am

The Chairman (Mr Wells): That is one view. Mr Robinson's view is that we should go through the list in chronological order, as if we were sitting down in September 1998.

Dr Farren: What is chronological?

The Chairman (Mr Wells): We would start with "Voting system", followed by "Election of First Minister and Deputy First Minister", followed by "Approval of FM/DFM and Executive", and so on.

Mr McGlone: "Election of Speaker and Deputy Speakers" should come under that list.

Mr Murphy: "Community Designation" should come before "Voting system". The Committee could try to rearrange the list almost by working off Standing Orders. "Community Designation" should be the first item before "Election of Speaker and Deputy Speakers", followed by "Election of First Minister and Deputy First Minister". They all fall under one broad topic. I imagine that members will dip in and out of each item as we discuss them.

The Chairman (Mr Wells): "Community Designation" should be followed by "Voting system", followed by "Election of First Minister and Deputy First Minister", followed by "Election of Speaker and Deputy Speakers". In fact, the latter would come before "Election of First Minister and Deputy First Minister". The Speakers are more important even than the First Minister and the Deputy First Minister, so that would be the third item. That would be followed by "Approval of FM/DFM and Executive", so that would get up and running.

Mr P Robinson: Yes, but would it be up and running by a voluntary coalition?

The Chairman (Mr Wells): "Voluntary Coalition" would be next on the list. There is logic to going through the sequence of events that would occur if devolution were restored. I am loath simply to throw out all those topics and start a general discussion on them, because it would result in an endless series of contributions on disparate issues.

Mr Campbell: Many phrases have been used to describe what we are doing — scoping, identifying, defining —

Mr P Robinson: Grinding down.

Mr Campbell: Apart from getting some order and logic to the way in which we address the issues, does a great deal depend on where the items appear and how we deal with them?

The Chairman (Mr Wells): It would have helped the flow of the discussion, but it is clear that we will not reach agreement on it.

Mr P Robinson: I have no emotional capital tied up in the order in which we address the issues, except that some items will be subject to the outcome of others.

Mr McNarry: I agree. I have participated in other meetings, and it seems that, with all due respect to Seán, members go round the table — it is something that we all indulge in — and then we become confused. We need some sort of order and a strike system, because there are items that we will not spend a great deal of time on. However, there may be serious obstacles and members will probably need to refer to other parts of the list of "Institutional Issues" for further discussion. I wish that we could reach some consensus and approach things in a logical step-by-step way, as it would help me to follow things more clearly.

The Chairman (Mr Wells): Could we consider starting with "Community Designation", followed by "Voting system", followed by "Voluntary Coalition" — though it is a difficult one — followed by "Election of Speaker and Deputy Speakers", followed by "Election of First Minister and Deputy First Minister", followed by "Approval of FM/DFM and Executive".

Mr P Robinson: Presumably the voting system to the Assembly should come before "Community designation".

The Chairman (Mr Wells): "Voting system" means the voting system in the Assembly. Yes, "Community Designation" must come before that. The Alliance Party flagged that up as a major concern.

From that point on, the order becomes not quite so difficult because the remaining issues relate to the mechanics of a working Assembly and could come anywhere on a chronological list.

Dr Farren: I am happy that members go with the order that you suggest, Chairman. We will not reach agreement if we all put forward our preferred options.

Mr Campbell: Seán, do you think that we will abide by any direction from the Chairman?

Dr Farren: Let us see how it goes for today.

Mr McNarry: Willie McCrea was not buying into that last week.

Dr Farren: I will object if I do not find the Chairman's direction appropriate.

The Chairman (Mr Wells): The order is as follows: "Community Designation"; "Voting system"; "Voluntary Coalition"; "Election of Speaker and Deputy Speakers", which is a most important issue; "Election of First Minister and Deputy First Minister"; and "Approval of FM/DFM and Executive".

Every point after that concerns the workings of the Executive and Assembly. The order in which we put those points does not really matter, because they could come anywhere in the sequence.

We have now agreed six topics, and I will throw the rest open to discussion. This could be our tenth consensus in a row, which would be remarkable. Dare I ask whether there is consensus?

Members indicated assent.

The Chairman (Mr Wells): Good, I am glad to hear it.

As the Alliance Party highlighted community designation as a major issue, it is only fair to give it the opportunity to lead the discussion.

Mrs Long: As community designation is almost inseparable from the voting system in the Assembly, it would be almost impossible to deal with one without the other. If members will indulge me, I will probably cross the line between the two at different points.

At present, the Alliance Party probably feels the impact of community designation most acutely. However, it is conceivable that any party that chooses not to designate itself as "Unionist" or "Nationalist" in future could also experience the same discrimination that Members from my party have experienced over the term of the agreement. It is an anomaly, and recognised by the community at large, that, in a so-called cross-community vote in this Assembly, the votes of the Alliance Party are discounted, although it is the only cross-community party. That anomaly must be dealt with.

One of our main concerns about community designation is that in recent correspondence from the Secretary of State and in discussions about the comprehensive agreement, reference was made to MLAs stating their community designation at the time of nomination for election, as opposed to on arrival at the Assembly after election. That would further entrench the divisions in our society rather than address them. The community-designation system was put in place in order that the voting system could function and to offer protection to minorities in the Assembly. However, the most significant minority within this Assembly is those who are neither unionist nor nationalist, and the voting system affords them no protection.

The Alliance Party believes that the voting system can provide protection for minority communities and viewpoints within the Assembly without entrenching division. The voting system should deal with the deeply divided nature of Northern Ireland society and its political system. We accept that there is a need for checks and balances and that a strict 51% majority would not be acceptable, particularly on contentious issues.

However, the system must be designed in such a way as not to entrench further the divisions in society. If this Assembly is about anything, it is about trying to bring the community together to work towards a single aim or purpose. The introduction of what the Alliance Party believes to be a discriminatory voting system encourages people to regress into tribal camps. Those who may wish to break through the barriers and cross those lines may feel inhibited because of the voting system. The system must also be flexible enough to accommodate demographic and political change.

The current voting system is designed to protect the nationalist minority. However, it is clear that demographics, time and politics will change, and the voting system must be flexible enough to deal with such change.

The Alliance Party does not want a system that would allow a minority in the Assembly to hold the entire operation of the Assembly to ransom — that was most starkly evidenced when the anti-agreement minority in unionism barred decisions that would otherwise have been carried by a majority of Members. However, that is not exclusively the case, as other Members have used the veto to their own end.

The voting system must be democratic. The votes of all Members of the Assembly must count at the same level as every other Member. It is a basic right that should be reflected in the voting system. It should also be easily understood; therefore, that the way to marry all those concerns would be to remove the designation system — other than for party membership — completely and move to a weighted-majority vote system. The weight of that majority would have to be closely considered. A threshold of between 60% and 70% has been suggested.

In cases in which the unionist majority was much larger and stronger, the argument of 70% was very strong. A cross-community vote could meet the 60% threshold, without having the approval of the nationalist minority. Therefore 60% is too low and 70% too high. About 67% would ensure that everyone's votes are counted equally and would allow every Member to exercise that vote, and that no section of the Assembly, or the community that Members represent, would be excluded from any part of the voting system.

In particularly sensitive votes, such as the establishment of an Executive or the election of a First Minister

and Deputy First Minister, the cross-community threshold — the percentage of weighted majority — could be set higher than for other votes. It would therefore be possible to have a structure in which, if people felt that there was need for more cross-community support from Members who would have a particular responsibility, the threshold could be set slightly higher in order to ensure that those Members would feel fully included in the system.

The number of MLAs has been raised and will be discussed later, but if we have 108 MLAs, the Petition of Concern should remain at the threshold of 30 Members.

The Chairman (Mr Wells): You are right, Naomi. There is clear overlap between designation and the voting system, so I am happy to allow members to deal with both. I cannot see how we can deal with one and not mention the other.

The Alliance Party has stated its position.

Mr McFarland: Designation was brought in because the communities did not trust each other. Have we reached the stage where the communities fully trust each other and that each in turn should have a veto on what goes on? Would changing the percentage to 67% guarantee, in all scenarios, that communities could stop agreement being reached on something that they did not like?

Mrs Long: The voting system should not be used by Members to bar something that they did not like: that would be like setting up a series of vetoes for parties, and it would not be a constructive way to move forward in Government. The voting system should protect the rights of minorities to express their views democratically on issues debated in the Chamber and in the Executive. That is not the issue. Building trust and confidence is not enhanced by people having to regress into tribal designations at the very outset. More confidence would be built if people had the freedom to build allegiances across the community, as opposed to along tribal divides. The Alliance Party believes that that would enhance cross-community support and would encourage people to move out of entrenched positions and build across the community. A threshold of 67% would ensure that people's views were properly taken on board and that the issues of minorities were properly dealt with. The Assembly would need a minimum number of unionists or nationalists on board.

10.30 am

You simply could not reach that degree of cross-community consent without the co-operation of unionists and nationalists. Sixty per cent would be too low because it would be feasible to reach agreement without the co-operation of nationalists. Therefore there is an issue around which weighting must be set. In order to build confidence in particular offices, for example the election of the First Minister and the

Deputy First Minister, a higher threshold may be desirable. Members elected to such offices require a higher level of approval and acceptance by the whole community to facilitate them in discharging their duties.

The current system may provide a veto for some parties, but it has not enhanced confidence or co-operation — we are sitting around this table during a suspension of the Assembly.

The argument that a particular system will build confidence is folly, but it is possible to protect minorities and provide safeguards for them. Weighted majority, without designation, provides such safeguards and avoids further entrenching existing division.

Dr Farren: We may consider what happens in other Assemblies, but our responsibility is to address the situation that faces us. The evidence is that most people in Northern Ireland regard themselves as either unionist or nationalist, and they use religious affiliation — Catholic and Protestant — as shorthand to describe their identity. Representation in the Assembly has been like that since Northern Ireland was created: it was the cause of its creation in the first place.

However they may be defined and however distasteful others might find it, we have to live with those communities and seek to reconcile each to the other. A clear principle, then, underlies the adoption of designation. Mr McFarland referred to the practical point that each community has to grow and develop confidence and trust across the divide. Members recognise that there are problems with respect to designation, particularly as to the voting system to be adopted and whether designation should be used in perpetuity. Had things worked out otherwise, I would have hoped that, at this point, we might be some way towards changing the form of some of the safeguards for minorities in the Assembly, the Executive and the other institutions. However, we have not been able to achieve that, and we are faced with a task — perhaps all the greater now — of creating trust and confidence between our “communities”, as they have been traditionally described.

There is a sound principle of building trust and confidence between our communities that applies not just to how we describe our affiliations but how generally we work the institutions of government. However, that is not without its problems in selecting a voting system.

I note that when Naomi talked about weighted majorities, it was essentially with the intent of safeguarding either unionism or nationalism. Therefore in a sense, the same objective was underlined.

Mrs Long: Seán has misunderstood my point. The Alliance Party fully recognises the need, in a divided society, to accommodate divisions. However, the

party's main aim is to protect and place on an equal footing those who choose not to be part of that divide.

Dr Farren: Naomi will note that I said that I recognise that anomalies and difficulties must be addressed. Therefore the SDLP is prepared to consider voting systems that will ensure that all Members and parties in the Assembly are treated equally and fairly. All parties should set themselves that challenge when exploring alternatives to the current system. However, at this point in time and history, the basic principle of designation is necessary, so we should stick with it. I certainly hope that we can work towards something different and better in the future. The SDLP stands by the principle of designation, although it recognises its operational problems and is prepared to explore options with other parties to see if a different — and perhaps better — means of implementing the principle can be found.

Mr P Robinson: The practice of community designation is a Northern Ireland attempt to meet the South African principle of sufficient consensus. Nobody has indicated that we do not want a system that ensures that any decisions taken have the support of the broad swathe of the community, and, as it is a divided community, that the decisions are broadly acceptable to those on both sides of the divide.

The difficulty with the community-designation proposal is that it tends to be divisive; it sets the two communities up as two separate communities at all times. On a practical level, the Assembly voting system is fairly complex. However, I am not sure that the two proposals — weighted majority and community designation — are necessarily mutually exclusive. Two different voting mechanisms flow from the community-designation system to provide that cross-community support. It is clear that a weighted majority, if struck at the right level, will require community support as well. Why should we have alternative systems? Why not have the ability to use whichever system? Thus a proposition would be agreed if it met requirements under the community-designation mechanism or the weighted-majority mechanism.

We must recognise that a section within the Assembly does not designate as either “Unionist” or “Nationalist” and that, to some extent, its vote is excluded — perhaps not excluded, but devalued. An alternative would be the weighted-majority system, which, if set at a particular level, could exclude the DUP. However, that is democracy and that is politics. If that is the direction in which the vote goes, so be it.

However, it would be set at such a level that it would bring both sections of the community — although perhaps not a majority of both sections — along with it.

The Chairman (Mr Wells): Regarding the structure for the rest of this meeting, I will be asking the party

that feels most strongly about a subject and which required it to be on the list to speak on it. Then members can question that party; when we have finished, the lead party can have its final say and perhaps make a proposal that can be put in the normal way and made subject to consensus.

After Mr Murphy and Mr McNarry, we will return to Mrs Long to summarise, then we will put a proposal to the vote.

Mr Murphy: The safeguard mechanisms in the agreement are complicated and the designation mechanism can be blunt. However, they are also necessary, given the experience of nationalists in institutions such as this and their ongoing experience in some councils across the North. Stringent safeguards and mechanisms to protect rights in this institution were necessary to get people to sign up to the agreement in the first place. We might wish that that were not the case, but the voting and community designation system that was designed to offset abuse or denial of rights of any sector in the Assembly reflects experience. Designation may be a blunt instrument, but Sinn Féin believes that, unfortunately, it continues to be necessary.

One could be flippant and say that because the voting system works through a majority of Members, unionist and nationalist, being present and voting in the Chamber, there are not enough “Others” — if they constituted a majority on their own, they too would have a veto. However, that is the system that we must have. I recognise the difficulty that it creates for those who have not designated as “Nationalist” or “Unionist” and that they feel that their vote is devalued. However, I have not yet heard any alternative proposition, including Naomi's, which offers the safeguards that we needed to get people to sign up to the agreement. Therefore Sinn Féin is not in favour of any change to the system.

Nevertheless, Sinn Féin is willing to discuss the issue. The Alliance Party put this forward in the review of the Good Friday Agreement that took place some years ago, and there was lengthy discussion on it. Parties were willing to explore the Alliance Party's alternatives with it. Thus far, however, I have not heard an alternative that provides the requisite safeguards; therefore the present ones cannot be abandoned yet. We are moving on to issues such as voluntary coalitions, but we must recognise that one person's voluntary coalition is another person's exclusion. I accept the bluntness of the designation mechanism and the difficulty that it poses for “Others”, and we will continue to discuss alternatives to it. However, only the current safeguards protect the guarantees of the Good Friday Agreement.

Mr McNarry: Provided that we are still here and working, there are unlikely to be any consequential challenges to an Assembly on the constitutional

position for the foreseeable future. Unionists have worries about what might happen if there were no Assembly.

The Assembly that we would like to talk about is one that delivers devolved rule in both legislative and administrative forms.

10.45 am

Does Naomi think that there is there any difference between voting on legislative matters and voting on administrative matters? Would both matters need to carry the 67% to which she has referred?

The utopian position would be that we had matured sufficiently — my colleague Alan McFarland mentioned this issue — for there to be a simple-majority vote on most issues. If we are to reduce the level of difference, will Naomi consider whether the Assembly could have a simple-majority vote on this issue and let us get on with it?

The Chairman (Mr Wells): I will ask Peter to come in briefly, after which, Naomi can sum up her case. We will then proceed to a proposal.

Mr P Robinson: I had assumed that, whether we were discussing community-designation voting or weighted majorities, they were introduced only when required by a petition of concern or a statutory obligation. All other votes would be by simple majority. Mr Murphy referred to his experience of abuses of the system. I too have some experience of abuses of the system, when designations were changed fraudulently. A particular Assembly vote could not be carried unless there was a fraudulent change. Does Naomi agree that that type of abuse does nothing to commend the system?

The Chairman (Mr Wells): Naomi, I suppose your defence is that you were not an MLA at that time.

Mrs Long: I do not wish to distance myself, in any way, from decisions that my colleagues have taken. I do not wish to duck the issue, and I will return to it.

A couple of issues have been raised. Seán said that the SDLP would be willing to re-examine the voting system; that is important. However, he also said that most people are happy to use the shorthand of “Unionist” and “Nationalist” to describe their position in society or the group to which they belong. Most people may be happy, but a recent Northern Ireland Life and Times Survey concluded that up to 14% of people are not happy with those designations. When people refuse to state a designation, civil servants spend much time examining the religion of people’s referees, the sports that people played at school and, indeed, the schools that they attended to try to force people into community boxes when, clearly, those people are not happy to designate themselves. The fact that, by your standards, a minority is a small minority does not lift our responsibility, as elected representatives, to treat those

people with equality. The suggestion is that, because most people are happy with the system, the minority who are not happy should accept the inequality.

Dr Farren: I do not think that I used a word such as “happy”. It would not occur to me to use that word to describe people’s feelings about our society. The SDLP wants to ensure that parties do not feel excluded and that no attempt is being made to devalue their vote. In the framework laid down by designation, the SDLP is willing to explore ways whereby anomalies could be addressed. It will not be easy to arrive at a satisfactory situation, but we should try to take that small step forward. Community designation is a reflection of, if not the entire reality, a considerable reality. It is the reality on which a large majority of people are represented in the Assembly.

The Chairman (Mr Wells): Mrs Long, before you conclude, it would be useful if you were to deal with the issue that Mr Robinson raised about there being three options: a simple majority, a weighted majority, and —

Mrs Long: I intend to do that. I am attempting to deal with the issues in the order in which they were raised. I shall not argue about whether the word “happy” was used. I wrote down that word, and Hansard will reflect whether I incorrectly transcribed it.

From our perspective, just because equal voting rights are afforded to those who designate as “Other” in the Chamber, that in no way diminishes the rights that other parties around the table currently enjoy. That is the point that the Alliance Party is trying to make. We understand the current realities of our society; we acutely understand the divisions that exist and the protections that communities wish to have. However, we are not dealing only with the current reality but — we hope — a changing reality, in which people increasingly wish to move away from old divides and form new allegiances with one another in order to move society forward. We must have a voting system that can accommodate that change if we are to encourage such change in wider society.

I do not believe that anyone at this table believes that it would make one less of a unionist or a nationalist if one did not have to write that in a book in the Chamber when one signs the Roll of Membership. This is not a matter of attempting to diminish anyone’s position, but simply of affording equality of representation to everyone around the table.

Peter Robinson raised the idea of a weighted-majority vote being run in parallel with the designation system. We have a fundamental objection to the designation system, but if weighted-majority voting were introduced in tandem with it, that would at least be a step forward, and it would represent progress.

Although that would not be our mechanism of choice, it would be preferable to not addressing the issue at all.

We accept that safeguards are necessary, and I entirely accept what Conor Murphy said about the necessity of safeguards in order to get certain parts of our community to buy into the agreement. Our argument is not with safeguards but with their current form, which we believe discriminates against our Members. This is not simply a question of the number of Members that we have, because I accept that, as a party, we can cast only six votes. I do not object to that but to the fact that those votes do not carry the same weight in the Chamber as six Sinn Féin votes or six DUP votes. That is the issue at stake, not the number of seats that our party holds, which is a matter for the electorate and for our party to address.

When we were discussing that matter, Conor said that the denial of rights of any member of this society would not be acceptable. Surely it can be no more acceptable to Sinn Féin that my rights or Kieran's rights or any of our colleagues' rights in the Chamber are in any way more diminished than anyone else's. That is the point that we are making. We are not arguing that there should be no safeguards but that those safeguards should be designed to protect my rights every bit as much as other MLAs' rights. That is a fairly simple point.

David McNarry mentioned the difference between legislative and administrative functions. The current position is that, unless there is a petition of concern, a simple-majority vote carries. That should continue to be the case. It is certainly our wish that there should be fewer petitions of concern, because, as business becomes more normalised in our society, they should be less necessary. However, when a petition of concern is laid, there is an opportunity for a weighted-majority vote to ensure cross-community support for whatever measures are under discussion.

As I have already outlined, that weighted majority does not need to be a consistent majority for all types of votes. The particular weights that would apply to particular types of votes — whether they be administrative or legislative, or, indeed, the election of an Executive and a First Minister and a Deputy First Minister — should be set out in the structures beforehand.

It is clear that there is no consensus around the table. Therefore my proposal only exposes that lack of consensus; it does not move the process forward. However, we certainly wish to see the issue of designations and the voting system dealt with in a way that would bring about weighted-majority voting on those matters that require a petition of concern.

We propose that the Committee move to that now. However, we are open to the discussions, to which Seán Farren and Peter Robinson referred, about how it

could be introduced as one of several Assembly voting mechanisms. We are happy to engage in those discussions with other parties in order to further that objective.

The Chairman (Mr Wells): Is that a formal proposal?

Mrs Long: It is a formal proposal that we change the voting system in the Assembly to weighted majority and that the weighting should be set by further discussion.

The Chairman (Mr Wells): Would that replace the present system?

Mrs Long: Yes.

Mr McFarland: Chairman, we are discussing "Community designation"; we have not reached "Voting system". Are you taking the two together? I am happy to do so if you are.

The Chairman (Mr Wells): I think that we have to, because I cannot see anything new arising when we move on to discuss "Voting system"; we will get exactly the same arguments. There is nothing there that is not relevant to "Community designation".

Mr McFarland: Are we dealing with the topics and ticking them off one by one? Is there consensus to change community designation? My sense is that there probably is not. The question then is: is there consensus that we look at the voting system? You may get consensus if parties are happy to re-examine whether we have weighted majority, etc.

Mrs Long: The issue of designation is not simply about people stating whether they are "Nationalist" or "Unionist"; most of us can work that out before people sign a book. The issue is that the voting system should work. The two things are intimately entwined and cannot be separated. That is why I raised the issue of the voting system along with designations, which exist to facilitate the voting system. It would be a pointless exercise unless the voting system actually used the designations.

Mr P Robinson: At our last meeting, there was a vision that we kept in mind, which was whether the issues that we were discussing were of such enormity that they were an obstacle to our agreeing to devolution. Is this issue such an obstacle that Naomi would not agree to devolution taking place if it were not changed?

Mrs Long: None of the Alliance Party's proposals is a precondition for devolution; we are making proposals on the basis that I described last week. There will be issues that some parties feel are a precondition; we do not have such issues at this time.

Mr P Robinson: Therefore it is not an obstacle to devolution.

Mrs Long: No. However, if devolution were restored, it would be an obstacle to good governance and to the stability of the Assembly. Given recent instability and the frustration of the community at our

inability to stabilise the institutions, we believe that these are valid issues to raise.

Mr Campbell: Chairman, before we take the proposal from Naomi, I want to try to get my head round this. At the end of the series of issues that we have identified, will we have proposals on which there is consensus? What, in effect, will that mean? If we have two or three issues on which there is consensus — “Community designation” and “Voting system”, for example — and a series of other matters on which there is no consensus, what will we have at the end of our discussions?

The Chairman (Mr Wells): We will have a report that will go before the Assembly on 11 September, where it will be noted that the Committee reached agreement on some issues and not on others.

Mr P Robinson: Then there might be a need for more than one proposal. Naomi could propose that community designation be scrapped in favour of weighted majority.

Mrs Long: Which I have done.

Mr P Robinson: Equally, I could propose that I am content with weighted majority as an additional voting mechanism.

The Chairman (Mr Wells): I would be happy to take that proposal. As I said, we are not excluding anything. The discussion is structured this way to give it flow, and that has worked quite well. We can take a vote if any member wishes to do so; if we do not get consensus, I am willing to take another proposal.

11.00 am

Mr McFarland: I was very interested in what Peter said at the previous meeting. When our report goes to the Assembly, it could help the parties, when we hold negotiations in the autumn, if we identify the areas that are unlikely to be neuralgic and the areas on which some negotiation will be needed. It will clear the decks and distinguish between the clutter and the serious aspects, and that will be quite useful. It will assess what is a major problem and what is unlikely to be a major problem.

Ms Lewsley: I would like some clarification. I assume that Naomi is proposing that we scrap community designations and go for weighted majority. Is she asking us to return to the Chamber and sign the Roll without designating?

Moreover, is Peter Robinson suggesting that we keep community designations but introduce weighted majority, so that we would have both simultaneously? My worry is what the consequences will be if we get the community designations but do not get weighted majority, or vice versa.

Mr P Robinson: First, I am content with the Alliance proposal. A weighted majority is a much more understandable system. It is a system that operates in other parts of the world for key votes. For many reasons, it is a more sound system. I made the other proposition because I thought that it was more likely to get a wider degree of support from other parties. However, there would be no difficulty operating it. The Speaker would simply hold a vote. The Speaker could determine from the Members who had voted whether by way of one or both mechanisms the proposition had passed. It is as simple as that. It is a mathematical, computer exercise, which would take no more time than the present arrangements.

The Chairman (Mr Wells): We could go down the route of having three proposals: one from Alliance to remove the designation system completely; one to move to a weighted-majority vote; and the third to have the option of any one of three voting systems.

Mrs Long: Mr Chairman, we could not divorce the first proposal from the second. Unless designations are removed and weighted-majority voting introduced, the current voting system will not work. For example, if, by some miracle, the first proposal were agreed and the second were not, the Assembly voting system would be in chaos, because the designations are necessary to operate the system as it is. Our argument is that we should introduce weighted-majority voting, which does not require community designations. That is our principal proposal.

The Chairman (Mr Wells): I detect that there is some opposition to that.

Mrs Long: I detect that also, but it still remains our position.

Mr P Robinson: I want to comment on one or two other issues under the joint heading that we now have. In her presentation, Naomi referred to the time when it is necessary for elected representatives to designate. The argument that it should be done at election time seems to me to be altogether reasonable. If candidates are to take a major decision on what designation will apply to them for all Assembly votes, it might be a tad unreasonable for the community not to be aware of it. Designations should be part of the nominating process, so that people know exactly for whom they are voting. It would also stop abuse of the system whereby people designate as one thing on one day only to change their designations on the next. That is not something that many of us would do, but some Members were prepared to do it before. The public would then have a mandate to vote on that designation as well.

Other issues arise out of the voting system. Although we have a separate heading for it, one issue would be the petition of concern, which is an integral

part of the voting system. We start blending together the various headings on the list.

It is a central part of the voting system; indeed, it is an essential part in a community designation or weighted majority system. I presume that there is support for the general principle of a petition of concern. It was referred to, but nobody else mentioned it.

The Chairman (Mr Wells): Naomi said that she was happy with the rule that 30 Members' names would be required to trigger a petition of concern.

Mrs Long: That is on the assumption of an Assembly of 108 Members.

Mr P Robinson: On the assumption that my party continues to have no less than 32 Members, 30 Members seems reasonable.

Mr McNarry: Some big assumptions are being made here.

Mrs Long: A point was raised about whether candidates should designate when they are nominated for election. That simply further entrenches division. People are aware of the politics of the candidates for whom they vote; therefore the idea that candidates should have to designate before they stand for election is nonsense. Indeed, the names of at least three parties at this table already give an indication of whether they vote "Unionist" or "Nationalist".

Given that some members of Peter Robinson's party went to the electorate under a different party designation but have changed party since the election, it seems ironic that the DUP would press for candidates to declare their stance in advance of an election. I would defend the right of a Member to change parties; I would also defend the right of Members to change designation, if they wished. However, it is not something that my party intends to do in any future Assembly session.

The Chairman (Mr Wells): Can we move to the proposals made by Mrs Long and Mr Robinson? I definitely sensed a hint of dissention in the Committee on some of those issues.

Mr P Robinson: What finely tuned antennae you have. *[Laughter.]*

The Chairman (Mr Wells): We may not get consensus on the proposals anyhow.

First, Mrs Long's proposal was to move to a weighted majority system and remove the present community designation system. We will vote on that. Does everyone support that?

Members indicated dissent.

The Chairman (Mr Wells): I see that there is no consensus on that.

Mr P Robinson: Do you want to quantify the dissention?

Mr Murphy: My earlier remarks made it clear that Sinn Féin was willing to discuss this issue, as we did at length during the review of the Good Friday Agreement when the Alliance Party put forward various propositions. We are happy to discuss this further, following the reinstatement of the institutions, but I do not support a change to the community designation system at this time.

The Chairman (Mr Wells): Not that it is needed, but can parties outline their position on this proposal?

Mr McFarland: In previous meetings Mr McCrea got slightly fraught that dissention was recorded. However, if there was not consensus, there was not consensus. In fact, most decisions were four votes to one. Mr McCrea quietly objected to votes being recorded. The agreement was that, where there was not consensus from any one party, the proposal fell. We did not vote on whether there was consensus. I do not mind what we do.

The Chairman (Mr Wells): If a party wishes to record its view, it should be allowed to do so. Does any party wish to record its view on Mrs Long's proposal formally?

Mr P Robinson: We consider that we have done so.

The Chairman (Mr Wells): It will be apparent from the text of the Hansard report.

Mr Robinson's proposal was to keep the present community designation and use a weighted majority and the current cross-community voting system. Does anyone have views for or against that?

Mrs Long: Given that our proposal was unsuccessful, we see Mr Robinson's proposal as a step forward — albeit a small one — from our perspective. Therefore we welcome the proposal.

The Chairman (Mr Wells): Any views against?

Mr Murphy: The proposal may need further explanation. Under the current arrangement in the Good Friday Agreement, there are the cross-community consensus and the weighted majority systems. Perhaps there is some difference between Peter Robinson's proposal and the current arrangements. I am not quite so sure.

There are two possible voting mechanisms. One would require a simple majority from the "Nationalists", "Unionists" and "Others" present at the vote; the other would follow the weighted-majority system for which, to achieve an "Aye" vote, 60% of members must vote in favour of the motion, and, of that 60%, at least 40% of "Nationalists" and 40% of "Unionists" must vote in favour of the motion.

Is the suggestion that the designation requirement be scrapped completely, leaving a simple weighted

majority, without any reference to the 40%? I would like to be clear that that is the proposition.

The Chairman (Mr Wells): It is worth reminding members of the four statutory votes that currently require the cross-community voting system to be triggered. They are the election of the First Minister and the Deputy First Minister; the election of the Speaker and the Deputy Speakers; the vote on the Budget; and a vote when a petition of concern, which must be signed by 30 Members, has been lodged.

Mr P Robinson: Our suggestion is for a weighted majority, without reference to designations, but set at a level that would require cross-community support.

Mr McFarland: It is worth separating the four statutory votes, because the vote for the First Minister and Deputy First Minister requires a 50:50 outcome, while the other three votes need a 60:40:40 outcome.

The Chairman (Mr Wells): That is right. They are different votes, but they still require a mechanism to reflect cross-community support.

Mr McFarland: Yes.

Mr Murphy: This proposition is to do away with the 40:40 element. The weighted majority in that system is 60%. There is no proposition as to what the weighted majority would be in a new system.

Mr P Robinson: We have suggested 70%.

The Chairman (Mr Wells): Naomi suggested 67%.

Mrs Long: We determined 67% as the level at which cross-community support would be required. It would achieve cross-community support; 67% could not be achieved without cross-community support.

Mr McFarland: Would that change if the unionist/nationalist weighting of the Assembly were to change? I presume that the level at which cross-community support would be achieved would fluctuate and would, therefore, have to be changed for each Assembly. It might need to be changed repeatedly, whereas, regardless of the number of "Unionists", "Nationalists" or "Others" in the Assembly, the current system is easily understandable. Logically, if a percentage that would guarantee cross-community support were adopted, each Assembly would have to reassess the necessary level.

Mrs Long: Yes.

The Chairman (Mr Wells): Such a decision would probably require legislation, or at least a change to Standing Orders.

Dr Farren: There should be a mechanism that applies in almost every circumstance.

Mr P Robinson: The requirement for 70% would do that.

Dr Farren: I am happy to explore the issue in a little bit more detail than it might be possible to do so at the moment. I would not be unhappy if members decided to consider the situation in the context of the review. I am easy enough with either doing that in the next few weeks or after the report has been presented to the Assembly. However, the issue needs further exploration.

The exploration should be based on the principle that I outlined earlier and on the recognition that there are anomalies and some inequities in the present voting mechanisms that leave parties unhappy and, in a sense, that devalue their votes. To address that, we should commit ourselves to overcoming those difficulties. However, at present, I do not approve of, or support, any of the changes that have been suggested in Committee.

The Chairman (Mr Wells): Mr Robinson's proposal has not achieved consensus. However, perhaps it was a bit stark. Can members agree on the suggestion that further consideration be given to a change to the Assembly's voting system? I think that it was a Sinn Féin proposal.

The Committee Clerk: It was Seán Farren's.

The Chairman (Mr Wells): I am sorry. I noted it as a proposal made by "SF".

Mr Murphy: You need to change your designation.

The Chairman (Mr Wells): Could everyone sign up to the proposal that further consideration be given to a change to the Assembly voting system?

Dr Farren: I am not necessarily committing myself to change. It may be that we have to live with what we have. I am certainly open to exploring the voting systems in order to remove anomalies, but I cannot make an a priori commitment to change.

11.15 am

Mr McFarland: The various scenarios have implications for parties: if the Assembly were to be reduced to 90 Members, or to 72 Members, or if the balance between the communities changed. It might be worth parties having a think. We could revisit it in our discussions when we have had more time to study possible outcomes.

The Chairman (Mr Wells): The way to square that circle is for the parties to give further consideration to the Assembly voting system.

Mr McFarland: Do we lodge that as part of the report and revisit it after examination or do we leave consideration until the autumn? How do we leave it? What goes into the report — is it that the parties are considering the matter or that we will revisit it to come to a decision?

Mr P Robinson: There is another alternative. In the two Governments' proposals for a comprehensive agreement, it was proposed that there be a standing

institutional review Committee. The matter could be referred to such a Committee — as might several others.

Mr McFarland: As we said at the beginning of our discussions, it would be beneficial to sort out the issues that need to be sorted before the Assembly fires up again. Clearly, some issues cannot be sorted out, and they may have to go to a review Committee. However, if there are issues that can be sorted out in time for restoration — and if there are more effective and efficient ways of operating — it would be worth trying to get them into action.

Mr Campbell: I took it that the proposal amounted to further consideration of possible changes to the voting system in the Assembly. Is anyone saying that there is not consensus on that?

The Chairman (Mr Wells): It is a fairly mild proposal.

Mr Campbell: I cannot think of a more vague, indefinite proposal.

Mr P Robinson: Does anyone refuse to consider this any further?

Dr Farren: I am not saying that.

Mr Murphy: Is it also clear that, given the suggestion of a formal mechanism for considering this and other issues after the restoration of the institutions, that this is not considered a blockage to the return of devolution?

Mrs Long: I have already set out our position with regard to this being a blockage.

Mr Murphy: You have made your case clear. However, should there be consensus to revisit the issue, it might be helpful if there were also consensus that we do not consider it an issue that blocks the return of devolution.

Mr P Robinson: It might also be helpful to the Alliance Party if everyone were to say that this matter could be considered by a review Committee.

Dr Farren: Including the words “should be considered” would make it a little stronger.

The Chairman (Mr Wells): Is that the way forward? Does anyone have any problems with that suggestion?

Mr McFarland: What if it were possible to get changes to the Assembly’s voting system decided before the Assembly fires up again so that it could tackle proposals that would make it more efficient and effective straightaway? The issues were identified in the last Assembly, and we examined them in some detail in the review in 2002. We did not take a decision at that stage, but parties were aware that there might be better ways of doing things.

Will it be possible to get a decision on change — if change is the parties’ wish — before the Assembly fires up again? It would make sense to do that, rather than leave a whole swathe of issues to bubble up in the middle of the next Assembly — if there is a next Assembly — because we were still reviewing matters. Some issues will have to be left to a Committee such as Peter suggests. Is this one? Can we deal with it so that it comes into effect when the Assembly fires up again?

The Chairman (Mr Wells): There are two suggestions. We can consider the voting system in more detail later in our deliberations; or we can refer it to a review Committee. At this rate we will still be discussing the matter at Christmas.

Mr Campbell: Which Christmas?

The Chairman (Mr Wells): Exactly. We have spent 45 minutes getting to point 2. We need a quick decision.

Mr Murphy: The best-case scenario is that there are issues that we can identify that we can agree on and get out of the way. There are other issues that need further work, but we can agree that they are not a blockage to devolution and, therefore, we do not expect them to be raised in the autumn as issues that have to be sorted out before we can get the Assembly functioning again. Then there are those issues that people want resolved before the Assembly can function again.

Whatever the chosen mechanism — an institutional review Committee or something else — this issue could be resolved in an agreed format by the Assembly following restoration of devolution, if it is not possible to resolve it now. Equally, it is not a blockage to the return of devolution. It can be referred to whatever mechanism is agreed for resolving this and any other issues that we decide need to be resolved when devolution returns.

Mrs Long: The Alliance Party is not saying that this is a barrier to devolution, but it is a destabilising influence on the Assembly. That must be borne in mind. The fact that we are not placing roadblocks in the way of devolution does not mean that we give this any less weight than those who do attach roadblock status to their issues. It needs to be addressed if the Assembly is to be stabilised. It would be preferable if it could be addressed before devolution, as Mr McFarland suggests. If it cannot, devolution can still occur, but the Assembly will not function efficiently.

The Chairman (Mr Wells): I will have to call this section of the discussion to a halt. I will put two proposals —

Mr P Robinson: Chairman, may I say one thing, because there is a distinction to be made. It would not be unhealthy for the Assembly, on a continuing basis, to look at improving the way it does business. One of the problems with the Belfast Agreement was that

everything was permitted to run along and then suddenly there was a review every four years, or whatever it happened to be.

It is better to have a review as part of an ongoing process, rather than happening every four years or after a fixed period. Therefore, there is a need for a standing Committee to look at those issues. If consensus is not reached today, I do not think that it will be reached between now and the restoration of devolution. It is better to identify issues that can be the business of such a standing Committee, rather than pretend to ourselves that we will return to them when everyone knows that we will not.

The Chairman (Mr Wells): That leads on neatly to Dr Farren's proposal that further consideration be given by this Committee to the Assembly voting system, and Mr Robinson's proposal that voting systems should be referred to a review Committee.

Dr Farren: I do not want to prolong this discussion, but are the proposals mutually exclusive? If the Committee has the time and the will to do so, there is no reason why we cannot come back to the matter, and if it is not resolved at that point it can be referred to the type of Committee that Peter suggests. Rather than create division, could not the two proposals be melded together?

The Chairman (Mr Wells): Are members content that further consideration be given to the Assembly voting system by this Committee and, if consensus is not reached, that the matter should be referred to a review Committee of the Assembly?

Members indicated assent.

The Chairman (Mr Wells): Having effectively parked that issue, we move on to "Voluntary Coalition". This featured prominently in the evidence given by the DUP in the question-and-answer session in June, as well as more recently when we were discussing the headings for today's deliberations. I will ask Mr Robinson or Mr Campbell to speak to this issue, and then we will go round the parties as usual.

Mr P Robinson: The best kind of Government is one into which all the participants have freely entered because they recognise that those whom they are partnering in Government share basic principles and, therefore, have chosen to work together. It is the system that works in virtually every democratic country in the world; where one party cannot secure sufficient support to be in Government, it seeks a partner. It is a system known to us all. It operates on democratic norms without mandatory requirements and will provide the best form of Government.

In Northern Ireland there will, of necessity, be some stipulations, and that is why the weighted-majority issue has been a requirement. However, whether you have a

weighted majority or community designations, a voluntary coalition would be unable to get up and running unless it received wide support. Clearly, it would be a voluntary coalition that would have a cross-community ingredient. If the system of voting is satisfactory, why should it be mandatory? If a voluntary coalition can get the degree of support that the voting system requires, let us remove the mandatory requirement.

The Chairman (Mr Wells): Are there any views on that proposal?

Mrs Long: The Alliance Party also raised the issue of voluntary coalition in 'Agenda for Democracy'. We raised it for the reasons that Peter Robinson has outlined — it provides for stable governance and provides direction to Government. For Government and the Executive, in particular, to function well, there must be a collective view about the future of the Executive.

Leaving aside the unionist/nationalist divide, there are other divides in our society. For example, it is hard to imagine how conservative, socialist and liberal perspectives could be melded together inside one Executive on all occasions. There is also an inability to negotiate priorities in the same way as there would be in setting up a voluntary coalition in other societies, because the coalition is mandatory and, therefore, people's participation in it is not based on whether they are content with programmes for Government. It is actually done in reverse, and we do not believe that that gives stable guidance.

This impacts on other issues. The Assembly was set up so that everyone could participate in Government. In a healthy society, it is not Government that everyone should participate in, but governance. It is possible to be part of the governance of a country without being in Government. That distinction is unclear in our current structures.

Strong opposition is key to good Government. The current mandatory coalition system does not provide for larger parties to be represented in opposition. In the current Assembly, a maximum of nine Members do not belong to parties that would be in Government. That does not lead to a healthy opposition, notwithstanding that, as one of those parties, Alliance has challenged on the basis of good opposition. There is a role for strong opposition.

The corollary of having no opposition is that there is little opportunity for the public to change the Government. They can change the internal make-up and complexion of it, in terms of the numbers of seats apportioned to different members of the Executive, but under the current arrangements for mandatory coalition it would be very difficult to have a wholesale change of Government. That could permit stagnation and many other things to creep into Government that

would not happen in a voluntary coalition, where there would be negotiated outcomes.

A voluntary coalition allows for good government and strong accountability mechanisms for the public, and it ensures that, ultimately, people have the sanction to change the Government.

11.30 am

Mr McFarland: By way of a philosophical question, suppose that, by the autumn, Sinn Féin has passed all the tests that it has been set and that the DUP considers it to be fit for government —

Mr Murphy: And is considered fit for government by the UUP too.

Mr McFarland: If we got to the stage at which Sinn Féin is acceptable to everyone, would Peter and the DUP be comfortable with Sinn Féin, the Alliance Party, the SDLP and the UUP forming a voluntary coalition that left the DUP out of government? I wonder whether it is acceptable to the DUP that the major party in unionism would be excluded from government.

The Chairman (Mr Wells): Would Mr Robinson like to answer that?

Mr P Robinson: I thought that I had answered the question before it was asked. During the discussion on weighted majorities, I pointed out that a voluntary coalition could lead to the Democratic Unionist Party not being in government. That is a fact of life. If the other unionist party wanted to run with the nationalists rather than with its partner in unionism, that would be an obvious outcome.

The Chairman (Mr Wells): Are we reaching consensus on a voluntary coalition? I have not heard any opposition.

Dr Farren: I indicated my opposition to the idea a few minutes ago. As with the previous issue, it is a question of where we would like to be and from where we start in order to get there. Whatever the parties' views on the Good Friday Agreement, I like to think that we all subscribe to the aspiration of creating a society that is "peaceful", "exclusively democratic" and in which the question of greater understanding, respect and reconciliation between our communities is being addressed.

Given the clear and prolonged absence of consensus on the structures of government, we have an overriding responsibility, as political representatives, to ensure that we achieve as much consensus as possible on the new structures. At the end of the day, that is a matter for political judgement.

In the initial stages, a clear degree of support for, and participation in, the institutions is required. The level of participation must reassure all sides of the community that they are represented at the highest

levels of decision-making and, therefore, that respect for their identities and aspirations is being fully upheld.

The whole notion of the inclusivity of the Executive flows from that type of thinking. We do not necessarily have to see ourselves wedded to that for ever and a day, but the experience of our recent and not-so-recent history indicates the need for a high level of participation in decision-making by representatives from all sides.

The inclusive formation of an Executive is not quite as mandatory as people tend to represent it: it is represented negatively rather than positively. Parties have the option of not participating. However, the option is there for the parties that qualify on the basis of their mandate to participate and lend support to building consensus. That is essential in the initial phase, which will be as long or as short as we make it. The greater the degree of consensus, the more fluidity that can be achieved in our political system, and the more rapidly people want to move to different ways of structuring our political system, the better.

With respect to the loss of opposition in the Assembly that an inclusive Executive would seem to suggest, a strong Committee system would be the location for much of the challenge that opposition can provide. People should remember that we are not a sovereign territory; we do not have the same responsibilities or degrees of discretion with respect to a whole range of matters that sovereign parliaments have.

The consensus that is needed here overrides the issues related to left/right politics that apply in other situations. The inclusivity principle is essential to the successful working of the Assembly and other institutions because of the nature of our society and the consensus required for those institutions.

Mr Murphy: As with the community-designation system, the safeguards around the ability to participate in Government according to mandate were a necessary part of the agreement. We are not operating under democratic norms in this state, and never have. Therefore safeguards and mechanisms that allow people to participate as of right in the institutions and the Executive are necessary to get past that experience. The right to participate in Government has the potential to form an inclusive Executive that, ultimately, with people working together on issues — and having to work together in order to make it work — leads in the longer term to better working relationships and ways of addressing issues such as reconciliation, trust, confidence, and other issues that people currently find to be blockages to the return of the institutions.

Ironically, the next item on the agenda is the election of the First and Deputy First Ministers.

The Chairman (Mr Wells): Correction: it is the Speaker and the Deputy Speaker — a much more important issue.

Mr Murphy: I suppose that that should have come before “Voluntary Coalition”. Unless the voting system is changed, the First and Deputy First Ministers require 50% of nationalist votes and 50% of unionist votes, so the only people that would potentially be excluded under a voluntary coalition mechanism would be the smaller parties on each side of the community designation. The votes of the larger parties would be required to elect the First and Deputy First Ministers.

Sinn Féin has never been in favour of excluding parties. Whether we like what parties stand for or not, we have always argued that in the system that we have under the Good Friday Agreement it is their democratic mandate that entitles them to be part of the Government — or not, as the case may be.

We stand by that. We are not in favour of exclusion at local government level, or any other level. We contend that a party’s right to be part of Government, according to its mandate, is a central issue for this institution and for the Good Friday Agreement as a whole. It should be adhered to.

Mr McNarry: We should establish that the principle of voluntary coalition should not be an impediment to good government. Many unionists, myself included, are sceptical of an imposed mandatory Government or an agreed voluntary coalition that includes those who have not yet convinced us of their commitment to good government. I wonder whether that brings us to the role of a formal opposition. A significant party may opt for voluntary exclusion. One of the matters that is not covered here is whether a party excluding itself, and playing the role of the official party of opposition, would be formally recognised as such. I do not suggest that such a role would be totally similar to that played by Her Majesty’s Opposition. Colleagues may have a view on that or wish to consider it either now or later.

The Chairman (Mr Wells): Is there any reaction to that?

Mr P Robinson: Dr Farren and Mr McNarry have both misunderstood. This is a mandatory coalition. Neither Sinn Féin nor the DUP can choose to be in opposition. If they so chose, there would be gridlock. Both would have a veto under the voting mechanisms that we have talked about. It is not a matter of choosing to be in opposition. It is a requirement to be in government. It is a mandatory system. That answers Mr McNarry’s point.

Mr McNarry: That applies only where a party finds itself in the position currently occupied by Sinn Féin or the DUP.

Mr P Robinson: Yes.

Mr McNarry: It does not apply to a party such as my own.

Mr P Robinson: And?

Mr McNarry: There is no formal provision for such a party to exclude itself from Executive positions.

Mr P Robinson: There is. You do not nominate anyone.

Mr McNarry: I accept that. I do not want to get into technicalities. There would then be no formal recognition that an opposition could be posted in the Assembly.

The Chairman (Mr Wells): Any other views on that? Again, I detect opposition to this proposal. All the parties have stated their positions, which are in Hansard.

Dr Farren: What is the proposal?

The Chairman (Mr Wells): The proposal is that the Executive should be formed by voluntary coalition. That is Mr Robinson’s view, and it is supported by Mrs Long.

Mrs Long: Mr Murphy referred to voluntary coalition as a mechanism for the exclusion of parties. The Alliance Party has never viewed it in that way. It has always been viewed in the context of inclusive governance, where parties actively participate in governance through the mechanism of opposition. That is a role that the Alliance Party does not diminish in any way, as it is a role that my party has fulfilled. It is an important role in government.

It has never been about including or excluding any specific party. That is not where we are coming from. It is a suggested way to have stability and good governance.

Mr P Robinson: It also comes from a peculiar view of democracy. There seems to be a view that a vote at an election entitles one to a share in government. That flows from what Dr Farren said. One can support institutions without being in government. I support the institution at Westminster, but I am not in the Government.

One does not have to be in government to support the institutions; therefore inclusive government is not a requirement. It is the politicians whom people most trust who form a government, and they are required to meet a certain standard — the rest are in opposition. That is the best way of keeping government on its toes. It allows continual scrutiny of what government is doing and continuing examination and questioning of what Ministers are up to. That is the stuff of democracy, and it is a most certain way of ensuring that there is no abuse in the system.

11.45 am

Mr Chairman, you look as if you are dying to say something.

The Chairman (Mr Wells): I am. The Committee has received an encyclical from Hansard. Once again, somebody in this room has kept their mobile phone on, and it is causing problems with the recording system. We recently lost a complete section of the Hansard report because somebody had left their phone on. Please turn them off completely; they cannot even be left on silent mode to receive messages. We just cannot afford to lose this important material.

I am sorry, Mr Robinson, for interrupting you.

Mr P Robinson: I am not guilty on that score; I turn my phone off.

I would not like anybody to miss my comments in the Hansard report, so I hope that whoever has left their phone on will turn it off now rather than wait until I have finished.

Collective responsibility is also one of the imperatives of government. It is nonsense for one Government Minister to oppose what another Government Minister has brought before the Assembly. That is absurd, and it would not happen under a voluntary coalition. A Minister who moved away from the collective decision of the Executive would be fired.

We must also look beyond the immediate. The best that can be said of the arguments that have been presented against a voluntary coalition is that some special, peculiar and immediate need must be addressed because we are a divided society, full of instability and distrust. The argument is that that necessitates an inclusive and mandatory form of government. If that is accepted, the next question is bound to be: will that be the position for ever? A voluntary coalition, however, allows a cross-community system, and it allows us to grow into the norms of democracy and to establish a normal democratic society in Northern Ireland. On the other hand, if we become entrenched in a mandatory system, moving to the next stage means stopping, wrecking what we have, and creating something else.

The Chairman (Mr Wells): I will ask Gregory Campbell to speak, followed by Alan McFarland. Rather than simply go round and round, I will then see whether the Committee can reach consensus.

Mr Campbell: I will be brief, Chairman.

The concept of voluntary coalition, like many concepts in Northern Ireland, suffers as a result of being viewed in completely different ways by those who are either in favour of it — as the DUP is — or those who totally oppose it. The purpose of a voluntary coalition is to ensure that there is not an implacable veto on establishing a government. The DUP believes that the formation of a government should not be prevented because one party is inextricably linked to criminality, gangsterism, terror, the importation of guns, and punishment beatings. Government should

not be held up because of that, irrespective of the size of the mandate of those who advocate that type of activity, and, in some cases, take part in it.

That is how the DUP views voluntary coalition. Others claim that a voluntary coalition will circumvent the need for support across the community — which is why we had a discussion about the voting system and community designation. Peter outlined the issues regarding mandatory coalition. We must grasp the nettle and establish a system that allows government to function. Just as others have talked of their background and their history of resentment about how institutions were governed in the past, some of us remember how systems were run in the more recent past.

We want to arrive at some form of voluntary coalition — some system of government — that is not held, almost literally, to ransom by one party that will not budge and that says that there will be no Government without its endorsement. We need a device to ensure that if the operation and interaction of one party is unacceptable, the system of government can nevertheless get up and running and will not grind to a complete halt due to the position that that party adopts.

Mr McFarland: In a normal society, Governments operate by voluntary coalition. If a party can form a government, it does so; if it cannot, it joins with others to form it. However, the Belfast Agreement is, rightly or wrongly, the template that we are discussing. The Prime Minister said so, so we are discussing how we can modify and improve it. The Belfast Agreement does not cite a voluntary coalition but a mandatory coalition.

Earlier, the Committee heard from the SDLP, which made it quite clear — *[Interruption.]*

The Chairman (Mr Wells): Do you wish to take a point of information?

Mr McFarland: Yes.

Mr P Robinson: For goodness' sake, that is a crazy argument. Is Alan saying that we should not consider the Belfast Agreement because it does not mention a voluntary coalition? The Belfast Agreement does not and will not include any of the other changes that we want either. Is he saying that we should not look at making changes because they are not in the Belfast Agreement?

Mr McFarland: No. As Peter said earlier, we are here to modify and improve the Belfast Agreement.

Mr P Robinson: I do not think that I said that.

Mr McFarland: The SDLP made it clear earlier in Committee that it is not prepared to enter into a voluntary coalition. It is an aspiration for us all for when society here allows everyone to be comfortable with discussing their politics and trying to form a

Government with those of a like mind. The political reality is that we are not currently at that point.

The SDLP has made it clear that it will not exclude Sinn Féin and go into government with the rest of us. That is the only voluntary coalition that is likely to happen, for the reasons that Gregory has just outlined. The DUP finds Sinn Féin not to be acceptable. The only other cross-community way in which the DUP could go into government is with the SDLP; and the SDLP said on the Hansard record at the beginning of the proceedings that it will not do that. However aspirational it may be at the moment, it is not achievable. We would like to see it happen down the line, but it will not happen immediately.

The Chairman (Mr Wells): Of course, the eloquence of the DUP is such that it could persuade the SDLP.

Mr McFarland: Absolutely.

Mr McGlone: Or vice versa.

Mr P Robinson: Or something else might persuade the SDLP. I have had private meetings with the SDLP in which it was nuanced, somewhat. It was not saying that there were no circumstances in which it would participate in a voluntary coalition. If, for instance, the IRA were to take off on a terrorist campaign akin to that in 1972, would the SDLP really hold out for Sinn Féin to be in government?

Dr Farren: Let us deal with the realities that face us rather than get into hypothetical discussions.

Mr P Robinson: That indicates that there are circumstances in which it would be possible.

Dr Farren: Many things are possible if the premise upon which we are working is changed. However, we are not changing it; the premise is the premise.

Mr P Robinson: Others could change the premise.

The Chairman (Mr Wells): The proposal is that the Executive should be formed by voluntary coalition. Do we have consensus?

Members indicated dissent.

The Chairman (Mr Wells): We do not have consensus; one if not two groups are opposed to it.

The next issue — a very important one — is that of the election of Speaker and Deputy Speaker.

Mr Campbell: Jim, that is twice that you have described that as important business.

The Chairman (Mr Wells): This is a big issue.

Ms Lewsley: A declaration of interest? *[Laughter.]*

Mr P Robinson: As a first question, do we need Deputy Speakers?

Ms Lewsley: And if so, how many?

The Chairman (Mr Wells): They are absolutely essential.

As members know, the election of Speaker and Deputy Speaker is an issue that requires a cross-community vote. That has not occurred in the Assembly, because both Speakers were —

Mr P Robinson: Imposed.

The Chairman (Mr Wells): They were arrived at by other means. We have had elections for the Deputy Speakers when three of them were elected in 2000.

Several parties, including the DUP, flagged up that issue. It has not featured prominently in cross-examinations. Does any party feel that the issue (a) poses an impediment to devolution or (b) should be dealt with after devolution?

Mr P Robinson: Some of us resent the fact that the Secretary of State appoints the Speaker and the Deputy Speakers. The Assembly should elect its Speaker and Deputy Speakers, whatever voting system is used.

The Chairman (Mr Wells): Are members content that the Speaker and the Deputy Speakers be elected by a cross-community vote?

Members indicated assent.

The Chairman (Mr Wells): There seem to be no burning issues about this topic.

Mr McFarland: May I raise an issue for further discussion? Who holds the Speaker to account? During the Assembly's first mandate, questions were asked about the absolute power of the Speaker, with the Speaker having a budget and the Assembly having no input into what it thought the Speaker should be doing. Is there an issue about the Assembly's ability to advise, influence or control the Speaker?

The Chairman (Mr Wells): I clearly remember the day when a motion of no confidence was brought against the Speaker, and Jane Morrice had to take over the Chair. That mechanism exists, as do the Assembly Commission and the Business Committee, both of which the Speaker chairs. Should the Assembly have more control over the Speaker's activities?

Mr McFarland: Ministers must agree a Programme for Government, and so forth, with the Executive. Committees and other areas of the Assembly have oversight mechanisms. During the first mandate, there was no oversight mechanism, and the Speaker could not be challenged, other than by tabling a motion of no confidence, which is fairly high on the seriousness scale.

Mr P Robinson: That is the mechanism, and it is also the mechanism that is used elsewhere. Under the Northern Ireland Act 1998, there are several circumstances under which a Speaker can be replaced, one of which is that the Assembly can elect a member to hold the position of Speaker. What decisions does the

Speaker take beyond his or her judgement in the Chair during debates? The Speaker is subject to controls on every other issue: he or she is under audit controls; he or she is in the Chair at meetings of the Assembly Commission, but only members of the Commission can vote. Where are the dangers in the system?

Mr McFarland: Peter sat on the Shadow Assembly Commission, and, at that time, members commented on the jaunts around the world and the amount of money that was being spent. It may well be that the auditors audited the books, but my understanding is that the Speaker had a budget, and he could decide when and where he went, and what he said about the Assembly. There was no mechanism in place to report back on what he had been doing and why he was doing it. It seemed to be outside the Assembly's control.

Mr P Robinson: Surely the Commission should have controlled that.

Ms Lewsley: Or the Assembly.

Mr McCarthy: The past Speaker, the present Speaker and the Deputy Speakers have been people of the highest integrity. There is no problem. They have conducted their business impeccably.

Mr P Robinson: He really could not say anything else, could he?

Mr McCarthy: Absolutely not.

Ms Lewsley: Surely the Speaker is ultimately accountable to the Assembly? Any questions about inappropriate action could be raised in the Chamber.

12.00 noon

Mr P Robinson: On spending matters, the Speaker is accountable to the Assembly Commission, which holds the voting power to take decisions. As regards adjudicating in the Assembly, the Speaker is ultimately subject to the will of the Assembly.

The Chairman (Mr Wells): This does not seem to be a burning issue. Is the Committee content with the present arrangements in Standing Orders for the election of the Speaker and Deputy Speakers?

Members indicated assent.

Dr Farren: If we could just agree the nomination.

Mr Campbell: That is a slightly different matter.
[Laughter.]

The Chairman (Mr Wells): The next issue is perhaps slightly more complex: the election of the First Minister and the Deputy First Minister, which several parties, including the DUP, have raised as an issue of concern. This matter brings us back to the earlier discussion about designations, voting systems and so on. Does any member wish to lead the discussion by outlining what they feel is unsatisfactory with the present arrangement?

Mr P Robinson: If you want to get the row going, I will start. If there is a mandatory system, with the resultant requirement to ensure automaticity in everything, then why have an element that is subject to something other than a mandatory system? Ministers are automatically nominated by a process, but, from somewhere out of the blue, having recognised that there is a need for a mandatory form of Government, people say that the First Minister and the Deputy First Minister should be elected via a different process. There is a nonsense in that contradiction.

If anyone has looked at the difficulty that we had in trying to agree a Speaker, or the difficulties that we had in trying to determine who should chair meetings of this very Committee, they will know the difficulties that there would be in reaching agreement on a First Minister and a Deputy First Minister. On that basis, why put measures into place that will cause, at least, an obstacle, if not gridlock, and why not continue with an automatic system such as the one for Ministers? That is the obvious way forward. Many mechanisms could be used to do that, but I have explained the principle behind our position.

Mr McFarland: The essence of the agreement was that parties were pushed, so to speak, into sorting themselves out. The essence of the office of First Minister and Deputy First Minister, which is clear right the way through the legislation, is that it is a joint post, and that the Assembly votes for the pair. Members may not like the people concerned, but the posts are voted for as an entity because the office operates as an entity. It does not operate as two separate entities — there is no separate First Minister or Deputy First Minister. The office comprises both the First Minister and the Deputy First Minister.

If we are to completely move away from that situation and have a separate Prime Minister and a Deputy Prime Minister, then that is a different matter. However, in the comprehensive agreement, as I understood it, the DUP and Sinn Féin accepted that the office was joint — that is what it says in the agreement — but there was an attempt to have the election of that joint office done separately. Why was that? Why would we wish to do that?

One interesting thing about electing the office jointly is that unionists, nationalists and republicans have a veto over who their First Minister or Deputy First Minister will be. If they are not happy with the person nominated, they can refuse to vote. The process continues until such times as a pair that is acceptable is voted into office. If we get to a stage where the DUP accepts Sinn Féin as partners for Government — the only scenario in which this becomes relevant — it could be that the DUP will find Martin McGuinness unacceptable.

Under the current system, the DUP could ask Sinn Féin to reconsider its nomination if it were not happy to have Martin McGuinness as Deputy First Minister. It could ask Sinn Féin to put forward Conor Murphy, for example, if it felt it could vote for that option. Similarly, Sinn Féin could be neuralgic about Rev Ian Paisley as First Minister and could ask for someone else to be nominated. Therefore there is a degree of cross-community say in who is nominated.

In the comprehensive agreement, it looks as though the DUP was unhappy about public perception if it had to vote for Martin McGuinness. They came up with a cunning system in which unionists could vote for unionists and nationalists for nationalists, so that they would not have to stand up in public with dirty hands, having voted for Martin McGuinness. How would that operate in a joint-office situation as the two people nominated to those posts must operate jointly? That seems to be a bit of a smokescreen in order to avoid voting for the opposition. There was another strange system suggested in which the Ministers all went out, and there was a wrap-up vote.

The difficulty with the comprehensive agreement, which was negotiated by the DUP and Sinn Féin, was that if the SDLP and the Ulster Unionists did not support the candidates for First Minister and Deputy First Minister, they would be excluded from government for the entire life of that Assembly, leaving the DUP and Sinn Féin in government together. As I understand it, it is the DUP's worst nightmare to be left in government with Sinn Féin and with no other cover. Therefore the system negotiated in the comprehensive agreement, and which was within a hair's breadth of implementation in December 2004, seems slightly daft, and negotiated for all the wrong reasons.

Mrs Long: We are not exercised about the decoupling of the First Minister and the Deputy First Minister — having them coupled did not show that they had a good working relationship. However, we do believe, having lost the argument this morning on voluntary coalition, that we should now examine how to increase coherence and collectivity in the mandatory coalition. We want to move from a situation in which there is power dividing among parties in the Executive to one in which there is power sharing. At the bare minimum, that requires all members of the Executive to be willing to support the collective responsibility of the Executive and to recognise all other participants as equal members. At the sharp end, that requires parties to recognise those who are sharing power with them in that Executive and, indeed, in the Office of the First Minister and the Deputy First Minister. It should be part of a collective vote in the Assembly to approve the First Minister and Deputy First Minister. We would prefer to see that vote coupled, because it would enhance collectivity.

We realise that a vote will not make people work together, but it would indicate a willingness to take the first steps towards working together. If people are not willing, at a bare minimum, to endorse other peoples' positions in the Government, yet will go into government with those same people, there is something inherently unstable about that. Our argument is that there should, therefore, be a collective vote on electing the First Minister and Deputy First Minister. The office should remain coupled in the way that it is at present.

Mr McNarry: The discussion so far says to me that we need to redefine the role of the Office of the First Minister and the Deputy First Minister (OFMDFM). My experience in the First Minister's Office told me that "jointery" between the Ulster Unionists and the SDLP simply did not work. I cannot recollect that I could compile a list of great successes. With regard to redefinition, it was inappropriate that, apart from other duties of little consequence, the First Minister and the Deputy First Minister had — and the Civil Service and the back-up team wanted to prove "jointery" more than anyone else — responsibility for community relations.

Consultation documents came out of that office as if paper had just been invented and was something novel to play with. In effect, nothing of any substance or benefit to the community came out of it. The First Minister and the Deputy First Minister spent their time fire-fighting community disputes. I thought that it was menial that the two titular representatives of the Government of Northern Ireland — and I am not belittling community relations as a departmental issue; it is very important — had that responsibility but could not make a decision between them.

The First Minister — and what is the point in calling him that if that is not what he is? — could say or do nothing without the approval of the deputy. In one instance, the First Minister could not visit a Protestant area, because the Deputy First Minister would not go with him. The First Minister was told that he could not and must not go — it was not "jointery". One would have thought that the relationship between the two parties at that time and the personnel involved would have been pretty amenable to sorting things out. Given who we might have as First Minister and Deputy First Minister, I see a crazy situation arising; obstinacy would kick in, and that would be that.

There is an interpretation of the working of this office in which "jointery" is key. If asked, the last First Minister would not agree that he operated a joint office, and that is the problem: the First Minister is the First Minister, and the deputy is deputy. The First Minister should always have a deputy, but it might be better if he or she chose the person rather than have the crazy "jointery" with which the office is bedevilled. Unless we agree and recognise that, we are going nowhere. We need to redefine the workings of that office.

Mr Campbell: My contribution is a variation on what David said. It is clear that, under the old system, the Office of the First Minister and the Deputy First Minister was not just about the establishment of a Department. It was also about the perception of the “representatives” of the two communities and of the two largest parties acting in unison, and that gave out a particular message, whether said or unsaid. It was said many times, and left unsaid some times, but that was how it was perceived. Its practicalities under the old system were as David McNarry said.

My party knows less about it than David does, but if that was the case under the old system, will anybody claim that under any new system such a projection would be anything other than a pretence? Any system that we agree must acknowledge and allow for the difficulties of the past; it must be sufficiently fluid and flexible to permit Government to continue and to permit the First Minister and the Deputy First Minister to be elected. It must not perpetuate the urban myth that this is a joint office with the two Ministers acting only after prior consultation and agreement with each other with neither able to do anything without the consent of the other. Either we accept that that did not work or we do not, and most people accept that it did not.

12.15 pm

The Chairman (Mr Wells): Mr McNarry has provoked much interest. Mrs Long, Dr Farren, Alan McFarland, Peter Robinson and Mr Murphy wish to speak. As there is quite a lot of debate forthcoming, members will please try to keep it as snappy as possible.

Mrs Long: The issues concerning the functions of the Office of the First Minister and the Deputy First Minister need to be resolved later. This debate is specifically about how that office is elected. The Alliance Party has some firm proposals as to how the office should be shaped. We oppose Members simply being put into those positions — particularly such responsible positions within the Executive — on the basis of simple mandatory coalition rules, where Members are placed in positions and that is the end of the line. There should be a joint election for the posts of First Minister and Deputy First Minister, in the context of the Executive also being subject to an Assembly vote to endorse it. It is important that that should take place.

The DUP has said that it would not be in favour of a joint election of First Minister and Deputy First Minister. The position between that and simply adopting a mandatory template is to choose a First Minister and a Deputy First Minister, fill the remaining Executive posts and endorse them on the Floor of the Assembly. Is the DUP suggesting that position, or does it propose that those posts should simply be filled on a mandatory basis with no endorsement from the Assembly?

The Chairman (Mr Wells): The DUP can either interject with a point of information or wait until its next turn.

Mr P Robinson: I have other things to say, so I will take Mrs Long’s views on board as well.

Dr Farren: Experience has much to teach us in this matter as in others. I am not sure that all the bedevilment of the Office of the First Minister and the Deputy First Minister that has been mentioned can be attributed to the joint nature of the office. Indeed, it is a challenge to the principle on which the joint nature of the office is based. I also recognise that we can point to anomalies, as Peter has done, in respect of the operation of the election of Ministers under the mandatory principle.

Let us look at what we expect of the First Minister and the Deputy First Minister and why we would have two such Ministers on a coequal basis. In a sense, it comes back to the underlying objective of what we are trying to achieve: reconciliation; respect; and co-operation between our communities.

The Office of the First Minister and the Deputy First Minister is not, therefore, a functional set of responsibilities for each office-holder, whereby business of the Executive is managed. However, there is a clear representative function on behalf of the Assembly as a whole and, indeed, on behalf of the entire enterprise — the people of Northern Ireland. Therefore, for the Assembly to jointly elect both posts goes some way to endorsing that particular representative responsibility, in that representatives of each community have confidence in the Minister from the opposite community who holds one or other of the two offices.

There is no doubt that, if two people and two parties are involved, more than two parties will be involved in any decision-making process. Before we get too tied up with the problems that arose in the past and directly attribute them to the joint nature of the office, we should recognise that reaching a decision in this case will necessarily be a little more complex and lengthy than if there were only one person and one party.

The most efficient form of Government might well be one that is run by a dictator, who simply tells the rest of us what to do. However, when parties and their representatives are involved in the decision-making process, we must accept that there will be some inherent complexities and, if nothing else, delays in the way in which decisions are reached. That is part and parcel of that type of process. Indeed, in this society, it is probably an essential part of building consensus and ensuring that reconciliation will flow from that consensus.

Therefore, before we rush to address the practical difficulties, let us not lose sight of the underlying principles that have informed some of the procedures adopted in the Good Friday Agreement. I have some

fairly close experience of the way in which things operated. Decisions were reached, meetings were held under joint chairmanship, and the process of government was conducted in such a way that gave at least the prospect of matters improving. However difficult, complex, tedious and lengthy some of those procedures and processes, we must weigh them against our ultimate goal.

The Chairman (Mr Wells): Gentlemen, ladies, it is 12.21 pm, and the food is about to arrive. I am looking for your guidance.

Mr Campbell: The food wins the vote, Chairman.

Dr Farren: On this one.

The Chairman (Mr Wells): The next members to speak will be Alan McFarland, followed by Peter Robinson. Are members happy to break for lunch now, or would they rather conclude the meeting first?

Dr Farren: How long will it take to finish the meeting?

The Chairman (Mr Wells): At the rate we are going, we will be having food in about two hours' time.

Dr Farren: Let us have the food. It will be sustenance for the battle that lies ahead.

The Chairman (Mr Wells): We will take a 15-minute break.

The Committee was suspended at 12.23 pm.

On resuming —

12.47 pm

The Chairman (Mr Wells): The Clerks arranged a very pleasant lunch. If that trend continues, it will be very welcome.

We broke after Dr Farren's contribution; Mr McFarland is next, followed by Mr Robinson and Mr Murphy. After that we want to move quickly on to the next topic.

Mr McFarland: The joint nature of the Office of the First Minister and the Deputy First Minister (OFMDFM) was a core safeguard in the agreement. David McNarry has highlighted various problems. There were major problems with the personalities involved in the first Assembly. That does not mean that the actual joint nature was wrong; rather, it did not work particularly well because those involved were, shall we say, not comfortable with each other.

Many issues were assigned to that office that perhaps should not have been. There are issues that are outside the office, but that might reasonably be put in. There is a whole discussion to be had about what OFMDFM as a Department should contain. There is also an issue about the oversight of that Department, but it is hard to see how we can move away from the essential safeguard of the joint nature of the office. It is not ideal — in many ways it is far from ideal — but it was put there because the communities did not trust each other to operate independently.

It is difficult to see how one could interfere with the joint nature of the office, which is in the legislation, without having a complete renegotiation of the entire agreement. I do not think anyone is suggesting that; it would take years. The chances of us getting agreement on anything similar ever again are nil, I should think.

Mr P Robinson: I have a slight distaste for people who put forward propositions without explaining how they are so. How is it a "core safeguard"? What is it safeguarding? What does one method of electing a First Minister and a Deputy First Minister safeguard over another? You still end up with a First Minister and a Deputy First Minister. There is no safeguard within the election.

Mr McFarland: I think that Peter has misunderstood. I have moved on to the essence of the Department. I agree that we should go back to the issue of elections. My comments were in relation to the essence of the Office of the First Minister and the Deputy First Minister and the joint nature of it; they were not specifically to do with the voting mechanism for it, which I covered earlier.

Mr P Robinson: I agree with David McNarry. He has identified something that is not on our agenda: the role of the First Minister and the Deputy First Minister.

When there was a First Minister and a Deputy First Minister, I was startled to see that they felt that they had to go about hand in hand and even go to the toilet together. It seems absurd that there could not be a sensible division of the workload and still have it considered to be a joint office. That should be done.

We do not expect the two of them to stand up and answer questions by chanting the same answer at the same time, so they do not have to do everything together at the same time. The Office of the First Minister and the Deputy First Minister has a joint responsibility rather than the two Ministers being expected to do everything jointly together.

Therefore it would be worth having the role of the First Minister and the Deputy First Minister as an item on the agenda.

The Chairman (Mr Wells): The functions of OFMDFM are included under “Efficiency/Effectiveness”, and they would be better discussed under that heading.

Mr P Robinson: I will perhaps return to it when we are discussing that heading.

The Chairman (Mr Wells): We are currently discussing the mechanism for electing the First Minister and the Deputy First Minister.

Mr P Robinson: The definitions of the functions are distinct from how those functions are exercised, and David McNarry’s point was about how the functions are being exercised. Therefore as long as you are happy to add “the exercise of those functions” we can deal with this point under “Efficiency/Effectiveness”. I am not sure that it is a matter of efficiency, but it is certainly a matter of effectiveness.

I will deal with the principle of the election of the First Minister and Deputy First Minister and its practice. With regard to the principle, I would contend that no violence is being done to the institutions by the mechanism that is used for the election, and no underlying principle is harmed by having it elected in a different way.

Someone asked how the elections would be carried out. The most obvious way is to use the same kind of format that exists for the election of Ministers. Therefore the nominating officer from the largest party in the largest designation will make the appointment of the First Minister and the nominating officer for the largest party in the second largest designation will make the nomination for the Deputy First Minister. Just as there is no requirement for a vote to elect Ministers under the existing practice, so it would be for the First Minister, the Deputy First Minister and other Ministers.

The SDLP and the Ulster Unionists protested about the fact that if they did not vote for the ministerial state, at the end of the day they would be excluded from Government. They did not explain to me how

they felt it would be proper for them to be a part of an Executive that they were not prepared to vote for. If they answered that for me, they would probably give me a stick to beat them with where the First Minister and the Deputy First Minister are concerned.

If they were willing to serve in an Executive with those who have been nominated by other nominating officers, I cannot understand why they would not be prepared to vote collectively for that Executive. If, however, that is the case, they add to the argument that there should be no similar requirement in respect of the appointment of the First Minister and the Deputy First Minister.

I now turn to the practice of this election. The DUP preferred a voluntary coalition; in that way you can choose whom to take along with you. If we do not have that system, why should one be asked to vote for people whom one did not choose to be in Government? It is as simple as that. If members want a mandatory system, let it be a mandatory system; if they want a voluntary system, let it be a voluntary system; but let us have consistency in one or the other. That is the principal argument. Just as this Committee was deadlocked in its decision to elect a Chairman, MLAs will be deadlocked if they have that requirement for a future Assembly. Is that really what members want?

Mr Murphy: There are two discussions: one is on the mechanism for electing the First Minister and the Deputy First Minister, and the other is on the operation of that office. The previous incumbents did not operate as well as they could have, but they managed to agree to limit the scope of the scrutiny function of the Committee of the Centre. They also agreed to take matters that related to the Strategic Investment Board into the Office of the First Minister and the Deputy First Minister. They found agreement on issues that the rest of us had difficulties with, but that is not an argument for changing the current mechanism.

There are anomalies in the Good Friday Agreement. The issue of electing the First Minister and the Deputy First Minister was meant to have symbolic significance, but the operation of that office by the former First Minister and Deputy First Minister did not lend itself to that. Nonetheless, Sinn Féin does not believe that there is an argument to change that now. We advocate that it stays as it is, under the Good Friday Agreement.

Alan McFarland mentioned ideas that had been put forward by the two Governments in the latter half of 2004. Sinn Féin has made it clear time and again that any proposals that were considered at that time were in the context of the situation that pertained at that time. We also made it clear that our approach to matters involving the Executive or the First Minister and the Deputy First Minister was one of inclusivity and of locking people into the Executive; it was not about

locking anyone out of the Executive. Sinn Féin is unique among all the parties in that it has no history of the practice of exclusionist politics.

On the election of the First Minister and the Deputy First Minister, we advocate sticking with the Good Friday Agreement as it is.

Mrs Long: The Alliance Party has stated its position on a voluntary coalition. However, if we were to have a mandatory coalition, our argument would be different to that of the DUP. We would try to amend that coalition to increase and enhance the amount of collaboration and collectivity within it, rather than diminishing those on the basis that if it is mandatory, let it simply be mandatory and nothing more. The Alliance Party would like that collective role and nature to be enhanced.

The Alliance Party proposed that the Executive should be subject to a vote of support in the House, and that Members who enter into a mandatory coalition could choose to absent themselves from nominating to ministerial posts if they are unhappy with the make-up of the mandatory coalition. However, if Members are going to nominate to that coalition, it is important that they at least acknowledge that other Members have a right to be at the table with them.

The DUP seems to prefer not to have a joint election for the posts of the First Minister and the Deputy First Minister. Is the DUP therefore willing to vote for them as a collective with the rest of the Executive or is it simply a matter that that would be mandatory and nothing more?

Mr P Robinson: The terms of the proposal are what would matter. The terms of the proposal that we agreed to vote for in December 2004 were that those who are nominated would be in the Executive. That is slightly different.

The Chairman (Mr Wells): Everyone has had adequate opportunity for discussion. There seem to be two proposals: one from Mr Robinson and one from Mrs Long. I shall put the first to members. Mr Robinson proposes that the positions of First Minister and Deputy First Minister be filled by separate nominations. The largest party would nominate to the post of First Minister, and the second largest party would nominate to the post of Deputy First Minister.

1.00 pm

Mr P Robinson: No, that is incorrect. The largest party would nominate to the post of First Minister, and because the two largest parties may be from the same designation, the larger party from the second largest designation would nominate to the post of Deputy First Minister.

The Chairman (Mr Wells): Yes, sorry, I get your point. The proposal, therefore, ends with the second

largest designation nominating to the Deputy First Minister post. Do we have agreement on that?

Members indicated dissent.

The Chairman (Mr Wells): As there is no agreement, that proposal falls.

Mr P Robinson: I assure you, Mr Chairman, that it does not fall.

The Chairman (Mr Wells): It falls as far as getting the agreement of this Committee is concerned. It will arise again in future discussions.

Mr P Robinson: May I identify that as an issue that must be resolved?

The Chairman (Mr Wells): OK.

Mrs Long's proposal is that the election of the First Minister and the Deputy First Minister be the subject of a collective vote in the Assembly.

Mr McFarland: That is the current position.

Mrs Long: No, I raised two issues. The Alliance Party's preference is for the First Minister and Deputy First Minister to be elected with a collective vote, which is the current situation. However, we recognise that at least one party has significant issues with that, and we wish to seek a compromise that does not diminish the collectivity of that joint office, but increases the collectivity of the entire Executive. Therefore the Alliance Party's proposal is that the entire Executive, including the First Minister and the Deputy First Minister, should be endorsed by a vote in the Assembly.

The Chairman (Mr Wells): In that case, "the entire Executive" must be added to your proposal.

Mr Murphy: The election of the Executive is included in the next item on the agenda.

The Chairman (Mr Wells): How should we deal with this?

Mrs Long: I am indifferent as to how we deal with it.

The Chairman (Mr Wells): Is it still a proposal?

Mrs Long: If it would be better to consider the proposal under the next point, I am happy to defer it until then.

The Chairman (Mr Wells): Thank you.

We move on to the next item, which is the approval of the First Minister and the Deputy First Minister and the Executive. Clearly, there is a high degree of overlap between this discussion and the one we have just had, so we do not wish to rehearse all those points again. Does anyone from the DUP wish to say anything? Other parties raised this issue, but the DUP made the lengthiest submission.

Mr P Robinson: We have dealt with at least part of this point, and my comments referred to the approval

of the First Minister and the Deputy First Minister and the Executive. There can be no argument for requiring the approval of the nominations for the First Minister and the Deputy First Minister but not of the Executive. That seems to be a point made by both the Ulster Unionists and the SDLP.

The Chairman (Mr Wells): Is there any reaction to that?

Mr McFarland: I want to clarify whether the vote on the nominations to the Executive would be cross community. Presumably it would be.

Secondly, what would happen if the cross-community vote were to go against the nominations? Technically, a particular party or designation may be unhappy with one Minister only. What mechanism would there be to tell the party that nominated the so-called objectionable Minister that its nomination had been rejected and that to get approval for that position, it might have to nominate again? What would be the consequential outflow of a vote against the collective Executive? The vote may have been against one Minister, two Ministers or whatever, but how could that problem be identified?

Mr P Robinson: There is a further issue: are we saying that we would operate a system in which a nominating officer could be overruled?

Mr McFarland: The current system for electing the First Minister and Deputy First Minister is that a nominating officer can be overruled in the Assembly by a party of another tradition saying that it is not happy.

Mr P Robinson: There is no nominating officer for the election of First Minister and Deputy First Minister.

Mr McFarland: The Assembly can express a view on the election of First Minister and Deputy First Minister and it does not matter who the nominating officer has put forward. The Assembly can tell the nominating officer that it is not happy with the nomination, and to think again.

Effectively, there is a nominating officer: the largest party puts forward person A to represent its party, and the other tradition puts forward person B to represent it. They are nominated but not by a nominating officer — although presumably they are nominated within their party.

The Assembly does not have the ability to say that it is not happy with the ministerial choice.

Mr P Robinson: It could have.

Mr McFarland: Yes, but how could that be identified? Everybody could be happy with nine of the 10 Ministers, but how could the Assembly identify the Minister that one or more parties, of whatever tradition, are not happy with, and tell the party concerned to think again.

Mr P Robinson: Presumably a party would say whom it is opposed to. What happens after the Assembly has identified that person, or persons?

Mr McFarland: There would be a debate.

Mr P Robinson: You want the nominating officer to change the nomination.

Mr McFarland: There is no point in voting if the Assembly does not have that option.

Mr P Robinson: Absolutely. There must be consistency one way or the other. Either the Assembly has the right to choose its First Minister and Deputy First Minister and its Ministers, or it is mandatory throughout.

Mr McFarland: But you are choosing your First Minister and Deputy First Minister with the current system.

Mr P Robinson: You are. I am proposing something different.

Mr McFarland: Chairman, the First Minister and the Deputy First Minister share joint office and they are voted for jointly. The Assembly can say that it is not happy with that pair being in the lead. That is the choice at the moment. It has been suggested that there should be a vote for the Ministers as well. However, Peter Robinson seems to be saying that even if the Assembly says that it is not happy with those Ministers, it cannot gainsay the nominating officer of a particular party by saying that the Assembly may not be happy with that Minister. What is the point of having a vote if the Assembly cannot influence the choice, and how does the Assembly identify whether it is a particular Minister that the Assembly is not happy with, or whether the Assembly is not happy with five of the Ministers?

The Chairman (Mr Wells): Presumably there would be a debate.

Mr McFarland: That was my question. There should be a debate after the nominations, in which case, Members could say who they like or dislike, and have a vote. What would that achieve if you were gainsaying the nominating officer?

Mr P Robinson: That is why it should be either mandatory or voluntary, throughout the system. Mr McFarland seems to think that because the Belfast Agreement says that this is a joint office and they must be elected jointly, that that is it. I do not accept that. I accept that it should be the same system for the election of First Minister and Deputy First Minister as it is for the Ministers.

Mr McFarland: Chairman, we have a system — *[Interruption.]*

Mr P Robinson: We do not have a system. We have deadlock at the moment.

Mr McFarland: A system is laid down in law, and the only way to get away from that — in theory — is by some sort of consensus that we need to move away from it. We are trying to work out the blockages that people have problems with, and whether there is any consensus to sort them out or not. Sinn Féin is deemed to be acceptable in Government, but we will not progress unless those problems can be sorted out and there is consensus.

I am not trying to argue, I am just trying to tease out the position on the various proposals, and the consequences of those proposals. If a vote were taken in the Assembly on the election of Ministers, could the Assembly do anything if a party refused to re-nominate? How could we identify which Minister the Assembly is not happy with? I am speaking to the people who proposed the system.

The Chairman (Mr Wells): Dr Farren and Ms Lewsley have been waiting a long time.

Dr Farren: I am interested in whether Peter will answer those questions.

Mr P Robinson: My proposition is that nominating officers should nominate for all positions, including First Minister and Deputy First Minister.

Dr Farren: We have little of substance to add. I have outlined reasons why the process of nominating the First Minister and the Deputy First Minister should remain the same. If we move to a situation where nominating officers nominate Ministers from the parties entitled to hold office, I am unsure as to what purpose a vote after that would serve. If there were a negative outcome, the only way of disapproving of the nomination of one Minister would be to disapprove of them all, identify during the debate the identity of the Minister in questions and hope that the nominating officer would act accordingly. However, I cannot imagine that any nominating officer would.

The alternative might be for a party so minded to enter a vote of no confidence naming a particular Minister. Again, that would not have the intended effect. Disapproval of a Minister would have to achieve a level of cross-community support for it to have any impact.

Ms Lewsley: With respect to the collective voting of Ministers, it would be hard to identify which Minister is disapproved of, unless he or she is named in a vote of no confidence, which Seán mentioned. My concern is that it would descend into a personality contest. If parties enter an Executive in good faith, how can one party say that it does not accept a nomination from another? Parties will make recommendations for their own reasons. It is unreasonable for a party to claim that it does not agree with another's nomination because they believe that that person is unsuitable for the job.

Mrs Long: This discussion highlights the specific problems of trying to achieve inclusivity and collectivity within a mandatory coalition system. The vote to endorse the Executive ought to reinforce its collectivity, but it is being viewed as a means of pillorying individual Ministers. That is not the context in which such a vote should take place. However, that says something about the attitude of parties around the table in that they will see that vote as an opportunity to attack Ministers from other parties.

Bearing in mind that those Ministers and their colleagues will serve in the same Executive as members from other parties, it seems ludicrous for members of the same Government to attack its Ministers. When Minister publicly turns on Minister, it is a sign of a failing Government.

This discussion highlights that establishing a sense of collective responsibility in the Executive at the outset is critical to its functioning. The election of Ministers to the Executive should not be a mechanism of declaring no confidence in an individual, but a mechanism by which a party recognises that other parties have the same rights and responsibilities to nominate the appropriate Ministers from within their party teams. It is not about simply about picking and choosing other parties' nominations, but about reflecting the fact that a party accepts the right of other parties to make those choices and accepts that they are part of a collective.

There was a strange situation in the last Assembly where Members were Ministers, but not members of the Executive. That is not a recipe for good governance, and it certainly does not enhance collectivity within the Executive or create stability. It would be better if Members endorsed the notion of the Executive. Peter Robinson used a form of words by which nominations would be accepted. That might be a lowest common denominator, but it would be better than no endorsement whatsoever, which would suggest that parties have not bought into the idea that, once in the Executive, they are part of the same Government.

The Chairman (Mr Wells): No one else has indicated a wish to speak. I have a proposal from Naomi, although I am open to others. The proposal says that the entire Executive, including the First Minister and the Deputy First Minister, should be subject to a collective vote in the Assembly. That is obviously a combination of earlier proposals. Are there any other proposals?

1.15 pm

Mr P Robinson: I want to ensure that everyone understands the process. My argument was that the nominating officers should nominate a First Minister and a Deputy First Minister in the way in which I outlined, and there would be no vote. Ministers would

then be nominated by parties' nominating officers, as was the practice. Collectively, all the Ministers would make up a team, and, as proposed in the comprehensive agreement, the proposal that Ministers A, B, C, and so forth, would form the Northern Ireland Executive would be put to the Assembly. Therefore, the requirement is clearly an acceptance — as opposed to a desire — that those Members will be in the Executive. It gives, at least, a higher degree of approval for their work than has been the case heretofore.

Mr McGimpsey: In the first mandate, the First Minister and the Deputy First Minister were not elected on the same day on which the rest of the Executive were appointed, and they were subject to different mandates. The First Minister and the Deputy First Minister are elected under the principle of parallel consent and the rest of the Executive are appointed under d'Hondt. If both the First Minister and the Deputy First Minister and the Executive are to be elected at the same time, how will those mandates be changed? It seems much more sensible to keep the election of the First Minister and the Deputy First Minister separate, and, once they are in place and the Assembly has consented to and approved the individuals concerned, they will form a Government, albeit a mandatory coalition formed under d'Hondt.

Mr Murphy: Following on from what Michael McGimpsey has said, and this is an issue that the DUP has raised on several occasions, it is up to the First Minister and the Deputy First Minister to decide on the number of Departments. If all were elected on the one slate, it strikes me that that would end that debate. Nonetheless, we are content with the system as it currently stands under the terms of the Good Friday Agreement.

The Chairman (Mr Wells): I think that our lunch has slowed us down.

Having listened to what the DUP delegation has said, I believe that we have another proposal. Mrs Long's proposal is that the entire Executive, including the First Minister and the Deputy First Minister, should be subject to a collective vote in the Assembly. Have we consensus on that?

Mr McFarland: What are the implications of a "No" vote on that?

Mr P Robinson: The same as they are for the election of a First Minister and a Deputy First Minister — deadlock.

Mrs Long: Whatever the mechanism, parties can contrive a deadlock if they are intent on doing so.

Mr McGimpsey: Is Mrs Long talking about parallel consent?

Mrs Long: If the composition of an Executive is endorsed after a vote in the Assembly, that, as far as

the public is concerned, at least shows a willingness to work together in the Executive. It also sets down a marker for parties in that they have recognised other Members' right to participate fully in the Executive.

Mr McFarland: First, is Naomi saying that the First Minister and the Deputy First Minister and the Executive should all be voted for together, as Peter has suggested?

Secondly, should the vote be subject to the principle of parallel consent or 60:40:40?

Mrs Long: First, I will reinforce the Alliance Party's stated position. The party's preference would be for the First Minister and the Deputy First Minister to be jointly elected in a separate vote. However, it is clear that there is no consensus on that proposal. My new proposal accommodates those who do not wish to have a separate vote on the election of the First Minister and the Deputy First Minister. At the same time, the proposal enhances Executive collectivity in general. The party believes, on principle, that progress must be made on that issue.

It is not that we are unwilling to see a First Minister and a Deputy First Minister elected; we have made our position clear on that. The DUP in particular is not content with that position. We are saying that there is a way of ensuring that the First Minister and the Deputy First Minister are elected and that collectivity in the Executive is simultaneously enhanced by putting the entire team to a vote.

Mr McFarland: By parallel consent?

Mrs Long: That would not be our choice. Weighted majority would be our preference, but I imagine that it would be at least a cross-community vote.

Mr McFarland: What does the law say on this? I understand that the law is specific on the roles and functions of the First Minister and the Deputy First Minister and the order in which all this takes place.

Mrs Long: If we are here to discuss how the Assembly will function, discussing the laws that surround the framework of previous Assemblies is not necessarily useful.

Mr P Robinson: We are talking about how to change the law.

Mrs Long: The law is a moveable feast; it can be changed if necessary to accommodate any agreement that might be reached around the table. The issue is not whether the law permits it, but whether we agree it.

Mr McGimpsey: Yes, but it is better to do it within the existing framework if we can. Otherwise we will need agreement around the table on every jot and tittle.

The Chairman (Mr Wells): Members, there is a slight addition to Mrs Long's proposal that a vote in

the Assembly should be cross-community. We have looked at this from every angle.

Mr McFarland: Parallel consent, is that right?

The Chairman (Mr Wells): No, cross-community vote.

Mrs Long: My proposal is for a cross-community vote, the definition of which has already been discussed.

Mr McFarland: Therefore we are dropping the requirement for the First Minister and the Deputy First Minister under 50:50.

Mrs Long: Yes. That is what the proposal involves.

The Chairman (Mr Wells): To reiterate, the entire Executive, including the First Minister and the Deputy First Minister, should be subject to a collective vote in the Assembly by a cross-community vote. Do we have consensus on that?

Members indicated dissent.

The Chairman (Mr Wells): The proposal falls.

I detect a proposal from the DUP, stating that the nominating officers should nominate the First Minister and the Deputy First Minister and the other Ministers, and that nominations to the Executive should be put to the Assembly for the vote. It does not say what type of vote. Perhaps we should beef that up a bit; I am summarising from the various contributions.

Mr P Robinson: Having the nominating officers nominate the First Minister and the Deputy First Minister and the Ministers is the way forward. If we want to get more collectivity, we can make it subject to a cross-community vote in the Assembly.

Mr Murphy: Is that the same proposal that we just discussed?

The Chairman (Mr Wells): What is the difference between that proposal and Mrs Long's?

Ms Lewsley: None. Except that Mr Robinson was saying that the First Minister and the Deputy First Minister would be nominated, then a team of Ministers would be nominated and voted on collectively; whereas Mrs Long proposed that the First Minister and the Deputy First Minister and all the Ministers would be voted in and on collectively.

Mr P Robinson: I understood Naomi's proposal as almost two separate votes in the Assembly, one for the First Minister and the Deputy First Minister —

Mrs Long: No. That would be our preferred option, but my proposal was specifically to accommodate those who did not want —

Mr P Robinson: Chairman, you were wrong in assuming that there was another proposal.

The Chairman (Mr Wells): There seems to be little or no difference between the two, so it is not worth putting it to a vote.

We will move on to the other issues: proportionality, petitions of concern, the Assembly referring to the Executive, etc.

Proportionality was listed as a concern by the DUP. However, we could not tease out what was behind that issue.

Mr P Robinson: I do not think that it was put forward as a concern. At one stage we needed to go through all the facets of the structures and institutions, agreeing on some and not on others. It was not being raised as a concern; it was being put forward as one of the elements of the institutions.

Mr McFarland: Can you refresh us about what it is?

Mr P Robinson: We are talking about the proportionality representation on Committees, etc.

Mr McFarland: Do you mean d'Hondt?

Mr P Robinson: At present it is d'Hondt.

The Chairman (Mr Wells): We do not need to dwell on that issue.

Mrs Long: In previous discussions the SDLP has said that, rather than run d'Hondt separately for ministerial posts, for Committee Chairs and so forth, it should be run just once. That would be a good thing. Our problem is not with proportionality itself, but with the d'Hondt mechanism. The fewer the number of posts, the larger the number of groups and the larger the disparity between the groups, the less proportional d'Hondt becomes and the more anomalies that are possible. That will be an issue during the discussions about the number of ministerial positions and Departments, because fewer Departments means less reflection of proportionality. Is the SDLP still of a mind to look at that issue under the heading of "Proportionality"?

The Chairman (Mr Wells): Are you suggesting that d'Hondt become a very long process, starting at the top with the Executive and going all the way down to the last Committee position?

Mrs Long: Yes.

Mr McFarland: All the big parties would get completely disenfranchised on the Committees.

Mrs Long: That is not, of course, the case.

The Chairman (Mr Wells): We have a heading "Formation of Committees".

Mrs Long: It was not my proposal; I was simply asking the question of the SDLP.

Mr P Robinson: Surely we are mixing jelly beans with liquorice allsorts.

Mrs Long: Given that the SDLP raised the issue in earlier discussions about proportionality, I was simply asking for its views. Is that not the point of holding these meetings — to ask questions?

The Chairman (Mr Wells): “Formation of Committees” is a separate heading under “Committee System”, and we can address the issue of proportionality when we get to that.

Dr Farren: I would not want Naomi to be held in suspension until then. *[Laughter.]*

The SDLP suggested that the clock should not be restarted after d’Hondt is run to form an Executive; that would lead to a more proportionate and representative allocation of positions. In practical terms, we would want to examine in further detail how far the clock should continue to run. The principle that proportionality should be operated in that way should be considered.

Mrs Long: To restate our position, we would prefer to see the formation of an Executive, and elections to other positions, being conducted through an STV ballot of Members, rather than simply by running the d’Hondt formula. I do not expect that to become a proposal, nor do I expect it to get consensus, but that is my party’s position.

The Chairman (Mr Wells): In the absence of any motions, we have consensus to move on to the next item, “Petitions of concern”. A petition of concern must be signed by at least 30 Members, and it triggers a cross-community vote. This issue has featured in many submissions, although I do not detect much concern about the actual mechanism. Does any member wish to raise concerns? Petitions of concern have been used on seven or eight occasions that I can recall, including the famous “Easter lilies” debate.

Mr P Robinson: If ever there was a safeguard in the system, this is it.

Mr Campbell: The only concern was that the petition of concern would be dropped.

The Chairman (Mr Wells): Are members content with the petition of concern as it stands?

Members indicated assent.

The Chairman (Mr Wells): Everyone wants to retain the petition of concern. We have consensus, and we are on a roll.

This is a slightly more controversial issue: a proposal for an Assembly referral to the Executive. Again, this is an issue that the DUP has raised.

1.30 pm

Mr P Robinson: This matter is relevant in the context of a wider discussion about the accountability of the Executive and of Ministers. However, it is only

one element of that wider issue. At our last meeting, David McNarry mentioned that powers were devolved by legislation to the Departments, as opposed to the Assembly. That meant that the Assembly does not have control over business — it does not have the final say. Individual Ministers have that final say. Therefore, the question is: who is accountable, and to whom?

The mechanism of which this is a part is intended to introduce some accountability into the system. Our proposal allows the Assembly to refer matters with which it is not content to the Executive. Obviously, our preference is that power should be devolved to the Assembly, which ultimately could decide against or in favour of a Minister’s proposal.

If power rests with the Assembly, this proposal becomes irrelevant. However, if power rests with a collective Executive, this measure is a safeguard that allows the Assembly to keep batting a matter back to the Executive for whatever number of times we allow. If power is to rest with Ministers, we shall not have any accountability.

The Chairman (Mr Wells): This and the next two issues for discussion — the statutory recognition of the supremacy of the Assembly, and the power to reverse ministerial decisions in certain circumstances — strike me as having such a degree of overlap that it would be best to discuss all three matters at once. There is bound to be overlap, and a single debate would neatly finish off this section. The entire relationship between the Assembly and the Executive, and the control thereof, is the issue here.

Mr McFarland: The question of where power resides concerns fundamental issues of law that are quite complicated. Without a detailed legal study it is hard to say whether that can be solved. The other two issues are potentially solvable among the parties. The idea of referring topics back to the Executive seems to be quite healthy. The question, I suppose, is whether one needs cross-community support before one can refer a matter back to the Executive. Under the comprehensive agreement proposals, the Assembly could have sent a matter back twice. The difficulty was that even if the Assembly disagreed with something it still did not have any power, other than referring it back twice, to actually do anything about it. Therefore, the question is whether the Assembly should have the ability to gainsay the Executive and the Ministers. It is also tied in with the reversal issue.

Technically, the issue should never arise. Logically, Ministers should confirm their position with their own parties, and there would be no one in the Assembly to vote. However, members will vividly recall the GP fundholding vote, when the Assembly put back fundholding for a year under Minister de Brún. I am not sure whether there were any other instances where

the Assembly rebelled against what the Executive had collectively agreed.

There are times when that tension is extremely healthy, but how far do we go? Do we simply allow for the embarrassment of referring a matter back to the Executive twice to lead to an outcome? Alternatively, do we agree that if a matter is returned three times, the Assembly's writ runs?

The Chairman (Mr Wells): It strikes me that this debate will go nowhere if one party says that the Executive must be supreme in every instance. If parties believe that the Executive must have complete control, we shall not make much progress on the other issues. It is important to see where the various parties stand on this crucial issue. I shall ask Naomi Long and then the other two parties to let us know where they stand on this matter.

Mrs Long: Our position is that, in certain circumstances, which should be very tightly defined, the Assembly needs to have the power to negate a ministerial decision on the basis of a cross-community vote. That is distinct from ministerial decisions that require cross-community support to pass. We have detailed proposals on this, and we would be happy to circulate them, if that would be helpful.

Our proposal is that if someone were to put forward such a motion, it would have to be signed by at least 20 other Assembly Members in order to reach the stage where the Speaker would judge whether it was competent — given the rules that would have to be set up to strictly limit the degree to which that could happen — or whether it was vexatious. Once it had been agreed as competent, it would be debated. If there were a cross-community vote in favour of negating the Minister's decision, the motion would come back to the point at which no decision had been taken. That is our proposal for accountability between Ministers and the Assembly.

Of more importance, however, is the issue of collectivity within the Executive. It is clear that at different points during the last Assembly, all members of the Executive were not supportive of individual ministerial decisions. We do not want to set up a series of vetoes, whereby Ministers would be hampered in the conduct of their duties. We want to see some form of enhanced collectivity within the Executive. Again, we envisage a mechanism for a Minister to be called to the Executive to debate a particular issue if it were judged to be contentious by a number of his or her Executive colleagues.

We can submit more detailed proposals on that, but we believe that the Assembly should have the right to negate a decision in certain circumstances.

Dr Farren: This is a complex issue, and I am not sure whether, in the course of what will be a fairly

cursorious discussion, we will be able to make all the necessary distinctions to arrive at a consensus. If we consider practice elsewhere, we can take the maxim of the Mother of all Parliaments that Parliament is supreme. However, the exercise of ministerial responsibility is not so circumscribed to the point where every decision that a Minister makes is subject to the approval or otherwise of that Parliament. We have to recognise some distinctions, among which would be ministerial decisions made in the context of the Executive responsibility that Ministers have, so that there is not the potential for gridlock to be created by the decisions that they take.

In one sense you can say yes to the principle of the Assembly's being supreme in a democracy. However, we must consider carefully the distinctions that must be made between the kinds of ministerial decisions that are to be subject to the ongoing approval of the Assembly. Although we do not want to inhibit the smooth operation of government, we must recognise that MLAs have the right to challenge, question and, indeed, where appropriate, express their disapproval or, if necessary, approval of what has been said.

At this point, I am not so aware of the fine distinctions that need to be made and I recognise that we may have to revisit the issue. Is it an issue, in the way that the question has been posed previously, that is regarded by any one party as a block to restoration?

Mr P Robinson: Yes, it is, because it goes to the heart of accountability.

It appears to me that what is being said does not move that far away from the proposals contained in the Governments' comprehensive agreement. First, they did not go for 20 — and I can see why Naomi might go for 20 — they went for the standard 30, which is the trigger mechanism for the petition of concern. That stops it from being used for some vexatious challenge made for some simple local reason and ensures that a significant body of people will use it for what they believe to be a matter of importance.

The Speaker would then have to subject the request to a test to ensure that it is important — the fact that a Minister wants to change to orange street lights may not be considered to be as important as some other issues. If the Speaker decides that it is an important matter, it would then be subject to a debate and a decision by the Assembly on whether it is referred back or not. There would be that criterion of importance, and it would be put into the impartial hands of the Speaker to decide on a non-party basis.

Mr Murphy: Also, there was a stipulation in that set of proposals that a matter could only be sent back once. It could not be sent back again by the Assembly. I do not think it is simply a matter of whether the Executive or the Assembly is supreme. There can be

sensible discussion on enhancing the accountability of Ministers to the Assembly, and that discussion, I suppose, does cut into the one about placing the ministerial code on a statutory basis. These are things that parties can reach agreement on. Sinn Féin does not consider those issues as a block to re-establishing the institutions. They are important matters. It is simply a matter of finding ways in which Ministers can rightly do their business and the Assembly can feel that it has proper accountability mechanisms in place.

It is very rare that a significant decision does not require legislation, which means that a Minister has to bring legislative proposals to the Assembly. There is scope for discussing accountability mechanisms and trying to get the proper balance between getting the Assembly's business done and the Assembly's role vis-à-vis Ministers. It is not simply a matter of whether one or other is supreme; it is a matter of getting the balance right, and that is something that the parties could discuss in even more detail than we are able to here. It is something that I can foresee agreement on.

The Chairman (Mr Wells): That was useful because no one has ruled out some form of control over the Executive by the Assembly, albeit that some wish for a stronger mechanism than others. I am just going to read the three tentative proposals that are before us at the moment. From the DUP:

"There should be a mechanism for the Assembly to refer ministerial decisions to the Executive for consideration."

Mr P Robinson: Let us be clear: the DUP says:

"In the absence of the Assembly having overall authority..."

which is our preference.

The Chairman (Mr Wells): OK. From Naomi Long:

"The Assembly should have power on a cross-community vote to negate a ministerial decision."

Mrs Long: Under certain specific controls. It would obviously not be unfettered. Unlike Peter Robinson, I can foresee a situation in which 30 people wished to be vexatious.

Mr P Robinson: There could be issues concerning schools or hospitals, and you could get the lower figure quite easily because many people would think that such issues were important. It is a matter of the degree of support that there would be.

The Chairman (Mr Wells): And then from Seán:

"Further consideration should be given by the Committee to the mechanisms of accountability between the Assembly and the Executive."

That strikes me perhaps as being at the lower end of the scale. Those are the three proposals. Do members

wish to start at the bottom and work their way up, as it were? How do you wish to deal with it? It is quite clear that there is some agreement that a mechanism is needed; it is just a matter of degree.

Mrs Long: I raised an issue about accountability within the Executive, which is pretty important, because a lack of accountability in the Executive often results in issues reaching the Chamber. As regards the DUP's proposal to refer a matter back to the Executive, what mechanism is there to deal with that at Executive level?

1.45 pm

The Chairman (Mr Wells): Far be it from me to cut you short, but "Executive" is a separate heading. We will consider that as a separate issue.

Mrs Long: My question is pertinent because I want an explanation. If, for example, the Assembly chose to refer something back to the Executive, what powers would the Executive have over an individual ministerial decision? In the previous Executive, that power was very limited.

Mr P Robinson: That is the reason why I would prefer that power to be vested in the Assembly, rather than the Executive. As I indicated, that is only one element of accountability.

Let us be clear: Executives will never be perfect; they will make mistakes and ignore issues because of time pressures or whatever. If the Assembly identifies an issue that should have been dealt with differently or with a greater degree of urgency, the Assembly can send it back to the Executive, which would have an opportunity to reflect on its previous decision. The Executive would also be able to take into account the weight of opinion and the nuances raised during an Assembly debate on the issue.

My proposal gives the Executive a second chance, as it were. It is a poor alternative to the Assembly having the authority.

Mrs Long: That proposal is not mutually exclusive with my proposal, whereby a decision could be sent back to the Executive for further consideration. The Assembly could even choose to negate a decision. The two proposals are not mutually exclusive in that sense.

Mr P Robinson: I prefer the proposal to allow a decision to be negated, because that gets back to Assembly authority.

The Chairman (Mr Wells): We must do what we did previously, in that where agreement is reached on a set of proposals, they are combined.

Dr Farren: We will not reach consensus on either the DUP or Alliance proposals, and perhaps we will not reach consensus on my proposal. However, the argument in favour of my proposal is that it subsumes the other two proposals, in a sense, and does not

exclude them from the discussion that we would commit to undertake. To shortcut the discussion, we could vote on my proposal. Obviously, if there is no consensus, there will be no consensus on any of the proposals.

The Chairman (Mr Wells): We will move up the ladder to see which proposal achieves the greatest degree of consensus.

The SDLP proposal is that the Committee should give further consideration to a mechanism of accountability between the Assembly and the Executive. Do we have consensus?

Mr P Robinson: That proposal is too limited for us to approve. This is a key issue of accountability that must be dealt with; further consideration is simply not sufficient. We require that that matter be resolved.

Dr Farren: With respect, that is your position.

Mr P Robinson: I can only give my position.

Dr Farren: I know that. That will be made clear in our further discussions.

Mr McNarry: I am not taking a position on the proposal. However, with all due respect, it seems that there is a move from the other side of the table to move these issues along. We are trying to produce a report. My concern is that, if we continue on this basis, our report will state that we want further discussion on almost every issue. I understand why that position is being adopted, but could we revisit some issues? Accountability is important.

Dr Farren: That is what I am saying.

Mr McNarry: We could come back to those issues in order to fulfil our obligations to produce a report in a more definitive way. What Seán is saying, with all due respect, is that the report will say that the Committee was unable to agree so many items in the time allotted. It should be borne in mind that the report will be put before the Assembly to debate, and it is hoped that there will be an outcome from that. I do not want the Committee to produce a report with so many ifs.

Mr McFarland: Can I just find out —

Dr Farren: Given that the question was directed at me, can I reply?

The Chairman (Mr Wells): Let Seán answer the question.

Dr Farren: I have made it clear that I have never viewed the report that the Committee hopes to present on 11 September as a final report in which all the issues have been wrapped up. Last week, I think that it was agreed that the Committee might have made only a modest achievement by then, whereby parties —

Mr McNarry: Consensus is a matter at which the Committee arrives. However, if the Committee's failure to reach consensus is simply because it cannot

achieve it by a specified date but may be able to do so later after a certain amount of reconsidering, perhaps we should dispose of the issue now.

Dr Farren: That would be the effect of my proposal.

Mr McFarland: Does the SDLP need more time to consult or does it feel that this issue should be left to the negotiations? If either of those applies, should the Committee move on and come back to the issue when the report is being drafted?

The Chairman (Mr Wells): The proposal was for further consideration by the Committee. I see this as simply parking the issue and coming back to it at a future meeting.

Mr McFarland: Yes. I am just trying to tease out that that is what Seán means by his motion.

Dr Farren: Yes.

Mr McFarland: Therefore the Committee will revisit the issue before the report is completed.

Mrs Long: Before moving to Seán's motion, it may be better to test the two proposals to determine whether they have consensus because it —

Mr McNarry: He just said that there was no consensus.

Mr McFarland: Seán said that because there was no consensus —

Mrs Long: It would be logical to test the two more detailed proposals first, and if neither of them reaches consensus, we should move to Seán's proposal to suggest further reconsideration by the Committee.

Mr Murphy: Part of the difficulty is that the proposals are not detailed enough. It is a complicated issue that is tied in with the ministerial code, which the Committee has not yet discussed. It is not enough to use a half-hour discussion and a verbal proposal to deal with accountability between the Executive and the Assembly. We need to consider other issues, such as how the proposals would affect the ministerial code. If members have proposals — and I am not averse to agreeing proposals to get some of these issues dealt with and out of the way — the Committee would need to see significant, detailed outworkings.

The problem does not lie with the detailed proposals; it lies with the lack of detail in the proposals and, perhaps, with a lack of consideration of how they might impinge on other areas that the Committee has not yet discussed.

Mrs Long: If Seán's proposal were expanded to say what the mechanism would be, it may be possible to reach consensus on it. Several matters have been deferred for future consideration already today. Will there be more detailed papers on those issues? What mechanism is there to allow those of us who have suggestions to make them to ensure that when the

Committee comes to discuss this issue again it is not put on the long finger?

The Chairman (Mr Wells): Consensus was not reached because the DUP objected —

Mrs Long: Yes, I am aware —

The Chairman (Mr Wells): We need to hear from the DUP whether there is any possibility of moving the issue forward on that basis.

Mr P Robinson: I do not mind discussing the issue again; I am merely making it clear that it is in the deal-breaker category. Rather than being put on the long finger, this matter requires resolution.

The Chairman (Mr Wells): On that basis, if I were to put Seán's proposal again, could members reach consensus?

Mr P Robinson: I have a fear — I am sure that it is unrealistic — that by the time the Committee finishes this process, the Assembly's first sitting will be upon us. After the Assembly has debated the Committee's findings, the November deadline will have arrived, and there will be very little time to fix anything.

Mr McFarland: I propose that the Committee recognises that this is a key issue and that it comes back —

Mrs Foster: Is it a priority?

Mr P Robinson: Either here or during the negotiations.

The Chairman (Mr Wells): Is there a specific date on which the Committee will return to the issue?

Mr McFarland: The business of where power lies was mentioned earlier. It would be useful if the parties could do a little bit of work on that. I suggest that those three issues be lumped together as a specific accountability issue to be taken after item 4, if not before, in strand one. That would allow us time to take legal advice on the accountability of the Assembly and the extent of its authority. At that stage, the Committee could revisit the issue, with parties having had more time to discuss it privately.

The Chairman (Mr Wells): Would slotting in those three issues, in order that we do not miss them out, allay the DUP's concerns?

Mr P Robinson: I am quite content with that.

The Chairman (Mr Wells): We seem to have got around the problem. The proposal is that the Committee should give further consideration to the mechanisms of accountability between the Assembly and the Executive. Do members agree?

Members indicated assent.

Mr McFarland: May we make that a fifth heading under "The Assembly"?

The Chairman (Mr Wells): After "Stability"?

Mr McFarland: Yes.

Mr Campbell: Do you mean that points 9, 10 and 11 under "Accountability/Safeguards" become a fifth heading?

The Chairman (Mr Wells): Yes.

Mr McFarland: We need some legal advice on the implications of having power devolved from Parliament to the Assembly rather than to the Departments. That will impinge on what Peter asked earlier. We are now saying: "Well, if it is this way, it will be this; if it is that way, it will be that." That will give us some guidance on whether it is possible to look at devolving power to the Assembly, and that will obviously have a bearing on the issues of who has the authority to challenge the Executive, etc.

The Chairman (Mr Wells): Let us take that as a formal proposal in order to get consensus on it. Are members agreed that we have a fifth heading, after "Stability"? That would guarantee that the Committee would return to the issue.

Mr Murphy: I would be content with that. However, I am conscious that we would deal with the fifth heading before any discussion on the ministerial code, which has an impact on the issues to be discussed under the fifth heading. The ministerial code comes under the heading of "The Executive". There is a great deal of overlap. What we are discussing here has a significant bearing on the discussions around the ministerial code.

Mr McFarland: We could make it a new item 2 under "The Executive". That would put it back slightly further.

The Chairman (Mr Wells): The Clerk reminds me that we have also agreed to look again at the voting system. We need to put that in as well, so that we do not forget to return to it. It will all be in Hansard and in the minutes, so I do not see how we can forget about it, but in case anyone fears that we will try to pull a fast one —

Mrs Long: Mr Murphy's point about the impact that collectivity in the Executive has on any proposals for accountability is important. It is a point that we have made before, and we want the fact that we are dealing with it to be recognised in some way. There will be considerable overlap, and it will not be possible to achieve a perfect formula, so we are not going to be difficult about it.

Mr McFarland: The issue of where power is vested in Northern Ireland is already mentioned under "The Executive", at the last bullet point under "Accountability/Safeguards".

The Chairman (Mr Wells): We still have this suggestion that we take some form of legal advice on the mechanism for transferring power.

Mr McFarland: At the current rate, we could do that between now and when we get around to discussing the Executive.

The Chairman (Mr Wells): As long as we agree to do that.

Mr P Robinson: We would not have any great difficulty in putting it under “The Executive”. The important point is that it should be considered before we finish with strand one issues.

The Chairman (Mr Wells): Is everyone happy enough with that? Our research staff can have a look at the whole issue of how to devolve power to the Assembly rather than to Departments.

Members indicated assent.

Dr Farren: We are beginning to identify some substantial issues that parties indicate are possible deal-breakers, and also issues that, although they may not fall into that category, are quite important. It may be useful to have brief papers from the parties at some point on some or all of those issues. As we get into them, it will be difficult to treat them on the basis of oral discussions without having given prior consideration to what other parties think about how those issues might be resolved.

The parties probably have position papers available anyway, so it would be good if some of their proposals for resolving the issues were circulated in advance. Today’s discussion has been very helpful, but that seems to be the direction in which we will head as we get into more detailed discussion on the issues.

The Chairman (Mr Wells): Are the parties content? We have lost a party. Naomi Long has gone to the ladies’.

Mr McNarry: She said that I could vote for her by proxy.

The Chairman (Mr Wells): I do not think that it is permanent.

Mr Campbell: Losing an entire party could be down to carelessness.

The Chairman (Mr Wells): The Clerks have confirmed that it is possible to do that sort of research. Our researcher, Dr Gilleece, has moved on to the economic challenges subgroup, but we can certainly get that done.

Are we happy to draw “Accountability/Safeguards” for the Assembly to a conclusion?

Members indicated assent.

The Chairman (Mr Wells): I am very encouraged because, reviewing the evidence that has been

presented this morning, there has been little or no overlap with the long question-and-answer session that we had in June. Members have clearly taken advice to try to present new material and to mine a little deeper, and that is much appreciated. Let us hope that that continues.

2.00 pm

We move on to “Committee Systems”. There are four items under that sub-heading, the first of which is “Committee Structures”. We have had first-hand experience of the Committee system, which, incidentally, met for 30 months. I understand that the Assembly lasted for 97 months, and the Committees operated for 30 months of that — about one third. In that, I am including such Committees as the Committee of the Centre. Therefore we have had some experience of their operation. Do members have any concerns about Committees?

Mr P Robinson: Can we deal with the Committee of the Centre first? Hopefully, we will reach agreement on that. As OFMDFM is a recognised Department, the Committee of the Centre should have the same statutory rights of scrutiny that other Departments’ Committees have. Not only junior Ministers should be answerable to that Committee. OFMDFM should be answerable in the same way as Ministers of other Departments.

Mr Murphy: When the Committee of the Centre was being set up under Standing Orders — I do not know whether we need to see a list of the functions to agree all of this — there was a discussion about the range of matters that it would scrutinise. The Office of the First Minister and the Deputy First Minister brought forward its own draft Standing Order that limited the scope of the Committee of the Centre’s scrutiny functions to a number of areas within the Department, and excluded some others. Given the Department’s discussions, I would have thought that it would be difficult to reach agreement on a valid argument for non-scrutiny of certain functions. However, if we were to look again at placing it on a statutory footing, we would also need to re-examine the range of issues in OFMDFM that the Committee of the Centre can look at under current Standing Orders.

The Chairman (Mr Wells): Does anyone have any other views on the Committee of the Centre?

Mr McFarland: There is an issue over its size. Previously, there was an attempt to have every party represented on the Committee of the Centre, but if it is going to be a Statutory Committee, it will make sense to have it constructed on the same basis as other Committees.

The Chairman (Mr Wells): It presently has 17 members.

Mr McFarland: It used to have 19 members, did it not?

The Chairman (Mr Wells): I presume that that included the Chairman and the Deputy Chairman.

Ms Lewsley: I was a member of the previous Committee of the Centre, and I agree with what Conor said about its wide remit. There were many issues that some of us would have liked to have been given priority, but they did not see the light of day in the Committee.

Alan McFarland commented on the size of the Committee of the Centre. Many Committees found it difficult to get a quorum at times. For example, the Committee for Finance and Personnel, which often sat on a Tuesday afternoon when the House was sitting, often found itself inquorate. However, the Committee of the Centre got through a fair amount of business because it had so many members.

Therefore, I would be cautious about reducing its membership dramatically, because we often found that it was difficult for other Committees to get a quorum and get business done.

The Chairman (Mr Wells): All of those issues are covered by the DUP suggestion that the Committee of the Centre be established on the same basis as a Statutory Committee. That simplifies it.

Mr P Robinson: The DUP's suggestion is that all of the business of OFMDFM be scrutinised; nothing should be hidden from scrutiny.

The Chairman (Mr Wells): Unusually for a Committee, the specific issues that can be dealt with by the Committee of the Centre are listed in Standing Orders, but other Committees can deal with the entire remit of their Department. That is why the Committee was constrained in what it was permitted to examine.

Are there any fundamental problems with that?

Ms Lewsley: The Committee of the Centre had a large remit and, as far as I remember, it was the only Committee that had the opportunity to create a subcommittee on European issues; there was a lot of commitment asked of it. It was later decided that we needed to look at subcommittees in an attempt to deal with some of the business that was coming before the Committee.

The Chairman (Mr Wells): There would be 11 Statutory Committees, assuming that there are 11 Departments.

Mr P Robinson: The Office of the First Minister and the Deputy First Minister had fewer functions than most of the larger Departments. It dabbled in some issues on which it overlapped with other Departments, and that probably extended its role beyond what it should have been. That comes back to the question of the role of OFMDFM.

Mr McNarry: It would also be normal to factor in issues, not of national security, but of high specification, about which the First Minister and the Deputy First Minister would have been reluctant to talk. Some

understanding should have been given when probing the First Minister or the Deputy First Minister about meetings that they had separately, or jointly, with international figures. I do not think that Peter was saying that everything should be divulged.

Mr P Robinson: The amount of information that is divulged will always be up to the Minister. Seán, Michael and I may have, from time to time, decided that certain things were not ready to be made public.

Mr McNarry: Surely not. On water, for instance?

Mr P Robinson: Ministers made it very clear that they were against water charging and privatisation. There was no reluctance on that one.

Dr Farren: I will not start to divulge state secrets here.

Mr P Robinson: Please do. When I stepped down as Minister at the Department for Regional Development, I made an effort to obtain all the papers that a former Minister is allowed. I went over them, page by page, during a debate in the House of Commons, and anyone can read that in Hansard. No one in the House challenged any issues, including the then First Minister.

The Chairman (Mr Wells): I am glad that there is no political point scoring going on this afternoon.

The Committee of the Centre would be reduced to 11 members were it to become a Statutory Committee. The Assembly decided to put the Chairman of the Committee of the Centre on the same footing as the 10 Chairmen of the other Committees. Therefore it recognised at an early stage the important work of that Committee.

Do we have consensus that we put the Committee of the Centre on the same footing as the other 10?

Mr McNarry: Does the Public Accounts Committee operate on the same basis?

The Chairman (Mr Wells): The other Standing Committees do not.

Dr Farren: Does that include all Statutory Committees?

The Chairman (Mr Wells): The Committee of the Centre was not a Statutory Committee.

Dr Farren: I know, but you are talking about the other Statutory or departmental Committees.

The Chairman (Mr Wells): There are 10 Statutory Committees, and the Committee of the Centre would make 11. We are talking here only about the Committee of the Centre. Committees such as the Public Accounts Committee and the Committee on Standards and Privileges are different issues altogether. There are not the same burning issues there.

Are members agreed?

Members indicated assent.

The Chairman (Mr Wells): We will move on to “Committee Structures”, “Formation of Committees” and “Role and effectiveness of Committees”. Are members happy with how Committees were set up, and how each party was represented on them, and so forth?

Mr McFarland: The UUP introduced the point about the “Role and effectiveness of Committees”, because one role of Committees was to introduce legislation. Several attempts were made to make that happen, but I am unsure whether it happened in the end. One issue that constrained Committees was the fact that they did not have a budget or the research staff to develop the legal framework for introducing legislation. Members who served on Committees were always busy with issues, and those issues often ran in parallel. Unless there was a burning issue, Committee members were unable to persuade their party colleagues on the Executive to introduce legislation. Therefore Committee members were asked by party colleagues on the Executive what sort of legislation they intended to introduce and whether it went against ministerial decisions. What happened if a Committee could not get the Executive to introduce a burning piece of legislation, so it decided to introduce the legislation itself and needed a substantial amount of money to pay drafting staff, etc?

The Chairman (Mr Wells): Individual Members had the right to introduce private Member’s Bills, and work had started on a couple of those before the Assembly collapsed. The advice and assistance from researchers and clerical staff that Members received was also available to the Committees.

Mr McFarland: I looked into introducing legislation, as did the Committee for Regional Development, and the difficulty was that it requires a substantial amount of money. The Assembly research staff did not have the time for legal drafting, and there is also a massive shortage of legal drafting staff in the Departments. The lack of draftsmen or draftswomen meant that much of the legislation that the Executive tried to introduce became bogged down.

The Chairman (Mr Wells): The Assembly Commission, of which I was a member, had a separate budget set aside for drafting legislation, and it was barely used. The Commission never became involved in the introduction of a private Member’s Bill or a Committee Bill, because there simply was not enough time.

Mr McFarland: My understanding was that there was no one to write the legislation.

Ms Lewsley: There was.

The Chairman (Mr Wells): Yes, there was.

Ms Lewsley: As my private Member’s Bill was due to go to the House on the day of suspension, I have

gone through the whole process. There are only four legal writers in the entire UK. However, the opportunity was there for individuals or Committees to go through that process and the money was available. In fact, before suspension the Speaker was quite keen on legislation being introduced. The support was there and it was a case of looking for a gap in Assembly business.

However, there is a proper process involved in introducing a private Member’s Bill. The Bill must be subject to an equality impact assessment and must go out to consultation. My private Member’s Bill went out to consultation twice and had the backing of the relevant Department. A lot of background work is required, but it certainly is possible for a Committee or an individual to introduce legislation.

Mr McGimpsey: Nevertheless, there is a shortage of resources in the system. Several Departments shared a Bill team, so it was necessary to prioritise.

The Chairman (Mr Wells): There was a separate fund for the Assembly to pioneer and progress Bills. For instance, one Member wanted to give farmers the right to build bungalows, and that Bill was in the process of going through to the Assembly.

Mr McGimpsey: Are you talking about money or about Bill teams? Bill teams have particular expertise; it is not only about money.

Ms Lewsley: I can speak only from my own experience. I had the support of the Business Committee, whose team liaises with the legal writers. Departments differ in that they have teams to put together legislation.

Mr McGimpsey: The problem is that some Departments do not have their own teams.

The Chairman (Mr Wells): Alan, I can assure you that that is not the case. If a Member had had the time to go through the process, the resources were available.

Mr McFarland: Conor sat with me on one of the early Committees that examined the introduction of legislation. When Assembly staff advised us that the resources were not available, we backed off. Things may have changed since, and perhaps additional staff have been brought in over the last two years, or there may have been money available that we were not told about. We were assured that the infrastructure was not in place to allow the Committee to introduce legislation.

Dr Farren: Why are we discussing this?

The Chairman (Mr Wells): Yes, I was going to say that we are going down a route that —

Mr McFarland: We are discussing this because it is directly related to the role of the Committees. There is a question as to whether Committees should introduce legislation. Perhaps not, and in that case there would not be an issue. However if, as under the current

legislation negotiated as part of the Belfast Agreement, Committees can introduce legislation, the problem is that in the first Assembly, Committees were told that the resources were not available to allow them to do so. That is why, since 2002, the UUP has included this issue in its list for discussion in a forum such as this.

The Chairman (Mr Wells): This is not an institutional issue. The Commission can release as much or as little money as is necessary to ensure that the Committees are properly serviced when introducing Bills. That is entirely an Assembly Commission decision, but it does not relate to the structure of the Committees.

Mr McFarland: My point is that when a Committee tried to introduce a Bill in the first Assembly, it was told that no money was available.

Mr P Robinson: In that case, you had a right to tell the Assembly Commission to fulfil its obligations.

Mr McFarland: We were told that there was no money.

Therefore, my point is twofold. First, in the light of the experience of the first Assembly, do Committees need the ability and the funding to introduce private legislation when the parties on those Committees are in the Executive, which could do it for them? Secondly, we must ensure that if Committees retain the ability to introduce legislation, funding is available to pay for draftsmen and research facilities.

2.15 pm

Mr Murphy: As well as being a member of that Committee, I chaired the Committee on Procedures, which carried out various investigations into how the business of the House was conducted. I am clear in my recollection that the Committee was advised that there were resource issues, not necessarily financial, and that drafting resources were tied up on Executive work and would not necessarily be made available to the Committees. I recall that, towards the end of the Assembly, limited resources were made available to allow individual Members to introduce Bills, but not necessarily to the Committees.

It was discussed earlier that given the nature of the Administration, Committees are the first line of opposition to the Executive. I agree that that is the case. Committees should be able to introduce legislation if their members feel that an issue is important and the Department or the Minister does not share those feelings. It is part of the agreement. I wore a number of different hats in the last Assembly and it was always clear to me that resources were an issue. However, if that were not the case, and all necessary resources — not just financial — would definitely be made available to any Statutory Committee that wanted to introduce legislation, could we have written evidence of that?

Alan McFarland asked whether Committees should have the right to introduce legislation, and I agree that it is important that they do. Given that we have a mandatory coalition, it very often happens that opposition to the Executive comes from the Committee system, and that should not be diluted in any way.

The Chairman (Mr Wells): Are you proposing that the necessary resources and expertise should be made available to enable Committees to introduce independent Bills?

Mr Murphy: If members can be assured that resources have always been available, the proposal is unnecessary. Could the Committee receive confirmation that resources were available?

The Chairman (Mr Wells): We will do that. We will delve in to this to find out where the perception came — *[Interruption.]*

Mr P Robinson: Surely a Committee should not have to concern itself with resources. If it believes that it is right to introduce legislation, it is up to the officials to source the resources.

The Chairman (Mr Wells): I am trying to move things on. This is not the main issue on the effectiveness of the Committees.

Ms Lewsley: It is not right to put members of Committees in the position where they have to put pressure on Ministers from their parties. A Minister may have totally different priorities to those of the Committee. Committees should make their own decisions to introduce legislation, which, hopefully, would have the sanction of the Ministers.

The Chairman (Mr Wells): We can get this issue sorted out. However, given the 30 months' experience gained from the previous Assembly, there must be more substantive matters of concern about the role of the Committees and their effectiveness.

Mr McFarland: By and large, the Committees were the one element that worked well in the first Assembly. In most cases, the Ministers were co-operative. Two of the Ministers that I served under are here, and although I am slightly reluctant to say it, both of them were very good to their Committee. However, some Committees did not have good relationships with their Ministers. I do not know whether anything can be done about that, because part of it depends on the temperaments of the Minister and the Chairperson of the Committee. In most cases, however, the Committees worked well when there was goodwill on both sides.

Most Departments were open with their Committees, which I think was the key to their success. There was no major problem in the two Committees on which I served in the first Assembly.

The Chairman (Mr Wells): This question is for the older Members of the Assembly. Were there any other — *[Laughter.]* Can I say “more experienced”?

Ms Lewsley: So you do not mean “older”, as in “age”, but “older” as in “more experienced”. Thank you very much. I am glad that you qualified that.

I served on five different Committees during the last Assembly and they worked very well. As a member of the Committee for Finance and Personnel, I know that some Members had an issue about scrutinising the Budget before it came to fruition. The Committee for the Environment found that, since the greater part of the Budget was being spent according to EU directives, there was no significant contribution to be made, and that any of the Committee’s priorities were overridden by demands on the Budget. In the round, the Committees worked very well, and Members used their positions well in making Ministers accountable on many issues.

The Chairman (Mr Wells): We do not seem to have concerns about the present system.

Mr P Robinson: There are some issues relating to Committees bringing forward legislation and some parameters must be accepted. A Committee’s legislation on a subject should give way to the Department’s legislation if they are on the same issue. No one wants two different bodies going head-to-head with legislation on the same issue.

There are also finance issues. Dr Farren will know more about that than I do, however, most legislation has a price tag attached. A Committee should not attempt to enlarge a departmental budget by legislation. There is a requirement for the cost to be approved by the Department of Finance and Personnel.

Dr Farren: The protocols would spell that out. Most legislation has resource implications. If Committees did not take those implications into account, they would be ignoring significant aspects of their responsibilities. Committees would want to take account of resources — and enhancing departmental resources is something that Committees would want to see as a priority. At the end of the day it is a balancing exercise about what is possible across Government.

The Chairman (Mr Wells): There are two safeguards in this respect. First, any legislation requiring reallocation of resources has to be approved by the Minister of Finance and Personnel. That is normal. Secondly, if the Business Committee saw legislation coming from a Committee and from a Department, presumably it would rule as to whether it was appropriate to have both on the Floor at once.

Mr McFarland: I disagree with Mr Robinson’s first point. If Members are to operate Committees as a safeguard, it is essential that those Committees can bring forward legislation that is not agreed or in

keeping with the Department’s policy. He is right on his second point. It is daft for a Committee to try to bring forward legislation that has no money attached to it, unless it is something that does not need finance. It is questionable whether a Committee may bring forward legislation that is not cleared by the Department of Finance and Personnel or indeed the relevant Department. There is a question here about the right of a Committee to bring forward legislation. That is sacrosanct. However, if there is a cost attached to it, that Committee has to understand that it is not going to succeed without clearance from the system.

Mr P Robinson: Let us be clear about the first point. I would have thought that there is no contention about it. If a Committee wishes to bring forward legislation on subject A, and the Department says that it has already taken steps, the Committee should give way to the Department. The Committee may well seek to amend the Minister’s legislation, but I do not think that two sets of legislation should be prepared.

Mr McFarland: If that is the scenario I accept it.

The Chairman (Mr Wells): We can get around that concern. I am concerned that these have been flagged up as issues of concern and yet hearing various individuals, generally, as the structures stand, there seems to be general contentment.

Mr P Robinson: You keep going back to this “flagged up as issues of concern”; in many cases these were flagged up as component parts of devolution, some of which may well be agreed.

The Chairman (Mr Wells): That is true, although I have been alerted to the fact that issues such as proportionality in Committees and d’Hondt might be of concern to individuals. Are people content not so much with how Committees operate but about how they are formed? Naomi raised a point earlier that she would prefer that we start with the Executive and run right down through the Committees on a very elongated d’Hondt system — presumably because the smaller parties would be better represented.

Mrs Long: No, because the overall reflective balance would be much fairer. D’Hondt operates best when there is a large pool of posts; when the pool is small, d’Hondt is not as representative. Huge anomalies are created. When the Committee discusses a reduction in the number of Departments, members will no doubt see huge anomalies in the division within the Executive. Those anomalies are thrown up when there is a small pool of posts. The SDLP raised the issue of running d’Hondt, and I sought clarification on proportionality. The Alliance Party’s preferred system would not be d’Hondt, but, given that the Committee gave my party’s preferred system the thumbs down when it was raised at a previous meeting, I am exploring option B,

which is to run d'Hondt with a larger pool of posts, thereby creating a more reflective balance.

The Chairman (Mr Wells): Do you propose that d'Hondt be run the whole way down the line, including in the formation of Committees?

Dr Farren: I would be happy to join Naomi in proposing that.

The Chairman (Mr Wells): Are there any views on that? My council, Down District Council, adopted that approach, and the smaller parties did much better as a result.

Mrs Long: That is news to me, but welcome news.

Mr Campbell: That did not mean that you got the chairmanship post that you wanted.

The Chairman (Mr Wells): No, it did not.

Mr Campbell: That is another matter.

Mrs Long: You will get it.

Dr Farren: You will, if you stick around long enough — another 20 years.

Mr Campbell: He has only been there for 30 years.

The Chairman (Mr Wells): Do folk think that d'Hondt should be run once only for the appointment of Ministers, for Committee Chairpersons and Vice-Chairpersons, and for membership of Statutory and Standing Committees? In other words, do we run d'Hondt for more than 150 positions?

Dr Farren: That is not problematic.

Mr Campbell: That is just crazy.

Dr Farren: We will have to run d'Hondt for 110 places on Statutory Committees, in any case.

The Chairman (Mr Wells): If we are to have 11 Statutory Committees, there will be 121 positions on Statutory Committees.

Mrs Long: Only 11 posts are being added, so that can hardly mean that the situation moves from being completely acceptable to completely ludicrous.

Mr P Robinson: The Member who gets the first choice can say: "Do I want to be the Minister of Finance and Personnel, or do I want to be Deputy Chairman of some obscure departmental Committee?"

Mrs Long: If the Member thought that the latter post was so obscure, I imagine that it would be a simple choice for him or her to make.

Mr P Robinson: It is back to the jelly beans and liquorice allsorts. We are dealing with two entirely different matters, and d'Hondt must be run for matters that are similar. Chairman, if it is a lack of consensus that you want registered, I register it.

The Chairman (Mr Wells): That is the end of that argument.

Dr Farren: What if Naomi breaks her own maxim and says that this is a deal-breaker as far as the Alliance Party is concerned?

Mrs Long: The Alliance Party is not here to be difficult, not even when I am taking the lead.

Mr P Robinson: There was a time when the Alliance Party was not even here.

The Chairman (Mr Wells): We have really highlighted only two issues: legislation and d'Hondt. Mr Robinson made the point that we should not necessarily see it as being a problem, so can we therefore get past Committee issues with very little difficulty?

Mr P Robinson: Are you dealing with "Committee structures"?

The Chairman (Mr Wells): "Committee structures" and "Formation of Committees".

Mr P Robinson: I want to raise two issues under "Formation of Committees". The first we may come to later under "Efficiency/Effectiveness" and is the need to constantly examine the efficiency of devolution and the way in which the Assembly operates, and the need for a Committee for that purpose.

The other matter, which has almost been accepted, is the mechanism/institutional review Committee. We referred a matter to that Committee earlier, so we can assume that it exists.

2.30 pm

The proposals for a comprehensive agreement stated that Assembly Committees should have the power to call the chairpersons and chief executives of North/South implementation bodies before them annually. Because those bodies are of a North/South nature, that power does not currently exist. Committees could do so by grace and favour, but it is better to have the power — the Dáil has the power to do so.

The Chairman (Mr Wells): Under the strand two headings are "Assembly scrutiny of implementation bodies" and "Operation (efficiency) of North/South bodies". Would it be preferable to discuss that now rather than under the strand two heading?

Mr P Robinson: It is more relevant to an Assembly Committee than it is to a North/South implementation body.

The Chairman (Mr Wells): Let us get it out of the way. What are members' views? Currently, chairpersons and chief executives of North/South bodies can be invited to appear before a Committee but they do not have to come. Should Committees have the right to compel them to give evidence and answer questions?

Mr McFarland: In essence, it is a good idea. There is a question in relation to the legal basis of those bodies: were those bodies not established by an international treaty and are therefore separate from other legislation? I seem to remember that hiring staff, duties of staff, functioning of the bodies and so on were discrete issues between two nations, as it were.

What are our powers, or the powers of an individual Government, to effect that option?

Mr P Robinson: The international treaty is between two parties — the British and Irish Governments. Those are the parties who made the proposal and, whatever their mechanism, it is presumably they who will agree that it can be done.

Mr McFarland: I see what you mean.

Dr Farren: I see no reason why chairpersons of North/South bodies would not have more or less the same position vis-à-vis Committees as permanent secretaries and so on. They are discharging functions on behalf of the public, and are answerable to Ministers on a day-to-day basis, through the North/South Ministerial Council, but they do not appear before Committees, except, as Peter says, by invitation. I am not sure what the effect of moving from that position to a “power to compel” would be. However, they should attend; if that requires those posts to have the same status as permanent secretaries, that is fine. I do not know what the pitfalls of that might be, but the more information that is available to Assembly Members about how the implementation bodies operate, the better.

Mr Murphy: I presume that, if Sinn Féin is content with the arrangements in the Oireachtas in relation to these matters, it will be content with similar arrangements here. If those people appear before Oireachtas Committees, I do not see why we would not have them here.

The Chairman (Mr Wells): We seem to have consensus that Assembly Committees should have the power to summon chairpersons and deputy chairpersons of North/South implementation bodies at its meetings.

Mr McFarland: Does that include chief executives?

Mr P Robinson: It would have to.

The Chairman (Mr Wells): Yes. Chairpersons and deputy chairpersons are different to chief executives. Do you want to expand that to include chief executives?

Mr P Robinson: I said chairpersons and chief executives.

Mr Murphy: It was mentioned that the provision to call such persons would be at least yearly.

I presume that that would be scrutinised so that vexatious demands would not be put on people to appear every other week before a Committee. Safeguards

would have to be built in to ensure that it is proper scrutiny and that people are not being put through their paces too often.

Mr McFarland: If a certain Committee were at war with its relevant permanent secretary and was behaving in a silly way, that would quickly become clear and would get back to the Minister and questions would be asked in the House. The Committees would have to be sensible, and separate guidance is not required. All parties are represented on Committees, and parties would have to agree in order to haul in permanent secretaries or whoever every week. Safeguards are already built into the Committee structure, so it would be somewhat strange if specific safeguards were created for this issue.

Dr Farren: North/South implementation bodies are part of the agreement between the British and Irish Governments, and it would be appropriate to take their views on the matter. We want to achieve this, but we need to hear what the Governments might have to say. I do not imagine that they would be awkward about it.

The Chairman (Mr Wells): Do we have consensus about chairmen and chief executives?

Members indicated assent.

The Chairman (Mr Wells): Peter Robinson proposes the establishment of an institutional review Committee for the Northern Ireland Assembly to examine the operational aspects of strand one.

Mr McFarland: Did Peter say that one proposal was on procedures, or was one on something else and one on the institutions? Can the existing Committee on Procedures, which examines how the Assembly does business, be expanded?

Mr Murphy: The Committee on Procedures examines Standing Orders.

Mr McFarland: Could that Committee examine the workings of the Assembly? Once Standing Orders are in place, and unless something specifically changes, by and large the Committee on Procedures has a monitoring role. We are bedded down fairly well after the first mandate of the Assembly, but Standing Orders may have to be tweaked if the Assembly gets up and running again. Could the Committee on Procedures monitor the areas that Peter wants to be monitored?

Mr P Robinson: No, it could not. The Committee on Procedures examines, within the existing legal framework, the Standing Orders on Assembly procedures. We are discussing a change to the legal framework, so it is a wider remit. The proposed Committee would not meet every week. It would be a Standing Committee, so it could meet when a party feels that an issue needs to be resolved.

The Chairman (Mr Wells): Are we content, with those few additions, to leave the “Committee System” behind and move on?

Members indicated assent.

The Chairman (Mr Wells): We will move on to “Efficiency/Effectiveness”. I did not expect to get this far today, so we are making good progress. We will then take Peter’s proposal formally. We have discussed at length why it is felt that this Committee is needed.

Mrs Long: The Alliance Party supports the creation of an institutional review Committee. It was referenced earlier in the context of the four-year reviews that were set up under the agreement. We would not accept that the proposed Committee would be a substitute for those four-year reviews, although the Committee could examine institutional issues. The agreement was signed by other parties, including the two Governments, therefore, the all-encompassing review process would still need to stand because of the involvement of the two Governments. An institutional review Committee would be a useful mechanism to deal with any changes to the institutions.

Mr McFarland: We are happy enough with the fact that such a Committee may be needed. Some issues will need to be left to that Committee because they are either not solvable at the moment or they are wider issues, and it would be useful for this Committee to have a view on those issues.

As I mentioned earlier, if we can solve issues to improve the effectiveness and efficiency of the Assembly before it is fired up again, it would be useful to do that, rather than to put everything off until some time during the next Assembly mandate. If some issues can be dealt with in advance, we can leave other issues that are so large or complicated that they may need to be left to an institutional review Committee.

Mr Murphy: It is clear that there is a need for a mechanism, beyond the reinstatement of the institutions, for the conclusion of some of the issues outstanding from the formal review of the Good Friday Agreement. Perhaps that formal process has not been concluded and needs to be tidied up in some way; it is unclear. However, there is some need for an agreed mechanism to address some of the outstanding issues.

The difficulties in setting up an institutional review Committee are that we would need to know its remit and make-up, its lifespan, and whether it is an Ad Hoc Committee to sort out issues that are outstanding from our work, or whether it will continue to examine issues as they arise. Where does that fit in with the formal review of the Good Friday Agreement that takes place every four years? To my knowledge, that review started but was not concluded.

At the start of this meeting, an issue was raised about a paper that David Hanson has on some of these issues. That paper has not made its way to us, and there has been no communication from the Government about that. That paper may be on matters that the Government were working on, which may cut across the work of this Committee.

We may be able to agree, in principle, a mechanism to deal with these issues, but a lot more flesh needs to be put on the bones. I do not have difficulty in agreeing in principle that a mechanism be established, but we would have to see what exactly that is and how it relates to the other work that is still out in the ether, which has not yet been concluded.

Mr P Robinson: Mr Chairman, there is sense in what Alan McFarland said. If the Government bring forward legislation to make changes so that we can move forward with the institutions— as I believe they must — that will be the best opportunity to make any other changes that might be considered by other people to improve the institutions. Any changes will require legislation at Westminster, because they will require alterations to the Northern Ireland Act 1998. Time will not be readily available at Westminster for that type of legislation, so if we wish to take the imminent opportunity for change, we should try to resolve some of the other issues now, rather than simply let them hang around.

The Chairman (Mr Wells): We seem to have two very similar proposals. Mr Murphy has proposed that a mechanism be established in the Northern Ireland Assembly to examine the operational aspects of strand one. Peter has proposed that an institutional review Committee of the Assembly be established to examine the operational aspects of strand one. Is there enough between those two proposals that we need to deal with them separately, or are we happy to run with one of them? It strikes me that there is not an awful lot between those two positions.

Mr P Robinson: The further element is whether, in conjunction with the Executive, consideration might be given to changes to strand two. We are not attempting to say that strand two is perfect, are we?

The Chairman (Mr Wells): We could opt for a similar mechanism when we discuss strand two issues. I am trying to finish the strand one discussions today, if we can, although I have my doubts.

2.45 pm

Dr Farren: Let us not complicate the issues. I am happy with either proposal, as long as we are clear that the general overall review of the agreement stands. As somebody said, there are far more participants than those represented around this table.

I am a little concerned about the institutional review. However, as long as it is understood that the review is of the operation of the institutions rather than a fundamental review, I am happy to accept the proposal.

Mr Murphy: The proposal should be more vague — it is fairly specific in relation to strand one. We can agree to consider the creation of a mechanism to deal with all outstanding issues on the operation of the institutions, pending the review of the Good Friday Agreement, which has yet to be concluded.

However, there are outstanding strands to be picked up, including what has been done in this Committee, that will probably be dealt with on the other side of devolution. If there are issues that can be resolved here, that is well and good, but there are outstanding issues that can be resolved after devolution. The parties can agree a mechanism to do that, which must take into account the outstanding work of both Governments and pick up those issues as well.

The Chairman (Mr Wells): We will keep the ball rolling. I will put the DUP proposal and, depending —

Mr P Robinson: I want to make it clear that it is a stand-alone proposal without reference to any wakes that might be held for the Belfast Agreement.

The Chairman (Mr Wells): The proposal is that an institutional review Committee in the Assembly should be established to examine the operational aspects of strand one. Do we have consensus?

Mr Murphy: The proposal is fairly narrow. I would prefer to have some detail about how the Committee will conduct its business. Alternatively, the proposal should be sufficiently vague to allow us to determine the detail of the Committee's remit, title and so on at a later stage.

The Chairman (Mr Wells): Is there consensus?

Members indicated dissent.

The Chairman (Mr Wells): The second proposal is that a mechanism should be established in the Northern Ireland Assembly to examine the operational aspects of strand one. Do we have consensus?

Mr P Robinson: It is too vague.

The Chairman (Mr Wells): Is there a halfway house between a mechanism and an institutional review? If both proposals fail, we have nothing.

Mr P Robinson: We could perhaps agree that there should be a mechanism or institutional review.

The Chairman (Mr Wells): Would that be a possible compromise?

Mr Murphy: I do not mind. That allows for a number of variations, and it is not specific on the title or remit of any such Committee. However, there are issues that we are dealing with here, issues that have

been dealt with in the review and outstanding issues in the ether, currently within David Hanson's remit, that need to be picked up. We therefore need to leave sufficient scope and flexibility in how we deal with those on the other side of restoration.

The Chairman (Mr Wells): Peter, you said that we could agree "a mechanism for an institutional review"?

Mr P Robinson: A mechanism or institutional review.

The Chairman (Mr Wells): Is there consensus on that proposal?

Mr McFarland: What is the precise wording of that?

The Chairman (Mr Wells): The proposal is that a mechanism or institutional review be established in the Northern Ireland Assembly to examine the operational aspects of strand one. Do we have consensus?

Members indicated assent.

The Chairman (Mr Wells): We come now to "Dual/triple mandate". Many members will have an interest to declare on this matter. There are members with dual and triple mandates; I do not think that anyone has a quadruple mandate, although there have been such cases in the past. This issue concerns the right of an MLA to be an MP, a district councillor, or whatever. Who raised that as a concern?

Mr McFarland: We did, Chairman.

The Review of Public Administration (RPA) legislation sorts out the business of being a councillor and an MLA, as we understand it. The Scottish Parliament did some soul-searching on this matter, and there seemed to be no effort to stop anyone being an MP and a Member of the Scottish Parliament (MSP).

The press took up the issue, asking how Members could be at Westminster and in Edinburgh at the same time. It ended up with a campaign, and they may have won the dual-hatted status, but all the rest decided that they were either Members of the Scottish Parliament or Members of Parliament at Westminster. If we had devolution, the only things that would be left at Westminster would be Defence, Foreign Affairs and the Treasury. Everything else would be here. How can someone be a full-time MLA, giving of his or her best as a member on, perhaps, two Committees, serving his or her constituents, or even being a Minister, and also attending Westminster for all the debates? There is a problem if the Assembly is settled. I can understand why people would not want to bale out of councils, the Assembly or from being a MP. One could argue that it is unhealthy for political parties, and for politics generally, to have double-, triple- or quadruple-hatted folk, because they are clearly not giving of their best in their various elected positions.

The Chairman (Mr Wells): Dare I ask whether there is any reaction to that?

Dr Farren: To borrow from an old slogan: one mandate, one person. It could also be possible that we might have Members of the Irish Senate, the Dáil—

Mr P Robinson: Or the House of Lords.

Mrs Foster: Do not tell Lord Morrow.

Mr P Robinson: Or John Taylor.

Dr Farren: The House of Lords, indeed; I knew that there was a third one. Timing is an obligation. Given the instability of the first mandate of the Assembly, it would have been unrealistic and unfair to have required those people who were councillors to choose between council membership and Assembly membership at the time of the first Assembly election or, indeed, soon thereafter. It is a question of when it could be brought into effect. The more stable the Assembly, the greater the case for bringing it in sooner with respect to Assembly Members.

Mrs Long: I agree with Seán about a phasing-in period, given the changes that the RPA will bring to local government. Many experienced councillors may be removed from their posts because of their role in the Assembly, and that will have an impact on how those institutions deal with all future changes and challenges. We must be aware of the level of change that is taking place in local government. Our preference is against multiple mandates, and I say that as someone who has one. However, whether I am seen to do both jobs well is largely a matter for the electorate. If it feels that I am not serving my roles well, I can be unseated. We should not become too caught up on whether people can discharge their functions. Perhaps the management of any conflicts of interest is a more important issue.

Mr McFarland: The issue of multiple mandates affected the running of Committees. For instance, on a day when a Committee was meeting, we reached 4.30 pm and you could see the agitation rising round the table. The councillors who had to make it back to council meetings were busy shuffling their papers, and then suddenly, at some key point in the evidence session, half the Committee was out the door like whippets. There are important long-term issues for the Assembly to function effectively and to do good for constituents.

Mr P Robinson: Every political party wants to have this issue resolved. We discussed the issue internally, and all parties want to eliminate multiple mandates. However, the Assembly has not been sufficiently stable for Members to say that they would like to give up their Westminster seats in order to be a part of it. An institutional review Committee might deal with this issue more appropriately when the Assembly is stable.

Mr Murphy: Or other mechanism, I suppose.
[Laughter.]

We broadly support the proposal, especially in relation to council mandates. It is a conflict of time as well as a conflict of interest. However, we are obviously not as preoccupied with attending Westminster as other parties. Sinn Féin has discussed the issue and is broadly against the idea of multiple mandates, although it has a different stance on Westminster. We are quite happy to consider the matter and certainly see the logic of the proposal in relation to council, as opposed to Assembly, mandates.

The Chairman (Mr Wells): Members will recall the debate on this issue in the Assembly four years ago. Councillor Close MLA made a very impassioned plea — one of the best contributions ever made in the House. There seem to be two suggestions. Mr McFarland has suggested that legislation should be introduced to prevent multiple mandates.

Mr McFarland: The issue need not necessarily be resolved through legislation. In Scotland, the issue was dealt with through media pressure. It would be sensible for the parties to have a gentlemen's agreement, perhaps. The issue logically rests with the mechanism/institutional review Committee. There is no point in asking Members to relinquish a particular job if their Assembly job is unstable and may cease in November. However, multiple mandates are generally unhealthy.

Whether it is through legislation, whether everyone agrees that it is better for politics here if we do not have multiple mandates, or whether it is as a result of media pressure, some way must be found of resolving this issue in the longer term.

The Chairman (Mr Wells): There appears to be a consensus to refer the issue to the mechanism/institutional review Committee. When that is up and running, in whatever form, we will refer the issue to that Committee for consideration. Is there consensus?

Dr Farren: I did not hear any dissent in relation to abandoning multiple mandates in principle.

The Chairman (Mr Wells): I detected a slight dissent.

Dr Farren: I did not hear it; not even from the DUP.

Mr P Robinson: We do not disagree in principle. The general principle is that an elected representative should not have a multiple mandate where a conflict of interest arises within that mandate. That could be the case with council and Assembly mandates in the future. However, stability is the important aspect in this issue.

The Chairman (Mr Wells): The timing is the issue here, rather than the principle.

Mr P Robinson: Parties will have to develop and broaden their bases. It will be in their interests to encourage other people to come forward within their systems. This issue cannot be resolved by fixing a date, in November or January, for example, by when multiple mandates should stop.

Mr Campbell: There is broad consensus on the principle. It is not an identical anomaly, but there should be an overlap of council membership to allow the new councils created by the Review of Public Administration to bed in. Therefore I am not in favour of the abandonment of multiple mandates in the run-up to the shadow council elections. However, I would be in favour of it beyond that period, once the new councils have had time to bed in.

Similarly, with the Assembly, I would not be in favour of the abandonment of multiple mandates within the next 12 or 18 months. In the long term, however, parties should be in favour of abandoning multiple mandates. I hope that a statutory obligation would not be required, but that parties would move towards the principle over the period of an Assembly term, for example.

The Chairman (Mr Wells): Could the circle perhaps be squared by saying that further consideration should be given to whether Members should be allowed to have multiple mandates?

Mr P Robinson: You could say that there is general agreement that multiple mandates should be phased out.

Dr Farren: The suggestion to phase out multiple mandates could be referred to the mechanism/institutional review Committee. Not to suggest that multiple mandates should be phased out would certainly attract adverse comments. This is perhaps minor on the scale of everything else, but it is nonetheless a popular issue, and the media will latch on to it. If we have that strong commitment, and we recognise that phasing out multiple mandates is an issue, we should aim for the strongest possible consensus.

The Chairman (Mr Wells): Therefore in principle, members agree that multiple mandates should be phased out.

Dr Farren: Yes.

The Chairman (Mr Wells): The only remaining issue is the timing of that.

Mr Murphy: I pointed out that compared to the other parties, Sinn Féin does not have the difficulty of Westminster attendance. Sinn Féin's general policy is that it is against multiple mandates. Therefore, in principle, I agree that parties should consider phasing out multiple mandates.

3.00 pm

The Chairman (Mr Wells): Members seem to be happy enough. There was general agreement that multiple mandates should be phased out. Do members agree also that the timing of that should be referred to the mechanisms/institutional review Committee?

Members indicated assent.

The Chairman (Mr Wells): It is 3.00 pm. I have to rush away to an important meeting of Down District Council at 4.00 pm. *[Laughter.]*

Mrs Foster: He is declaring another interest.

Ms Lewsley: That was a declaration of interest.

The Chairman (Mr Wells): I must be totally honest: it is the planning committee. Therefore, it is very important.

Mr McNarry: How many houses will you pass today, Jim?

The Chairman (Mr Wells): We have an hour to go —

Mr P Robinson: If you had told us that before, we might have taken a different view on this subject.

Ms Lewsley: We might have taken a wee bit longer.

The Chairman (Mr Wells): On a housekeeping issue, we will break in a couple of minutes when the tea and coffee arrives. We are going extremely well.

Mr Campbell: We are?

Dr Farren: Keep reminding us of that, please.

Mr P Robinson: We have agreed so much.

Mr McFarland: We are in danger of reaching point 5, which we referred for legal advice.

The Chairman (Mr Wells): I would like to think that we will have got to the bottom of "Stability" by 4.00 pm.

Mr Campbell: We will never get to the bottom of stability. *[Laughter.]*

The Chairman (Mr Wells): If we could get to the bottom of "Stability", that would be a natural break in proceedings, and we could pick up again next Monday. Are members content that, after our tea and coffee, we try to run through to 4.00 pm on those issues?

Members indicated assent.

The Chairman (Mr Wells): We will have a five-minute coffee break before finishing off today's business.

The Committee was suspended at 3.02 pm.

On resuming —

3.10 pm

The Chairman (Mr Wells): We come to the sub-heading “Number of Assembly members” and the sub-entry “Elections to the Assembly (STV)”. Again, that was a DUP issue.

Mrs Foster: We believe that 108 Members is too many, and we have maintained that position for some time, especially in the light of the RPA recommendations. The matter needs to be looked at again. It is not going to be sorted out before devolution comes back again, but it should be referred to a committee on efficiency. Such a committee was envisaged in the comprehensive agreement to deal with issues such as this. We propose that an efficiency committee be set up within the Assembly.

Do you wish to take comments on STV at this time?

The Chairman (Mr Wells): Yes.

Mrs Foster: We are not seeking to change the voting system. We are happy enough with it.

The Chairman (Mr Wells): What do other members think about the number of Assembly Members and the voting system?

Mrs Long: There are a couple of points. We have proposed a reduction in the number of Assembly Members to approximately 80. We recognise that the ratio of Members to the size of the population makes our Government unwieldy in comparison to other parts of the UK and Europe. It is certainly a higher ratio than in Dáil Éireann, for example.

We are in favour of the single-transferable-vote system of proportional representation because it is the fairest system. However, the use of STV in smaller multi-member constituencies tends to create a slight imbalance towards larger parties, and particularly towards the largest party in a region.

Mr P Robinson: I do not think that you said that right.

Mrs Long: Yes I did.

Mr P Robinson: It is not the smaller constituency —

Mrs Long: It is the smaller number of members per constituency.

The initial decision to return six Assembly Members from each of the 18 constituencies was taken in order to allow for a greater diversity of membership. That has not worked; it has not really achieved great diversity. It would be possible to reduce the number of Members and increase diversity at the same time by having a more reflective proportionality. We would have larger multi-member constituencies returning more Members, but a lower total. For example, you could have 12 constituencies returning between six and eight Members, which would give around 80 Assembly Members.

The Chairman (Mr Wells): Any views on that interesting proposal?

Dr Farren: It is a view that is being expressed at the minute. As Mrs Foster said, it is not likely that we are going to reach a resolution on it today. It may well need to be referred to the institutional review committee, or some such committee, following restoration.

In our submission to the Review of Public Administration, the SDLP recognised that the public is concerned about the high number of public representatives in Northern Ireland, between the councils, the Assembly, Westminster and the European Parliament, and that there should be some cutback. Our submission suggested that there should be 90 public representatives, giving five to the existing constituencies, and that we should persist with the STV system.

3.15 pm

However, there will be a significant problem in getting public representatives of high quality, and there will be a challenge in achieving the numbers that have been proposed in the RPA along with the elimination of the dual mandate for Assembly Members. Recognising that the ratio of Members to the electorate is quite low compared to many others, a smaller number of Assembly Members is recommended. There are many practical considerations impelling us to look at reducing the number of Assembly Members.

Mr McFarland: It is generally agreed that there are too many MLAs, and that the number needs to be reduced. The question of how far is a matter for further discussion and would have to be referred to the relevant Assembly Committee.

Mr Murphy: We are happy to look at this with other parties and see what agreement can be reached when devolution is restored.

The Chairman (Mr Wells): Mrs Foster proposed that an efficiency committee be set up within the Northern Ireland Assembly to consider issues such as the number of Assembly Members and that Members of the Assembly should continue to be elected by STV — but STV did not really arise as a problem.

Mr McFarland: Can this be filtered off to the famous mechanism, or institutional review, Committee that will look at issues relating to structures, numbers, etc; it is the same topic. The danger of creating a committee for each area is that we end up having more chairmen, and then the question of payment for chairmen arises. If we are doing jobs for the MLAs, we are in danger of creating extra committees when they are not needed.

Mr P Robinson: Do chairmen get paid?

Mrs Foster: The chairmen of Ad Hoc Committees do not get paid.

Mr Murphy: There is a danger of creating inefficiency committees by creating too many of them.

The Chairman (Mr Wells): Mr McFarland, are you suggesting that we do not have an efficiency committee, but that this matter is referred to the other mechanism suggested?

Mr McFarland: An efficiency committee makes lots of sense, and we support having some sort of organisation that will examine, for instance, effectiveness, efficiency, who is doing what, and how we develop and re-examine different areas. However, if we keep establishing committees for every topic that needs to be examined, we will have trouble getting Members to sit on them. An institutional review Committee — or mechanism — could examine how to better the Assembly; whether the institution needs to be changed, and which bits of it are not working properly. Regardless of what the committee is called — effectiveness and efficiency Committee or institutional review Committee — it would have the same objective.

The Chairman (Mr Wells): Mrs Foster, it was your proposal.

Mrs Foster: Yes. We envisaged the institutional review Committee as being a Standing Committee, whereas the efficiency review Committee would be appointed to deal with issues such as the number of MLAs and the size of departmental structures, etc. I would have preferred if it had stayed where it was.

Naomi made a point about larger constituencies. Members will be aware of the recommendations in the RPA concerning the size of the constituencies, but they detract from the connection that the public will have with their representatives. That is particularly important for the DUP in the west of the Province. I am not in favour of increasing the size of the constituencies. Fermanagh and South Tyrone is, I think, the second largest geographical constituency in the United Kingdom, and I cannot envisage making it any larger. Therefore we want to address that point.

The points have all been made. There is public concern, and members know fine well that the 'Belfast Telegraph' runs articles every now and again about the 108 people who do nothing for their money. It is something on which we have consensus, and I hope that we can go ahead with it.

Mr P Robinson: In the comprehensive agreement, the proposed efficiency Committee has been scaled down to a panel appointed by the First Minister and the Deputy First Minister to deal with efficiency matters. We will probably get general agreement somewhere between that and the more institutional issues being dealt with by the institutional review Committee.

The Chairman (Mr Wells): There should be an efficiency panel in the Northern Ireland Assembly.

Mr P Robinson: The First Minister and the Deputy First Minister would appoint a panel under proposals by the two Governments. They have a responsibility under the Northern Ireland Act 1998 to consider the number of Departments, and so forth. They hold that rolling function, so it is simply a matter of widening it to consider additional issues.

Mr McFarland: That panel should reflect the Assembly, rather than two parties appointing colleagues to examine efficiency. The UUP would not have a problem with a body being set up that is similar to a Committee and which reflects the percentages of the Assembly. However, leaving it to colleagues to identify issues that may be helpful to parties would not necessarily be healthy.

Mr P Robinson: We have already agreed a principle of proportionality, have we not?

Dr Farren: We have agreed a commitment to reducing the number of MLAs. Can we agree to defer the question of a mechanism until we find the most appropriate one to be established? That is a second issue.

The Chairman (Mr Wells): Are members agreed?

Members indicated assent.

The Chairman (Mr Wells): We have agreed, in principle, to a reduction in the number of MLAs, and we will defer consideration on the mechanism. Do we need to raise "Elections to the Assembly (STV)"?

Mr P Robinson: Yes, you said that you agreed to it.

The Chairman (Mr Wells): It was put down as an issue, but everyone spoke favourably on it. Are members agreed?

Members indicated assent.

The Chairman (Mr Wells): We move to "Standing of MLAs", which Mr McFarland raised.

Mr McFarland: I worked for some years at Westminster, where, if someone wanted to get access to a Minister, the gatekeeper was the MP: a constituent wrote to the MP, and the MP organised matters from there. Therefore the MP was of some standing — they were someone in the community.

There was a strange situation in the previous Assembly in which — and perhaps it was in an effort to get us close to our constituents — we sometimes ended up with Ministers taking delegations from anyone who wrote to them. There were all sorts of people, including councillors and individuals, leading delegations on issues to see the Minister. As a result, MLAs became irrelevant, or at least not of the same standing as MPs. That was because MLAs were not the gatekeepers; they had nothing to deliver to someone

who wanted to meet a Minister, because that person could write to the Minister, and the Minister would receive a delegation.

We should use the same system as Westminster, where people who wish to contact a Minister write to their MP. MLAs should be important in getting access to a Minister. If councillors and the general public can access Ministers themselves, what is there for an MLA to do? The answer is: not a great deal.

The standing of MLAs is important for the next time. An MLA should be a key figure in getting justice, access or changes made for constituents. At the moment, MLAs are largely irrelevant.

The Chairman (Mr Wells): Does anyone have a view on that suggestion? The same applies to the Northern Ireland Commissioner for Complaints. Members of the public cannot approach the Commissioner except through an MLA.

Mr McFarland: Absolutely, that is the one thing that a MLA can do. People cannot access the Ombudsman without going through their MLA.

Mr P Robinson: Where do we draw the line? Are we saying, for example, that if representatives of Belfast City Council wish to meet with the Minister with responsibility for the Department of the Environment, an MLA must sponsor them? Are there no groups of sufficient standing to merit a meeting with a Minister should they request one?

As happened many times when I was the Minister for Regional Development, if trade union representatives requested a meeting, I met them, and the same applied to the Institute of Directors (IoD) or the Confederation of British Industry (CBI). I am not sure that that is appropriate in all cases, but it was for those groups.

On account of the division in our society, some groups might find it difficult to be associated with a particular MLA. That would lead to a situation whereby all the MLAs for a particular area would need to be dragged along to each meeting. It would end up that Windsor Park would be needed to accommodate some of the meetings, especially if Naomi were to get her way.

Mr Campbell: I want to expand that point. If, at some point in the not-too-distant future, there is a reduction in the number of MLAs, there could conceivably be a number of constituencies in which a section of the community does not feel that it is represented by any of the MLAs. That could effectively create a barrier between the Minister and a community group, or various people within a constituency, because they do not feel that they have an elected MLA, not only from a political party of their choice, but from the community of their choice.

Mr McFarland: The current situation is no different: if a nationalist from east Londonderry wishes

to gain access to the Home Secretary in London, he goes through Gregory, or if uncomfortable with that, through Martin McGuinness. If MLAs cannot deliver something that Joe Public could not achieve simply by writing a letter to the Minister, they are largely irrelevant.

Councillors have greater access to councils than MLAs. If people want to raise issues with councils, they would normally approach their local councillors who would make the arrangements. They would be brought to the council and, if councillors agree to speak with them, that would go ahead. In the first Assembly, our experience as MLAs was that when it came to accessing Ministers, we were largely irrelevant.

If the title of MLA is to mean anything, or if MLAs are to have any power as gatekeepers, we must act. Otherwise, we may as well pack it in and become super-councillors, and if people want to come to us, that is OK. They will be able to drift in to see the Minister whose time will then be occupied by loads of wee groups from all over the place who want to have a word with him or her.

Mrs Long: I am not sure that I understand Alan's motivation. As an elected representative, I do not wish to see myself installed as a gatekeeper to prevent my constituents having full access to the people to whom they wish to speak. I would not be particularly eager to take on that role.

It is true that councillors can sign in MLAs at their local councils and that they can request deputations. As MLAs, we have the right to sign in anyone who wants to sit in the Assembly's public gallery. However, I do not imagine that any council would turn away an MLA who has phoned about a particular constituency issue. Therefore, I am not sure that that holds true.

It is up to MLAs to justify their existence to their constituents and the electorate. When we have legislative and scrutiny functions, we must demonstrate that we discharge those well and in the interests of our constituents. We must demonstrate that we listen to what they say and that we are making representations on their behalf.

Much of what our constituents seek from us will relate to our individual powers of persuasion and argument and to our understanding of the political system. They will not expect us to take on a gate-keeping role to prevent them from making a direct appeal to a Minister, which they may feel would get them further.

3.30 pm

Dr Farren: I hope that it is not too indelicate to suggest that this issue arose because of difficulties the

UUP had with the Ministers in office. That is a flippant remark.

I did not afford individuals immediate access. However, if individuals nabbed me by the collar at a public event, or when I walked down the street, or if they got hold of my telephone number and phoned me at home, then I would engage with them insofar as I wanted to or could do. However, some delegations consisted of one person, and that person was there because of a corporate responsibility. MLAs, councillors, or both, accompanied many delegations, and I am not sure what would have been achieved by being restrictive in any formal way. In practice, time is rationed anyway. It is rationed between the delegations and people you want to meet according to their needs. People should have access. MLAs were accessible to the electorate and were available on many occasions within constituencies and elsewhere in a way that people had not experienced prior to devolution, and I hope that will be retained.

The Chairman (Mr Wells): I do not think that we are going to get consensus.

Mr Murphy: I agree with Seán Farren. One of the successes of the Assembly was having accessibility to those who were making decisions — and that is one aspect that people miss. MLAs have a role and it is up to them to make themselves relevant in whatever role their party has given them or whatever role they can carve out for themselves. The problem that Alan McFarland refers to has not arisen as far as Sinn Féin is concerned, and it is certainly not an issue. People have roles, and they work as effectively as they can within those roles.

Naomi Long referred to MLA's being gatekeepers, and I share her concerns that there are too many gatekeepers in this society. They become apparent when you try to gain access to Ministers through the Civil Service and the NIO. I would not be comfortable with such a role in relation to my own constituency. If people have issues that they do not want me to bring forward on their behalf, then another representative can do that for them. Sinn Féin has not experienced that problem and does not see any necessity to bring in specific mechanisms to deal with it.

Mr McFarland: I am not against institutions having direct access to Ministers. However, the first Assembly was made up of Members who were also MPs and councillors and therefore had access to Ministers. When Members are acting as MLAs only — and are not also MPs, councillors or anything else — what specific attributes can they deliver within that role? My understanding is that a Home Office Minister can only be accessed through an MP — as an individual — and I suspect that a Dáil Minister can only be accessed through a TD.

I think it will be important to find out what MLAs can deliver after they have shed their roles as MPs and councillors. There is no consensus, and I accept that. This will be an issue as people start to divest their roles and Ministers start — *[Interruption.]*

Mr Murphy: I do not think that that is correct in relation to the Dáil. I know of constituents who write to Dáil Ministers.

Mr P Robinson: Neither is it correct in the case of the Home Office: the Association of Chief Police Officers of England, Wales and Northern Ireland, the Prison Officers' Association, and all the other groups who have an interest in Home Office matters could go along there. I did not meet individuals when I was a Minister. I met representative groups, but I do not think I ever met individuals. No individual wrote to me and was invited to meet me as a result.

The Chairman (Mr Wells): Mr McFarland, I take it that you do not want to formally move your proposal?

Mr McFarland: No. This is not necessarily a problem now, but it may be a problem in the future. There are issues around it that need to be aired.

The Chairman (Mr Wells): We will move on to a very significant issue, an Alliance Party issue that has come up several times; the power to raise or to vary our own tax.

Mr P Robinson: Do you mean to vary Members' own tax or to vary somebody else's tax?

The Chairman (Mr Wells): It will be interesting to see. The phrase used is "tax-varying powers". Mr McNarry, do you wish to comment on this issue?

Mr McNarry: Yes. Could the Committee give an opinion on this matter to the subgroup?

The Chairman (Mr Wells): Yes. You were quick to point out that we should not cut across their work. If we take decisions or do anything on this issue, it is important that the Committee let the subgroup know immediately. Naomi, what is the main thrust behind the suggestion?

Mrs Long: The Alliance Party has a principled position that the Northern Ireland Assembly should have the ability — similar to the Scottish Parliament — to vary taxes within Northern Ireland to take account of its specific economic situation. If the matter is better dealt with through the subgroup, my party is happy with that. It is not concerned about where this is discussed.

Mr P Robinson: There is a misunderstanding. The Scottish Parliament does not have power to vary taxes; it has power to raise its own tax. There is a great difference. If the Assembly had power to vary our own tax, we could reduce income tax, corporation tax, VAT and everything else.

The Chairman (Mr Wells): That is a good idea.

Mr P Robinson: I do not think the Chancellor would like that.

Mrs Long: Within a Northern Ireland context it would be feasible to decide that rather than have separate charges for rates, water charges and the plethora of other local taxes, they could be rationalised in such a way that the outcome would be varied.

Mr P Robinson: We have complete control over the regional rate and authority over the local rate and water charging.

Mr McFarland: Dr Farren, I am sure, will keep us right, but my understanding from the first Assembly examination of this issue is that the Chancellor would be delighted if the Assembly would abandon the Barnett formula and adopt its own tax-raising powers because an enormous slice would be removed from the subvention that Northern Ireland receives. That idea was examined in the first Assembly and was found to be slightly dangerous.

The Chairman (Mr Wells): The subgroup is looking at corporation tax and industrial derating at the moment. This matter would be best taken by the subgroup. You were not to know when this item was listed that the subgroup would be looking at those items.

Mrs Long: We raised this issue in our initial submission and at that time the agenda for the subgroup had not been finalised. This was part of our overall submission on preparation for Government. If it is now best dealt with through the subgroup we are content.

The Chairman (Mr Wells): I think that is a reasonable decision.

Mr McNarry: I am sure Mrs Long will be impartial when this matter arises during her time as Chairperson of the subgroup. *[Laughter.]*

Mrs Long: As always.

Dr Farren: The subgroup will report to this Committee. Therefore, this Committee will have a say if it wants to.

Mr Murphy: I am content to allow members of my party on the subgroup to air views on the matter. Sinn Féin is, in general, for the maximum transfer of powers, so that would include all of these matters, but my party will let members of the subgroup spell it out in more detail.

The Chairman (Mr Wells): The next issue is “Stability”. I do not know if this meeting will conclude by 4.00 pm, but a series of issues has been raised, mostly by the DUP. The first is a major issue: arrangements for a fail-safe mechanism in the event of recurring terror and criminal behaviour. Does anyone wish to speak on that?

Mr McNarry: We have moved remarkably quickly through this part of the agenda, and I understand that

there is to be a full session the next time we meet. The issue of “Stability” cannot be properly considered in 20 minutes. I suggest that we return to it later with fresh minds.

The Chairman (Mr Wells): Seán, you are happy with that.

Mr P Robinson: I am quite content; we do not want to begin to discuss the topic with only 20 minutes left. Could some work be prepared for the Committee on the issue? We need to know the existing arrangements with regard to the Independent Monitoring Commission (IMC) reports and recommendations and the legislation as it stands. What is the responsibility of the Secretary of State or the Governments if the IMC recommends the disqualification of a party, for instance, in the event of terrorism? If the Assembly were started up because the IMC had judged that there was no ongoing paramilitary or criminal activity, and six months later the Ulster Bank was robbed — or something as outlandish as that — what mechanism would be in place to deal with that? The IMC might report that the party should be disqualified from Government for a period of time, but my understanding is that that disqualification would be subject to a decision by somebody else. The IMC can only make recommendations. If we could be apprised of the legal and factual position in the present situation, it might be worth considering how it could be strengthened.

Mrs Long: Mr Chairman, I would like some clarification on that. Mr Robinson, when you mention the situation as it currently stands, do you mean during suspension, when the decision to follow through on recommendations is at the Secretary of State’s discretion; or are you referring to the Assembly’s ability to follow through on recommendations, or both?

Mr P Robinson: I am assuming that the Assembly is running.

The Chairman (Mr Wells): Is everyone happy? I take David’s point; the Committee will not get through this issue in less than 20 minutes. Considerable progress has been made in getting through the agenda. Would everyone be content if we stop now and return to the issue later?

Members indicated assent.

The Chairman (Mr Wells): One or two small issues remain.

First, are members happy with the revised work programme that is in their papers, which gives the dates and the names of those who will chair the meetings? Obviously, it is a moveable feast and will depend on whether we make more or less progress than expected. However, it gives members an idea of what will be happening over the next few weeks so

that they can check their diaries. Is everybody happy with that?

Members indicated assent.

The Chairman (Mr Wells): The next meeting will be held on Wednesday 9 August at 10.00 am in room 144. It will be on policing and justice issues, and it will be an all-day meeting.

Does the Committee want another all-day meeting on Monday 14 August, from 10.00 am to 4.00 pm, to try to get through this? Is everyone happy with that, even the councillors and the MPs? I take it that no one has to rush off to any other meetings?

Members indicated assent.

Mr P Robinson: I do not think that “happy” is the word that we would use.

Adjourned at 3.45 pm

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Wednesday 9 August 2006

Members in attendance for all or part of proceedings:

The Chairmen, Mr Francie Molloy and Mr Jim Wells
Mr Fred Cobain
Mrs Arlene Foster
Mrs Dolores Kelly
Mr Gerry Kelly
Mr Danny Kennedy
Mrs Naomi Long
Mr Raymond McCartney
Mr Alan McFarland
Mr Alban Maginness
Mr Alex Maskey
Mr Sean Neeson
Mr Peter Weir
Mr Sammy Wilson

The Committee met at 10.06 am.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): I remind members, as usual, to switch off their mobile phones, as they interrupt recording, and we have lost some proceedings before because of them. We will break for lunch at 12.20 pm, which we will have in this room. Jim Wells will chair the afternoon session, as I am going to a wedding. I have to get my priorities right.

Are substitutes present?

Mr McFarland: Mr Chairman, we expect Mr Kennedy shortly; Mr Cobain is standing in for Mr McNarry today.

Mr G Kelly: I have no idea who I am deputising for; I just came along. *[Laughter.]*

Mr Raymond McCartney: I am deputising for Martin McGuinness.

Mr A Maginness: I am standing in for Mark Durkan.

Mrs D Kelly: I am standing in for Alasdair McDonnell.

Mr Neeson: David Ford sends his apologies.

Mrs Long: I am here as me.

Mrs Foster: I am here for Lord Morrow; Sammy Wilson will be joining me soon for Ian Paisley Jnr; and Peter Weir will be here for Rev McCrea.

The Chairman (Mr Molloy): Do members have any relevant interests to declare?

Mrs D Kelly: I am a member of the Northern Ireland Policing Board.

Mrs Long: I am a member of Belfast District Policing Partnership (DPP).

Mrs Foster: I declare Policing Board membership.

Mr Cobain: I too declare Policing Board membership.

The Chairman (Mr Molloy): Gerry, do you have any interests to declare?

Mr Cobain: The Policing Board. *[Laughter.]*

Mr G Kelly: How did you hear?

The Chairman (Mr Molloy): Our next agenda item is the draft minutes of last week's meeting. Are members content?

Members indicated assent.

The Chairman (Mr Molloy): Under "Matters arising", Mr Wells wrote to the Secretary of State seeking his attendance at this Committee. However, we have not received a reply. There has been communication between the Committee Clerk and the Northern Ireland Office (NIO), but there has been no reply.

We also have the revised list of law and order issues, which was agreed at last week's meeting. The first heading on the revised list is "Devolution of policing and justice"; the second is "Policing", under which are "Intelligence Services", "Policing issues" and "Police Ombudsman"; the third heading is "Justice issues", under which fall "Community Restorative Justice" and "Residual justice issues"; the fourth heading is "Rule of law", under which come "Criminality", "Decommissioning" and "Paramilitarism".

Members should be aware that those issues will be discussed in the following sessions, so we will try to avoid straying into them today.

Today, we will discuss two sections of the revised list: devolution of policing and justice; and the Northern Ireland Office discussion paper 'Devolving Policing and Justice in Northern Ireland'. It is up to members how we handle this, but it has been suggested that the discussion on devolving policing and justice be separated into two categories: the option for ministerial and departmental structures; and matters for devolution. Are members content?

Members indicated assent.

The Chairman (Mr Molloy): Everyone has a copy of the discussion paper, which contains the models. I suggest that members discuss the paper, and then I will take proposals arising from that discussion, rather than interrupting the discussion with proposals that may be counteracted later on. We will take it as we go, but if members are happy to have the general discussion

followed by proposals and recommendations at the end, we will proceed.

Mrs Long: There are three issues around the devolution of policing and justice matters: the structures; matters which will be devolved; and the timing of devolution. There are, therefore, three components to be discussed. We have decided how to deal with the first two, but when will we discuss the timing?

The Chairman (Mr Molloy): The timing should be the next issue to be discussed.

Mr G Kelly: I hazard a guess that the longest discussion will be on the NIO discussion paper, so it might be helpful to discuss the timing first or second.

The Chairman (Mr Molloy): Are you suggesting that we discuss timing in the first session?

Mr G Kelly: I am open to that, but since you suggested discussing the models first, let us do that. However, timing is relevant and, I hope, discussions on it will not take as long as those on the actual discussion paper will take.

The Chairman (Mr Molloy): Nothing is ruled out in these discussions, and I have said that from when the PFG Committee meetings started. Both Chairmen are content to permit discussions on whatever members think relevant.

Mr McFarland: Following the meetings of the past six weeks, it is obvious that a number of parties are still not confident that the background scenario is one in which the devolution of policing and justice or devolved government could be easily dealt with at present. Part of the reason why members were content that the “Rule of law” was put at the end of the list was because they realised that it would cause the drama. Members will be asking if the conditions are right for the devolution of policing and justice, and they will be stating whether they are comfortable and confident that all the parties have fulfilled their obligations to enable it to occur.

The question of timing, one would argue, is directly related to that confidence and the last issue on the list, “Rule of law”. Therefore, while timing is important — and I understand that it must be discussed — it would be beneficial to tease out the practical steps that are not directly related to whether parties feel comfortable to have devolution of policing and justice yet. One could argue, therefore, that timing is directly related to the last topic for discussion, “Rule of law”, and it could be discussed alongside criminality, decommissioning and paramilitarism. Those areas will all have an important bearing on when parties will feel comfortable with the devolution of policing and justice. We must remind ourselves that none of this will happen until there is an Assembly vote on the issue.

It makes sense to leave the discussion on the timing of devolution of policing and justice until the end of today, or perhaps until we discuss “Rule of law”, which impacts on timing. The Committee can discuss detailed structures without prejudice, but, as soon as we begin to discuss timing, we will enter into other complex issues that may interfere with the flow of our day.

10.15 am

Mr G Kelly: Was it agreed that the devolution of policing and justice would take place midway through a sitting of the Assembly, or in an equivalent period? Have we moved away from that?

Mr McFarland: The Committee has worked hard to deal with the straightforward matters, and the more fundamental issues have been put off until the end. The DUP has spent six weeks having a go at Conor and Martin over various matters, including whether paramilitarism and criminality have stopped. Such matters cannot be resolved in advance of the publication of Independent Monitoring Commission (IMC) reports confirming that they have stopped. We can sit here all day arguing about that; we have done that, and those discussions have been reported in Hansard. All parties have stated their positions on the issue.

If we try to address the timing issue, the question will arise about whether other parties feel that Sinn Féin is ready to address policing, and whether Sinn Féin is ready to address policing and support the rule of law. If Sinn Féin says that it is ready, the DUP will say that it is not, and we will not get anywhere. I suggest that we stick to the business of examining the models, as that is philosophical and uncontentious. If we started with timing, we would spend the next two hours having a barney, rather than getting on with some solid work.

Mr G Kelly: If Mrs Long and the other parties are content, I am happy to discuss the models, and then we can come back to the other issues.

The Chairman (Mr Molloy): Sammy, do you have any interest to declare?

Mr S Wilson: No.

Mr Neeson: I was a member of the Police Authority for Northern Ireland before the ceasefires.

The Chairman (Mr Molloy): Those issues are relevant to all the parties.

Mrs Long: With regard to the options for ministerial and departmental structures, the Alliance Party wishes to comment on the four models.

The Alliance Party believes that the Patten Commission proposals represented a fundamental review of policing and the creation of a single professional police service. Those proposals have been largely implemented. Therefore, we would like to see progress, with all

parties accepting the rule of law as the baseline and becoming involved in the various structures and offering their unequivocal support to the police.

Unlike other parties, the Alliance Party does not simply view this as an issue for Sinn Féin, which is the most notable absentee from the Policing Board. Other parties must also show their support for the rule of law when it is exercised. Often, parties are critical of how the police exercise the rule of law in their communities, but, when they exercise it in someone else's community, they are supportive of it. We would like people's approach to policing to be consistent.

The Alliance Party believes that it would be unhelpful if policing and justice were to become politicised by its devolution and become an issue of contention. Policing and justice will cut right to the core of people's sense of security, and, from that perspective, it is important that the entire community has confidence in how it is devolved, operated and managed.

The structural issues relating to the devolution of policing and justice cannot be divorced from those concerns that the Alliance Party raised during the institutional strand of discussions: different sections of the community will still perceive that there is the potential for policing and justice matters to be devolved into the wrong hands. That concern cuts right across the community, not only one section.

The Alliance Party's preference is for policing and justice to be devolved in the context of an Executive that assumes collective responsibility and within which there is a higher degree of accountability over ministerial decision-making and decision-taking than under the previous arrangements. It is also important that matters relating to the accountability structures between the Executive and the Assembly are resolved.

I wish to comment on the four models of ministerial and departmental structures that have been proposed. It is worth noting that in Iraq, where there is collective and ethnic tension in regard to policing, much pressure was applied to ensure that policing and justice matters were not placed into the hands of any particular section of the community, but were taken on by a neutral body.

The existing Executive structures are inadequate to deal with devolution, because they provide few incentives for moderation and accommodation. Therefore, the review of the institutional dimension is critical in getting the devolution of structures right. None of the structures offered in the joint declaration provides an ideal way forward. I assume that the Committee will consider each model in detail, but I will take a cursory look at them now.

If, as suggested in model 1, policing and justice were devolved to a single Department under the current arrangements, without the Executive having full collective responsibility, the fear throughout the community

would be that policing and justice matters could somehow be manipulated, or that the Minister could interfere, with little recourse, in operational matters.

Model 2 suggests a single justice Department with two Ministers. That throws up the same questions that we have already discussed relating to the unwieldiness of OFMDFM structures in the last Assembly, and to productivity having been fairly low in comparison to the amount of effort made. A single Department with two Ministers is also something of a curate's egg. In the institutional format of this Committee, we talked about trying to strip away some powers and vest them back in other Departments. That would conflict with giving policing and justice to a Department led by two Ministers.

Model 3 proposes extending the remit of OFMDFM to cover policing and justice. Although a single justice Department with two Ministers operating in conjunction may give people a sense of confidence, as the two Ministers would have to agree on every decision, it is unlikely to prevent a political tug of war.

The Alliance Party's concern about model 4, which suggests two distinct Departments with separate functions, is twofold. First, there is already a division between the powers to be devolved and those that Westminster will retain. Model 4 involves a further split between a policing Department and a justice Department. The substantial capacity for confusion among the general public as to where the remit for individual issues of policing and justice would lie would be unhelpful.

Furthermore, that model would not address the specific concern about the unfettered power of Ministers in each Department. Although policing and justice would be divided between two Departments, each with a lower remit, the powers to take decisions without recourse to colleagues would be the same. Therefore, model 4 does not address the structural issue.

Currently, the Alliance Party is not particularly exercised about the matters to be devolved and is fairly happy with the list that has been drawn up. However, we have a concern about issues relating to security and the security services.

The policing and security structures in Great Britain are not as politically accountable as the proposed structures in Northern Ireland, and the Alliance Party is therefore concerned about the retention of security issues, such as MI5 and so on, because of that lack of accountability.

There is a significant disparity in how republican terrorism and loyalist terrorism are viewed. The Government view republican terrorism as a national security threat to be dealt with by MI5. Loyalist paramilitarism, however, is seen more as criminal activity and is dealt with by the police at a local level

and under the devolved structure as it is not perceived to be a threat to national security. However, the Alliance Party sees no difference between them. Its main concern is that there is a disparity in how the two are dealt with; it wants to see that disparity resolved so that people will have confidence that the paramilitary threat is being dealt with in the same way and through the same accountable structures — regardless of where it emanates from.

The Alliance Party has more detailed papers on this issue, and it is happy to submit them for consideration, but, as an opening statement, that is probably more than enough.

The Chairman (Mr Molloy): Can members keep to the first part? The models are divided into two parts, and the matters for devolution are in the second part.

Mrs Foster: Like the Alliance Party, the DUP believes that this issue must be set in the context of an institutional review, accountability structures, and the scaling-down of Departments to make way for whatever will be proposed on policing and justice. That is an acknowledgement of what the DUP has been saying about timescale, and I note what Alan said about that. If we had started off with a timescale, there would have been a brief discussion, Chairman. The Committee organises itself on consensus, and as far as the DUP is concerned, the timescale — if put in place — would have done more damage to confidence in the DUP's community than anything else. It is not about a timescale; it is about gaining the confidence to put structures in place.

The DUP has difficulties with all the various models that have been put before the Committee, and that is what we are here to discuss. The DUP also believes that there would be difficulties about agreement and that the problems that have arisen with OFMDFM would also arise with a single justice Department. It would be unwieldy and would, in many cases, lead to deadlock. We were all aware of the unfettered powers of Ministers in the previous Assembly, and a single justice Department would bring difficulties.

OFMDFM's remit is large enough already, without extending it to cover policing and justice. Putting something as important as policing and justice into OFMDFM would be a non-starter.

Policing and justice are inextricably linked, and dividing them into two distinct Departments would lead to severe difficulties — especially if one were held by a unionist and the other by a nationalist or republican. That must be addressed.

We are dealing solely with ministerial and departmental structures. However, in relation to policing, Naomi was right when she said that GB does not have the same accountability structures as Northern Ireland does. Following the Patten Report, policing here is one

of the most scrutinised — if not the most scrutinised — matters in the world, with the Police Ombudsman, the Oversight Commissioner and the Policing Board.

Many policing matters have been sorted out. The Committee may take that into account in considering departmental structures. The DUP is suggesting a single justice Department with senior and junior Ministers, the junior Minister having responsibility for policing. Policing relates mainly to operational matters; justice would be the more senior portfolio. That is something to be discussed. My party will not be prescriptive about that. Those are my initial thoughts.

10.30 am

Mr G Kelly: I begin by putting the discussion into context. When we are talking about models, the context must be borne in mind. The Alliance Party and the DUP have discussed institutional problems and their difficulties with Executive power. Transfer of power is the mainstay of the model of policing envisaged by the Patten Commission. Without that, the potential for a new beginning for policing is seriously undermined. In paragraph 7 of the policing and justice section of the Good Friday Agreement, the two Governments agreed to a transfer of powers on policing and justice. From Sinn Féin's point of view, that requires taking power away from London and out of the hands of the British securocrats in Whitehall and Stormont Castle.

Recommendations 20 and 21 of the Patten Report of 1999 explicitly recommended the transfer of powers to enhance, not diminish, the new arrangements for policing. The 'Review of the Criminal Justice System in Northern Ireland' in 2000 also supported the transfer of powers to local democratically accountable arrangements.

The Patten Commission envisaged that the transfer of powers would have positive implications for policing arrangements in many ways, for example, the appointment of chief police officers and civilian equivalents would become subject to approval by members of the power-sharing Executive, who would also be empowered to call upon the PSNI Chief Constable to resign in certain circumstances. The Patten Commission also foresaw the First Minister and the Deputy First Minister as jointly assuming responsibilities previously exercised by the British Secretary of State following the transfer of powers, such as the appointment of independent members of the Policing Board, determining the remuneration and expenses of board members, and so on.

The key distinction between Sinn Féin's position and those of other parties is that Sinn Féin wants to achieve that which was set out in the agreement as the basis for a new beginning for policing. For that to happen, agreement on a time frame is needed. This is important. Previous negotiations were already centring what that time frame should be. Agreement is also

required on the departmental model, which we are dealing with now, and, perhaps most importantly, the powers to be transferred. Unlike Mrs Long, I believe that there are issues in the document that will necessitate the longest discussion we will have. The first step in the enactment of the necessary legislation was taken a week or two ago, and Gerry Adams has said that he will go to our party's national executive and call a special Ard-Fheis.

Sinn Féin has been pressing the British Government to honour its commitments by transferring power to local democratically accountable arrangements under an Assembly. However, the all-Ireland arrangements are also important. They are interdependent institutions, set up under the Good Friday Agreement, and must also become a part of the Committee's discussion.

A huge issue, which is getting bigger, is Peter Hain's statement that MI5 should have primacy in policing the Six Counties. That is after the long negotiations that have taken place and would be a reversal of the Patten recommendations. It is not only Sinn Féin that strenuously opposes that. The SDLP has spoken publicly about it. The Irish Government, the Police Ombudsman for Northern Ireland, the Oversight Commissioner and the Northern Ireland Human Rights Commission are now forcefully voicing their opposition. Sinn Féin wants to see the role of British securocrats in our country reduced and ended; not supported and expanded. That should apply not only to MI5 but also to those anti-agreement elements and securocrats still operating in the PSNI and in other associated agencies.

Fundamental principles should underpin the transfer of power: a speedy, time-bounded process; maximum transfer of powers on policing and justice in so far as they relate to the island of Ireland; democratic accountability within the Six Counties and in all-Ireland arrangements; freedom from partisan political control; entrenchment and primacy of human rights; and the safeguarding and demarcation of roles and responsibilities.

The following items will also necessitate long discussion, depending upon which type of ministry is decided upon: the Northern Ireland Policing Board; the Police Ombudsman for Northern Ireland; the Chief Constable of the PSNI; and the number of protocols necessary in implementing and validating the transfer of powers.

With regard to the type of models that have been proposed, and in the light of all the issues that have been raised previously, I should say from the outset that, from Sinn Féin's point of view, trust is an issue. Whatever happens in the longer term, we must take some sort of shared approach to this matter. Naomi talked about neutrality, but the fact remains that sections of the community are affected by this matter

in different ways and should therefore be involved in this. While Sinn Féin is very open to discussing different models, the party's immediate attitude is that a shared approach must be adopted so that both sections of the community — in political terms — can be involved. We are open to suggestions as to what the combination should be; although, unlike the DUP, I think that the suggested model of a single ministry with two Ministers is possibly pushing slightly ahead.

Mr A Maginness: It would be premature to be prescriptive this morning. In effect, a number of different models have been proposed by the British Government, but it is very difficult to evaluate them without agreeing a set of principles, which can then form a basis for evaluating individual models and reaching a collective conclusion on one of the models under discussion today, or another model. The SDLP believes that we must get the principles right before we can construct a model that could be blessed by consensus around this table.

The whole discussion on the devolution of policing and justice powers must be viewed in the context of power sharing and partnership. The Executive, and the parties within it, must be generally supportive of the different Ministers and Departments, so that there can be collective goodwill and a sense of shared responsibility. A sense of shared responsibility creates partnership, that partnership creates goodwill, and, in turn, that goodwill creates good government for all the people of Northern Ireland. That is an opening contextual basis for discussing policing and justice, and devolution.

The SDLP also believes that the current policing institutions — the Policing Board, the DPPs, the Police Ombudsman and the Police Oversight Commissioner, whose office will exist until the end of May 2007 — should continue as at present in the event of devolution of policing powers in the future. That is an important principle to assert; there should be no interference with what is presently established.

The devolution of powers must not only involve strand one of the Good Friday Agreement, which deals with Northern institutions, but also strand two, which deals with North/South institutions. The latter is part of the current basis for government on the island, and therefore should be the basis for the administration of justice and policing on the island.

The fourth principle concerns the need for detailed consideration of the future structure of the justice Department or Departments, the number of Ministers, etc. That must be consistent with the second principle on the protection of the present institutions. That should also be consistent with the Patten Report.

The fifth principle is that there is a range of important and sensitive powers held by the British Government that the SDLP believes should be devolved,

with necessary cross-community protections. Those would include: appeal powers by the Chief Constable against a ruling of the Parades Commission — a power that has not been used to date, but is still a residual power held by the Secretary of State; the protection of fifty-fifty police recruitment, which currently requires renewal every three years; and protection against a devolved Minister from one community vetoing a Policing Board inquiry without cross-community agreement. The SDLP emphasises the importance of those sensitive and potentially crucial powers that are held by the British Government.

The sixth principle is that the gathering and managing of all intelligence must remain with the PSNI. The SDLP has been very firm on that point. That includes national security intelligence, the threats presented by organised and serious crime, and international terrorism. It is important to develop and maintain confidence in policing. If intelligence gathering were removed from the PSNI, which would be left with a fairly minor residual function, PSNI capacity would be effectively weakened. The SDLP believes that that would be wrong.

The seventh principle is that — independent of the requirement for elements of justice and policing powers to be devolved — there are particular issues that require all-Ireland integration as part of strand-two arrangements. The SDLP believes that an all-Ireland assets recovery agency should be created and that there should be an upgrading of all-Ireland mechanisms to address organised crime. The SDLP believes that that is of critical importance.

The eighth principle is that the British Army and security services should have no role in the North aside from that outlined in the Hillsborough declaration and in the Patten Report. In particular, the British Army should have no function in relation to intelligence gathering, management, or other intelligence capacity. That should be a principle that parties should adopt as a prerequisite for proper negotiation on the devolution of justice.

Our ninth principle is that there is a requirement for the transfer of powers to the maximum threshold. That would be healthy for the credibility and authority of a restored Assembly and would protect against undue influence from the Government or agencies in London. After examination of the discussion paper, the SDLP believes that that area must be fully assessed and robustly challenged to ensure the maximum transfer of powers. That should include matters where constitutional conventions exist or where issues are not fully governed by statute.

The tenth principle is that there should be a fixed and firm deadline for the devolution of justice. That would create a degree of certainty, avoid doubt, and create momentum. At an earlier stage, the SDLP

argued that a target date of six months was realisable. Arguably, a more limited time frame is now justified.

10.45 am

The devolution of justice is a further test against which to judge each party and against which each party can judge itself. We strongly urge other political parties, the Governments and other interested parties to adopt the principles that we suggest. That is the best way to ensure that, should the devolution of justice arise, it is done correctly. If we get the principles right, we can move on to considering the specifics of the modalities and search for as wide an agreement on a preferred modality as possible within the context of these political discussions.

Mrs Foster: Will the SDLP share its paper with the rest of us?

Mr A Maginness: We will present it in due course.

Mrs Foster: Does that mean that it is not sharing it at this time?

Mr A Maginness: No, not at the moment — we may want to make some adjustments to it.

Mrs Long: We discussed the submission of papers. The Alliance Party is happy to submit one, if it is decided that that is necessary. It may be worth discussing at the end of this initial session whether parties want to present written papers.

The Chairman (Mr Molloy): I do not want to disrupt Alan's flow, so please continue.

Mr McFarland: It was agreed at the previous meeting that if parties had papers they should circulate them. Some have; others have not. If parties have a tome of wisdom, they should circulate it.

The Chairman (Mr Molloy): It was not a precondition.

Mr McFarland: I know that.

It is worth reminding ourselves of the context of all this, because it is key to the discussions. The first point is that none of this will get up and running until the Assembly is up and running. For that to happen, there has to be agreement between the DUP and Sinn Féin, and the DUP has to accept that Sinn Féin has met all the commitments that the DUP believes that it should. In theory, we are discussing this matter against a background of a new era of harmony. That does not mean that there are not any safeguards, but that is the context in which all this will happen. Current difficulties may not exist when we get to that stage. We must remind ourselves that what we are talking about can be triggered only by cross-community vote in the Assembly; therefore everybody must be in agreement. It is important to keep that in mind.

There is clearly a question about the number of Departments. All the parties are agreed — and it is in legislation — that there cannot be any more than 10. Therefore if there is to be a Department or Departments for policing and justice, then either the law must be changed to allow 11 or 12 Departments, or we consider a regrouping of the Departments to make them more effective and efficient. Every party that contested the previous election said that it wanted to look at that issue, which cross-fertilises into the institutional talks that we have on Mondays.

There is a fair amount of agreement that it would be more efficient to have policing and justice together in the system. In England, where those functions are separate, consideration is being given to drawing the two together to make them more effective and efficient. In that case, it seems daft for us to split them. The Government also expressed that view in their paper, which suggests strongly that those functions should be kept together as an entity.

The other thing to remember — and I think that this was brought out in the paper that has been prepared for us — is that much of policing and justice is not under anyone's direct control. The Chief Constable is independent, so we cannot interfere in his operational policy.

The Policing Board is probably the biggest conundrum. Ten Assembly Members sit on the Policing Board. If there were a Department for policing and justice, it would presumably need a Committee, so that would account for another 11 Members. That adds up to 21 MLAs. The question is whether the same people could sit on both.

Mr S Wilson: The rest could be fitted in somewhere.

Mr A Maginness: We will run out of Members.

Mr McFarland: Are we perhaps looking at having a Policing Board that is made up of independent members? A Policing Board with agency status would conduct the hands-on, day-to-day work, but the Committee with responsibility for policing and justice would supervise it. Some fairly major issues must be sorted out down the line. The Northern Ireland Prison Service operates independently, as does the Police Service of Northern Ireland (PSNI), and the criminal justice and legal profession has always been, as Arlene will confirm, a slightly ethereal world.

Mrs Foster: I will not confirm that.

Mr McFarland: The judiciary is independent and almost runs itself. Of course, input is provided when selecting people for positions, and so forth, but, by and large, the Northern Ireland Court Service and the courts system operate independently. We are discussing organisations that are already well on their way to being stand-alone agencies, unlike, for example, at the

Department for Regional Development (DRD) or the Department of Health, Social Services and Public Safety (DHSSPS), where the Minister is in the middle of everything and has a direct input. A Minister would not be able to wade into and tinker with policing and justice at will; that is not the way in which policing and justice work. We should bear that in mind.

The issue of cross-border policing and justice between two sovereign Governments must be debated. How do we deal with two police forces and two justice systems on the island? As far as I can see, there is a major drive on the part of the two Governments to slot in as many cross-border policing and justice measures as possible before any of those heathen MLAs from Northern Ireland get their hands on policing and justice. There seems to be a major push to implement cross-border agreements, policies and protocols before the Assembly is given responsibility for policing and justice.

What safeguards will be in place? Let us say that the DUP and Sinn Féin hold the posts of First Minister and Deputy First Minister respectively and are hugging each other in Government, and all the problems that those parties had with each other have been resolved.

Mr S Wilson: An ethereal world.

Mrs Foster: He is back in dreamland.

Mr McFarland: It will still take the communities some time to accept that one or other — or, indeed, any — of the parties can be allowed unfettered access to the post of Minister for policing and justice. Therefore, safeguards are necessary.

Do we have only one Department, dealing with both policing and justice? Could we afford to have two Ministers at a time when we are downscaling Departments and complaining about costs? How could we justify having two Ministers, each on £76,000, or whatever a Minister is paid these days?

Do we give the policing and justice portfolio to the First Minister and the Deputy First Minister? As some colleagues have already described, the First Minister and the Deputy First Minister in the previous Assembly lived in a schizophrenic world in which they were the ambassadors for and the face of the Assembly, opening shopping centres and glad-handing the world, while, at the same time, trying to run a Department that had responsibility for odds and sods and had to carry out other strange functions. At Monday's meeting of the PFG Committee dealing with institutional changes, it was pointed out that we are required to completely re-examine OFMDFM's responsibilities. Therefore it would appear slightly overenthusiastic to give the First Minister and the Deputy First Minister responsibility for policing and justice on top of all their other responsibilities.

If we opt for one Department, how do we provide safeguards? Two Ministers would prove quite expensive. We could decide to have a Minister and a junior Minister, and to alternate their roles. Should that junior Minister be what might be termed a “super junior Minister”, who would have access to all the papers? Although only one Minister would be paid £76,000, the Minister and the “super junior Minister” would be required to operate in the same way in which the First Minister and the Deputy First Minister operated. The “super junior Minister” would have to agree any changes that the Minister proposed. That would provide a safeguard.

There are both costs and benefits with all of those models, and we will need to tease those out as we proceed.

The Chairman (Mr Molloy): Danny, you have just come in recently. Members of the Policing Board and other organisations have been making declarations of interest.

Mr Kennedy: I am a member of the Policing Board.

The Chairman (Mr Molloy): Thank you. Members, we have had discussions on the issues. Have we any definite proposals?

Mrs Long: That might be somewhat premature. I would like to go back on a few things that have been said. First of all, I wish to confirm, in case it was not explicit in my original statement, that Alliance is in favour of the devolution of policing and justice. As someone who is always slightly sceptical, I have a tendency to focus on the problems and on trying to resolve them. The questions for us are: “How?”, “What?” and “When?”, not whether it should happen. I want to make that quite clear.

The SDLP said that there should be a firm time frame, and there has been some discussion about that. We believe that to set a firm timescale would be counterproductive. We need to set a target date so that people can see when it may be able to happen — two years from the restoration of devolution seems sensible. That would allow time for devolution to establish itself and become stable. However, we do not want to be prescriptive about it. I am intrigued that the SDLP has said that it thought that it could happen in fewer than six months, yet today it said that it would be premature to discuss the structures. If we are not prepared to do that in some detail now, I do not know how we could be ready for policing and justice to be devolved in fewer than six months. I would like to explore that a bit.

With regard to the neutrality of the Department — and I think Gerry Kelly raised this — it is not just about the Ministers having no political affiliations or opinions; that is not conceivable. We are talking about the community having confidence in Ministers discharging their duties in an impartial way, particularly given the sensitivities of those roles. We are not talking about

which Ministers could hold the posts; we are talking about how they would discharge their functions. That is why we feel that the ministerial code and Pledge of Office are important. People from the unionist community, for example, do not lose interest in policing and justice simply because a republican or nationalist happens to head that Department, just as they do not lose interest in education or any other matter. It would be important for the Ministers to discharge their functions in a neutral way, as opposed to the individuals being politically neutral.

Those are the main issues that I felt that I should come back on in order to clarify Alliance’s position.

Mr A Maginness: We want agreement on the principles. Once they are agreed, the chosen model can be worked on and there would be a greater chance of agreement there — it is as simple as that. Without having agreed principles, it would be premature to decide on the model.

The Chairman (Mr Molloy): Mr Maginness listed a set of principles. Does the Committee want to explore further the matter of what principles it would want to put in place before it talks about the models? Do we want to deal with that in more detail?

Mrs Foster: You cannot take the all-Ireland devolution of powers as a principle in a vacuum; you need to know what powers you are going to put in. It strikes me that that goes entirely against the principle of consent that was meant to underlie the Belfast Agreement. I do not see any possibility of agreeing principles such as that. That is why I asked to see the SDLP paper. I am not being prescriptive in any way, but you cannot just state blandly and in a vacuum that you want to see the devolution of powers to all-Ireland institutions.

11.00 am

Mr A Maginness: We are willing to share our thoughts on the principles that I have briefly outlined as soon as we can, and further discussion might come from that. Equally, we would like the other parties to put their thoughts on paper to allow us to evaluate them and to judge them against our thoughts. It would be good if parties submitted in writing the principles on which they feel that the model for the devolution of policing and justice should be based.

Mr McFarland: The difficulty is that the Committee has a fortnight, or perhaps three weeks, comprising two or three meetings, to get through its entire remit. At that point, it is expected to produce a report to be debated in the Assembly, and, as Peter Robinson said at the last meeting, the report may well form the basis of discussions and talks in the autumn. If nothing else, it will clarify the minds of the five parties as to what is not possible. We may well have to negotiate what is possible, and the report would be helpful for that.

During the review in 2004, the parties were able to exchange papers and parse them and examine them, but the essence of having the parties in the same room is that we can actually discuss these issues. There is no time to pass papers round and for the parties to examine them. We need to have a discussion. We may need to pause and park issues from one meeting to the next, but the momentum must be kept up.

At Monday's meeting it was clear that certain issues could not be decided: either the Committee needed further advice on them or they were too complex. Those issues were parked and the Committee moved to the next item on the agenda. The idea is to filter out a common understanding of what is not achievable. That leaves the Committee a number of options. Members may not be able to decide those here, but at the negotiations in the autumn, the subjects for discussion will be fairly clear, which will be quite helpful.

The danger of having papers is that MLAs are quite busy. The idea behind being in a room together was to give momentum to the discussion.

Mr S Wilson: If members want to have a productive discussion rather than simply talking in generalities, Mr McFarland's suggestion of filtering the issues on which we can have sensible discussions from the party wish lists that we know we will not reach consensus on — or that we know will be decided above our heads — is useful.

Mr Maginness has been the most specific on the principles. We might as well cut to the chase: there are a number of issues on which it would be pointless for the Committee to expend a great deal of time. We would not get very far with them.

The first issue relates to the discussion at the start of the meeting. There is no point in our having a long discussion about timing and setting a maximum period for devolution. From a unionist perspective, the devolution of policing and justice will not occur until there is sufficient confidence that the context and atmosphere have changed. It will not be achieved by the setting of a deadline of six months or two years. Deadlines can be counterproductive. Devolution of policing and justice will depend on how parties behave. I do not want to get into a wrangle with Sinn Féin, but it will depend on that party's attitudes to the police and security. It would be a waste of time for the Committee to have a long discussion on that issue.

The second point is exercising both Sinn Féin and the SDLP. I do not know whether there is any point in having a long discussion about intelligence-gathering. As I understand it, that decision has already been made. Protocols have been put in place between the police and MI5 to ensure a flow of information. We can discuss it, and members can express their views,

but we will be wasting our time, because that is fairly well advanced.

When this first came up at the Policing Board we had some discussion about it; I am no longer on the Board, but the matter has moved on. The Police Service of Northern Ireland would be the only service in the United Kingdom to retain national intelligence-gathering within its remit. I do not see that happening. Any argument that we could have would be fairly contentious, and what would be the point?

Alban Maginness is obviously keen to add another political layer to cross-border police co-operation. He mentioned it two or three times, as did Sinn Féin. We are not against cross-border co-operation on policing or asset recovery. Wherever we can learn from the Republic and harmonise what we do with what happens in the Republic to make policing and dealing with organised crime more effective, we are happy to do. However, it must be in the context of co-operation between our police service and justice system and the guards. There does not need to be a political layer at strand two laid down for that.

From my own experience in the Policing Board, I think that what probably works more effectively is when individual officers from the two police services on the island decide to work together on projects and ventures. To introduce a further political layer in strand two would be counterproductive. Much good work is being done and is getting support from both nationalists and unionists in the structures that exist.

Mr G Kelly: I do not want to get into a wrangle between Sinn Féin and the DUP either, but a couple of things need to be said. The DUP position on the devolution of policing is the same as its position on the institutions. We should not talk as if this is a clear issue that only deals with policing. The DUP is demanding all sorts of things before the institutions are set up, and, if the institutions are not set up, the argument over models can become redundant.

Mr Wilson mentioned intelligence-gathering. The original statement was made by Paul Murphy. The matter is at an advanced stage, but the issue is not about the flow of information; it is about accountability. It is not only national security, to use the British term; they have talked about becoming involved in areas such as serious crime. They have talked about a difference between gathering intelligence on republicans and gathering intelligence on loyalists. I find it hard to accept that any party in an Executive would give up easily the necessary accountability for the area that they represent and over which they pass laws.

I also take a different view on the cross-border issue, as might be expected. Sammy Wilson needs to say what he means. This ministry will be a Department in an Executive. Every other Department is involved in

the North/South Ministerial Council; is he arguing that this Department should not be involved? If he is talking about the cross-border implementation bodies or areas of co-operation, let him say either that he agrees that it should be an area of co-operation or that it should be an implementation body, which is more formal. I do not think that anyone will argue about the practicalities of what it means if someone says: "This is what it means practically and this would work better, or that would work better".

To take a position that runs contrary to what happens with every other Department and rule out the all-Ireland aspect, especially at this stage in this discussion, is putting a brake on the discussion rather than having a sensible debate.

Mrs Foster: Regardless of who is Minister with responsibility for policing and justice in whatever departmental structure is agreed, they will not be responsible for national security — that is an excepted matter. That is why MI5 will retain primacy over national security.

Mr McFarland: There should not be a problem with MI5's position because, following this, the only thing that MI5 will be dealing with will be al-Qaeda terrorism. Republicans will be completely peaceful.

Mr Kennedy: It did not seem like that in Newry last night.

Mr G Kelly: Danny makes a fair point. It has been said that MI5 is taking over responsibility for serious and organised crime, so the definition of national security is not as narrow as Mr McFarland makes it. I also have a difficulty with accepting who decides what national security encompasses. To give an easily understood example: is a PSNI officer who is doing work for MI5 still accountable to the Chief Constable and the Police Ombudsman as regards investigations, or are they taken entirely outside that accountability structure, because it is an excepted matter, and can do anything that they want. If that is the case, we are travelling backwards in time.

Therefore, "national security" will not mean the same here as it does from the British point of view. The British Government have made statements — I have not made them up — about serious and organised crime coming under national security. They have singled out two sections of intelligence-gathering — loyalist and republican — and have said that the Committee's opinion does not count; the Executive do not count; none of us will count; and they will do whatever they want.

As a republican, I want MI5 to go. However, even if I were not a republican but merely someone involved in a democratic institution, I would want to know what the accountability mechanisms would be. I am surprised that unionists do not want to know that as well.

Mr McFarland: Serious and organised crime is a matter for the Chief Constable and the PSNI. I think that Gerry is concerned that an overlap may be construed as occurring when a republican organisation is involved in organised crime, for example. However, we are trying to get to a stage where republicans are not involved in serious and organised crime. The DUP and the Ulster Unionist Party have made it clear that we are not getting involved in Government with Sinn Féin while republicans remain involved in organised criminality.

Devolution can only happen if those involved in organised crime are unconnected to republicans or, indeed, loyalists. By then, it is envisaged that only "ordinary" criminals will be involved in criminality and that they will be dealt with by the police. There may be a period during which some people who were active republicans, and whose activities were not sanctioned by the leadership, cannot give up criminality. In such cases — as Martin McGuinness and Gerry Adams have said publicly — let the authorities deal with them.

If, by then, MI5 is dealing with national security issues, threats by al-Qaeda and other external issues, we will be in the same position as the rest of the United Kingdom. Sinn Féin does not believe that we are the same as the rest of the UK, but that is how the agreement worked. Until we get consent from the people of Northern Ireland, we will remain part of the UK, and, under UK law, MI5 deals with national security.

At the last meeting, I said that this has all come about because of the enormous fuss that Sinn Féin and the SDLP made about Special Branch. They went on and on about Special Branch for four or five years. The Government clearly listened to them and removed responsibility for investigating republican activity from Special Branch, because it upset nationalists and republicans, and gave it to MI5. One could argue that they have been hoist by their own petards. Logically, when republican criminality ceases, the fact that MI5 will be dealing with al-Qaeda should not exercise republicans.

11.15 am

Mr G Kelly: I do not want to accuse Alan of being naive, but if Gerry Adams's phone is bugged it will not be because he is in al-Qaeda. If a conversation between a British Minister and Martin McGuinness is bugged, I presume that it will not be because the British Minister is in al-Qaeda. It would be for some other purpose. Forgive me, but it is simply naive to think that everything will be hunky-dory because the issue in the North has been sorted out.

I ask Mr McFarland again: is it acceptable that a PSNI officer — for whom certain members fought quite hard, argued for, and agreed accountability

measures for — can be taken outside those accountability mechanisms?

It is not only Sinn Féin and the SDLP that are worried about that. The Oversight Commissioner and the Police Ombudsman are also worried about it. The type of accountability that we are discussing does not cover repo powers and other powers. The Assembly should be given power to do something about that. Mr McFarland is accepting that this matter should be simply handed over to MI5 and that things will be OK.

Mr McFarland: My understanding is that PSNI officers who are involved in intelligence-handling for MI5 will remain part of the PSNI and under the supervision of the Police Ombudsman. There is no question of any PSNI officer not being supervised by the Police Ombudsman. She may be trying to extend her empire to include MI5 operatives here, but that is a different issue entirely. She also attempted to extend her empire into supervision and surveillance of the Army here. It has been reduced to garrison status and although most of the soldiers' families are here, the soldiers themselves are in Afghanistan or Iraq. Alban Maginness raised an issue about the Army, but that will probably not be an issue in a few years.

We must be clear about whether there is a problem. Protocols are being developed, and there are issues about them. The Policing Board, of which I was a member until April, is taking a very close interest in them. The Intelligence and Security Committee at Westminster and the Police Ombudsman are also interested in what the protocols will be.

There are issues about the production of intelligence, who handles it and what the protocols will be. For example, if information on organised crime is uncovered by MI5, can we guarantee that it will be passed to the Chief Constable? That is technically what the protocols will ensure. The protocols will be safeguard mechanisms, and there is a need for them. We do not want any organisation to withhold information for political reasons because it does not suit.

I heard an accusation on the radio this morning that the Bloody Sunday Inquiry is being prevented from publishing its report because it may interfere with the political process. If information has been gathered on organised crime that may reflect badly on republicans, it would be wrong for MI5, under Government influence from London, to withhold that information and not pass it to the PSNI.

Colleagues who are still sitting on the Policing Board can keep me right on the date, but I believe that those key protocols are due to be introduced by November. I agree with Mr Kelly that it is vital to get the protocols right. However, his fears are greater than they need to be.

Mrs D Kelly: Members seem to forget that the British Government had the choice either to agree with

Patten, whereby national security remained the responsibility of the Chief Constable, who would then report to the Secretary of State, or to decide that MI5 should have supremacy. The British Government chose the latter option. The earlier comments about the Ombudsman and PSNI officers were unfair.

The real problem concerned the handling of agents: what they were allowed to do and the level of criminal activity in which many could become involved. Many people who examine the handling of both republican and loyalist agents will wonder whose war it was. Did the situation here merely provide a training ground for many British policies?

We are straying from the agenda and getting bogged down in the question of MI5, as opposed to discussing models and principles. The MI5 debate is important, but it is not right to say that the British Government did not have the choice of adopting an alternative approach — they could have been true to Patten.

Mr McFarland: As the Policing Board is true to Patten.

Mr Kennedy: As, indeed, is fifty-fifty recruitment.

Mrs Long: Alan has said that the restoration of devolution would happen in the context of an end to paramilitarism. However, we must bear in mind that it could happen in the context of ongoing paramilitarism.

The Alliance Party raised the issue of the different approaches to — and responsibilities for — republican and loyalist terrorism. The former would be addressed at a UK level, because it is also seen as a threat to national security, whereas the latter would be addressed at a Northern Ireland level, because it is seen to be more characterised by criminal activity.

That differentiation would remain even if everyone were confident that the IRA had completely disappeared, because any remaining republican dissidents would be perceived as a threat to national security. Therefore, republican paramilitarism would be dealt with differently from loyalist paramilitarism, which could continue in the context of devolution, as it did previously.

Attempts to ensure that all paramilitarism is dealt with in a fair and equitable manner and that the accountability structures are balanced and equal are not of concern only to those with a particular interest in paramilitarism. It is in everyone's interest to know that when paramilitarism becomes a threat to society, it will be properly dealt with and that accountability structures are in place.

The Alliance Party has already expressed its concerns about the lack of UK-wide accountability structures. Part of the solution lies in more generalised reform of UK structures for tackling issues such as terrorism and national security. Although this Committee has no

control over that, it must be part and parcel of our discussions.

The context in which loyalist and republican paramilitarism may be treated as two completely different entities does not exist in Northern Ireland, because both threaten the stability of the society in which we live. The difficulty in regard to intelligence-gathering and defining where the PSNI remit ends and the MI5 remit begins is that none of the paramilitary organisations operating in this region can be easily separated into those with criminal empires and those without.

There will be some crossover, because some of the criminal activity that the PSNI will be tackling is directly related and inextricably linked to a paramilitary organisation and its orchestration of such activities. It would, therefore, be difficult to see where that division starts. This area needs further exploration, because it comes down to the rule of law and people's understanding of that. One cannot simply say that the problem will be resolved because paramilitarism will not exist after the restoration of devolution.

We must have structures that can withstand any resurgence of post-devolution paramilitarism, although we hope that that will not be the case. We would prefer devolution without any paramilitary threat. However, the structures must be robust enough to deal with that threat, should the need arise.

The Chairman (Mr Molloy): Can we conclude discussions on this section? We are talking about various subjects, and it is unlikely that we will get consensus on the form of the models at this stage. Alban Maginness suggested a discussion about the principles. Do members agree that we should set first out the principles that would govern the type of model?

Mr Cobain: Alban Maginness made the point that we do not have the time for that. Three meetings have been allocated to discuss policing and justice, and I have not yet seen the principles. We talked about discussing the principles next week. We cannot progress until we discuss the principles. We are still discussing the models, and that leaves only one week.

The Chairman (Mr Molloy): We are discussing the models this morning, although members may be straying from the point.

Mr Cobain: Alban Maginness's point is that we cannot move on and discuss the models until we agree the principles, and the principles lead on to the discussion about the models. We are discussing the models this morning, but, as far as Alban is concerned, it is akin to putting the cart before the horse. I want to discuss the models this morning so that we can reach some consensus. We have spent an hour and a half talking about an issue over which we have no control. I want to spend the rest of the day talking about issues over

which we do have some control, such as models for the devolved institutions.

Mr S Wilson: The Committee does not have the SDLP's paper, but I listened carefully to the 10 principles enunciated by Alban Maginness. I am not sure how many of them — if any — would inform us about the shape of the Departments or the models that we need. Some examples of those principles are: no role for the Army in intelligence-gathering — that is his view, but I do not know how that informs us about which models might be most suitable; protection of the present institutions in policing — again, I am not sure how that informs us about models 1, 2, 3, or 4; intelligence-gathering capacity to remain with the PSNI; and an all-Ireland assets recovery agency. I jotted down some points on Alban's list, but I cannot make out some of my own writing.

Some of those matters may exercise the SDLP. However, to come back to Fred Cobain's point, we could discuss those matters for one or two days, but would we be any nearer to a conclusion on whether model 1, 2, 3 or 4 — or some other model — would be the most appropriate? I agree with Fred Cobain; we might have an interesting discussion if we started to go through the principles, or if we produced our own principles.

We are up against a tight timescale of three weeks, when we may not be any further forward. However, if that is our objective, rather than having a good chinwag about the issues, we should steer away from that route.

Mr G Kelly: The discussion was about the models. It would be better if we had a discussion on the principles surrounding the models. Must policing and justice be shared among the parties in the medium to long term? There are four models. Could some of the models be ruled out? Everyone is opposed to the model of extending the remit of OFMDFM to cover policing and justice, so that could be ruled out for a start.

I get the impression that everyone is arguing against the fact that the Minister might come from a specific party; that is a matter for d'Hondt.

Is there a view that there should be some sort of shared approach to policing and justice? Do those have to be dealt with as one? That might at least narrow it down.

11.30 am

The Chairman (Mr Molloy): I take it from the views expressed, by the Democratic Unionist Party in particular, that there is not the consensus that we need to deal with the principles before we move on to the models. We should look at the models one by one.

Mr S Wilson: We want to get down to business, Chairman.

The Chairman (Mr Molloy): I am all for that. By all means, let us cut to the chase. What should the Committee rule in and rule out? That is on the basis of the structures being in place, not on the preconditions.

Mr S Wilson: There has been a degree of consensus that at least two models could be ruled out. Almost every party has said explicitly that the Committee should try to cut back the remit of the Office of the First Minister and the Deputy First Minister. That structure did not work very well — it was a mishmash. To narrow the discussion down, model 3 could be taken out; no one feels any attachment to it

Mr McFarland also made a point about this. The Committee is probably being directed away from recommending two distinct Departments. Members' instincts would be to reduce the number of Departments rather than manufacture more. The Committee should focus on models 1 and 2 and rule out models 3 and 4. My party is happy to do that because one has been shown not to work, and the other one runs contrary to our ideas for slimming down Government.

Mr Neeson: Following on from what Mr Wilson said, there is a form of consensus that a single Department would be the most suitable option. If members could agree on that, we can move forward.

Mr G Kelly: That is the reason why I raised the matter. There were discussions about that among some parties, although those probably did not include the DUP. We have no attachment to models 3 and 4.

The Chairman (Mr Molloy): The proposal is that models 3 and 4 be excluded from discussion. Are members agreed?

Members indicated assent.

The Chairman (Mr Molloy): We have narrowed down the discussion to models 1 and 2, unless any party wants to suggest a completely new model.

Mr G Kelly: We have agreed one principle. It is shared.

Mr Kennedy: The Swedish model, no?

A Member: We are all agreed on that. *[Laughter.]*

The Chairman (Mr Molloy): Hansard is still recording proceedings.

Let us focus on which of the two models members prefer.

Mr Neeson: One important aspect that the Committee needs to consider is that, whichever model is chosen, there must be acceptance of collective responsibility. When we had devolution before, there was no collective responsibility.

Equality is another consideration. In the last Assembly, voting was largely on sectarian lines. I refer in particular to the debate about maternity services and whether they should be located at Belfast City Hospital

or at the Royal Victoria Hospital. If we are to move forward, any agreed set-up must be based on collective responsibility, equality and, to a certain extent, neutrality.

The Chairman (Mr Molloy): That strays into the old issue of the institutions and the need for collective responsibility within them. Can the Committee focus on the two models under discussion in particular? The difference is that one model proposes two Ministers and the other proposes one Minister and a junior Minister.

Mrs Long: Sean said that the context would predetermine the outcome. If the Alliance Party were asked to state its preference, it would opt for a single ministry with a single Minister. However, that would have to be in the context of an Executive with collective responsibility and the right accountability structures so that, if Ministers took decisions or were seen to apply pressure or to act beyond their remit, they could be stopped.

That was not the case in the previous Executive, and it remains to be seen whether it will be the case, as changes to the institutional arrangements are still being discussed. We cannot prejudge the outcome of those discussions. Nonetheless, the Alliance Party would prefer an Executive with some type of collective responsibility and sense of direction.

Our party believes that the proposed Department should be headed by a single Minister, who would no longer act on behalf of his or her party but as a member of a collective Executive. That is completely different from a mandatory coalition Government, with a single Minister, in charge of a Department, yet acting in his or her party's interest, and with no accountability structures in place to inhibit that in any way. In that case, model 2 would be the preferred option.

Mr S Wilson: Naomi, can I interrupt? A fairly strict ministerial code is needed to ensure that there is confidence in that Minister.

Mrs Long: Absolutely. The Alliance Party stated that the ministerial code and the Pledge of Office would have to be strengthened in order to achieve that. Model 2 must be considered. Institutional arrangements cannot be divorced from this discussion because we are essentially discussing institutional arrangements for a particular Department — albeit one of the most sensitive ones. We must consider this matter in that overall context.

The Alliance Party's position is reasonably clear. We now need to hear how other parties feel about collective responsibility because that cannot be divorced from the issue of policing and justice.

Mr Maskey: It is good that the Committee has narrowed its focus on this matter. A fairly clear consensus seems to be emerging that models 1 and 2 are preferable. However, as Gerry Kelly said, we should not dismiss

any option at this stage of the game, because the context may change. There may or may not be a reduction in the number of Departments — that has not yet been decided. In a sense, therefore, this is a hypothetical, without-prejudice discussion. Nothing should be ruled out because it might be decided in the fullness of time that the separation of ministries is a good idea.

The clear attraction of models 1 and 2 is that one Department will be created to focus on these very important issues. Sinn Féin's reading of those models is that they include an element of joint working between both communities, which is very important as regards the partnership element embodied in the Executive.

I do not know how much more detail can be covered in this discussion. However, if members feel that models 1 and 2 are looking good — if I may put it that way — and if the Committee could set that aside for a moment, it would be a good idea to begin discussing the transfer of powers. It was said that a time frame could not be agreed. I do not think that anybody here wants to set a date. However, we could start to discuss the transfer of powers in principle. Sinn Féin certainly wants powers to be transferred as soon as possible.

Are members prepared to discuss the transfer of powers? I am not saying that they must commit to a time frame. However, if everything was all right and all things were equal — without prejudice to what anybody thinks that that may be — are members generally in favour of an early transfer of power?

Mr McFarland: As the Committee will recall, our task is to mine down into the issues. That is going fairly well. As regards having one Minister or two, I am thinking about the public's view of the Assembly. Currently, the perceived wisdom is that we are a complete waste of time and rations and cost a fortune. Members probably saw last night's 'Belfast Telegraph', in which there was yet another attack on our pensions. The article said that the only part of the Assembly that has continued to work during suspension is the section that deals with Members' pensions.

Mr Maskey: It does not look as though you will be needing one anyway.

Mr McFarland: How can we argue that there is a need for two Ministers on the grounds of effectiveness and efficiency? That troubles me slightly.

If we are going to have trouble explaining to the public that there is a need for two Ministers, we are back, in theory, to the suggestion that there should be only one. There are several options as regards having one Minister. Logically, in a new Assembly the d'Hondt system would be run and one party would choose policing and justice as its favourite ministry. It would then be logical for that ministry to be selected as part of the pecking order. However, that does not get us away from the difficulties regarding safeguards. Although

we might have Utopia, with agreement, collective responsibility, the ministerial code, and with parties being comfortable — halcyon days ahead indeed — the difficulty is that our communities have not yet reached that point.

The republican community is still fairly far away from full inclusivity on policing, and unionists are still fairly far away from full inclusivity for republicans. Indeed, republicans and nationalists are still fairly far away from inclusivity for loyalists. Such issues will not be resolved quickly, and we will end up needing some safeguards, as much for public perception and protection as for ourselves as parties.

What if we decided that it would be healthy for the Assembly if Ministers took turns within a term of office? If you need a safeguard then you are into the area of having some form of junior Minister. There are two options. First, you could have a junior Minister who is a "super junior Minister" and sees all papers, and who, as with the arrangement for the First Minister and the Deputy First Minister, would have to agree matters with the Minister. It would be an arrangement that involves a safeguard and some form of agreement.

Secondly, you could have a system whereby you rotate the office. The difficulty with that is that you would have to change a Minister's pay and status perhaps every six months or every year. For example, a short time ago Gerry Kelly might have been Minister for policing, and we might have booked him to go to some kind of function in Rosemount in Derry next year. Then we find that Sammy Wilson turns up because he has become Minister of policing in the interim. That could lead to a lot of confusion, and it might take you back to having a Minister who is slotted in under the d'Hondt system —

Mr S Wilson: Mr McFarland has outlined issues such as pay and engagements. However, the real difficulty is that no one would be able to get a handle on the job because he or she would be doing it for such a short time. The ministry would be very ineffectual.

Mr McFarland: Sammy is right; turnover is an issue.

Mrs D Kelly: Just like the DUP the last time around.

Mrs Foster: It keeps the continuity, Dolores.

Mrs D Kelly: Revolving-door ministries.

Mr McFarland: There are issues about whether you go for "super junior Ministers" who have blocking and safeguard powers or for the turnover system, which has the drawbacks that I described. It strikes me that that is the ground that we are on.

The Chairman (Mr Molloy): Is it possible to tie this down to one model?

Mr S Wilson: You are very ambitious, Mr Chairman.

The Chairman (Mr Molloy): I know, but you have to be at this stage.

Mrs Foster: I do not see them as two separate models. Both provide for a single justice Department. The difficulty arises in deciding whether there is a single Minister, a Minister and a junior Minister, or two Ministers in the one Department. We have reached some degree of consensus in so far as people have indicated that there should be a single Department. Frankly, that is as far as we can go.

11.45 am

Mr A Maginness: On examination, models 1 and 2 are essentially the same; the difference is marginal. The rotation of the Minister in the first model is similar to Ministers acting jointly in the second. One of the important questions is: what mechanism will be used to appoint the Ministers? Will a straightforward d'Hondt procedure be used, or will the process be similar to the appointment of the First Minister and the Deputy First Minister? That must be thrashed out.

Essentially, models 1 and 2 are variants of the same model; they are the same in substance and in practice. However, that reflects my earlier point about shared responsibility and Mr Neeson's point about collective responsibility. A measure of trust is being placed in the Minister or Ministers to carry out their duties and to defend the interests of the people who elected them.

It would be very difficult for the parties represented here to come to a specific conclusion about models 1 or 2. We have general agreement on having one Department and on a form of sharing within that Department. That is a major step forward in trying to achieve consensus on the modality.

The Chairman (Mr Molloy): I ask members to address that issue as we proceed. Do we have agreement that the ministerial arrangements in a single Department should be addressed at a later stage? That discussion will include the ministerial code and various connected issues.

Mrs Long: As I have already stated, the Alliance Party would be happier with a single ministry. Model 1 is not actually a model; it is a series of options for a model. Therefore, we are talking about a single justice Department with a single Minister. Then come the different options about how that Minister would work. The second model offers joint ministerial power, so there is only a slight difference. Alban is right to say that we are talking about the checks and balances that are needed in a single ministry. The later discussion will need to focus on that.

The difficulty is that we often design unwieldy architecture to try to create accountability in situations in which we do not have confidence. That is the experience with the Good Friday Agreement. The

principles in that were correct — and they are still valid — but some of the architecture was very unwieldy.

Public confidence is a key issue when considering the rotation of Ministers. We said in our initial statement that that confidence is important because it goes to the core of people's sense of security. We should also bear in mind that that relates not only to unionists' or nationalists' sense of security: it relates to the sense of security of those of us who are neither unionists nor nationalists, people who come to Northern Ireland as foreign nationals, and those who are from ethnic minority backgrounds and who may not judge the matter in the same way as others. All of those people need to have confidence in policing and justice. Therefore, wider community confidence must be considered.

The Alliance Party does not believe that a rotating ministry sends out a particularly confident message. We are concerned that it looks almost as though one is playing games with one of the most important Departments. There is something about the idea of Ministers coming and going on a six-monthly or annual basis that suggests an impermanence and lack of direction in policing and justice. That may not be the case, but that is what it would suggest to the public. When we are looking at the structures and considering accountability, we need to look at public confidence in those structures so that people feel that the Executive is taking those matters seriously.

The Chairman (Mr Molloy): Arlene made the point earlier that the furthest that the parties can go today is to reach consensus on whether to have a single Department for policing and justice. Ministerial arrangements would require further discussion.

Mr McFarland: Can we agree that no party would be happy for there to be a single Minister running a policing and justice Department unfettered? Therefore can we remove option 1 from model 1? Is that generally agreed?

Mrs Long: No. Chairman, we have stated that that would be our preferred option if the accountability mechanisms in the Executive and the Assembly were correct.

The Chairman (Mr Molloy): Therefore we do not have agreement on that.

Mrs Long: Yes.

Mr McFarland: There is another issue here. Most of the options in model 1 are to do with the Minister and/or junior Minister being elected under the d'Hondt system. I notice that option 5 is unrelated to d'Hondt. Presumably, the First Minister and the Deputy First Minister would appoint, after agreement, those from their respective parties who will look after policing and justice. It is important to make clear that model 1

deals with two separate appointment systems: one employs d'Hondt and the other is that the First Minister and the Deputy First Minister divide up the posts between their parties.

The Chairman (Mr Molloy): That is set out in the 2006 Act.

Mr McFarland: Yes, it is, but the distinction does not necessarily jump off the page. Option 5 would mean that the two biggest parties decide who will have responsibility for policing and justice, and the other options mean that everybody has an opportunity, under d'Hondt, to go for the portfolio. The two largest parties have a choice as to whether they choose policing and justice early on and therefore get it, or risk another party getting it.

When we look at the matter in due course, whether that be in October or whenever, it is important that we separate those two outcomes. The smaller parties may be unhappy with the DUP and Sinn Féin carving up policing and justice between them.

Mr A Maginness: May I just comment on that without prejudice to any final position that the SDLP might adopt? There is an implicit assumption here, which we do not necessarily accept, that, given the Assembly's present configuration, either the DUP or Sinn Féin should run a Department of justice. We certainly would not heed that position. We would say robustly that all parties on the Executive should at least have an opportunity to be appointed or elected as a Minister for justice and policing. I make that point because of the language that is used in option 2 of model 1. It reads:

"A single Minister acting on his/her own but rotating between the parties at set intervals".

People usually use "between" when they mean "among"; however, it should be "among" in this instance, because to use "between" is to assert that only two parties provide the Minister.

If we are to embrace the concepts of collective responsibility and shared responsibility, it is important that parties should not be excluded from holding the policing and justice portfolio.

Mr G Kelly: To some extent, I agree with Arlene Foster. I do not think that we necessarily need to get into that level of detail. It is important that those points have been raised, but in order to get into or, at least, to come to an agreement on the detail that Alban and Alan talked about, we must realise that all the options in model 1 are interconnected.

At this stage, it is enough that most parties agree on a shared approach. That is not being prescriptive, because we must talk about time frames and what exactly is to be transferred, and all that has an impact. Naomi has an entirely different view on the overall

institutional arrangements, which could also have an impact. We could end up agreeing clear details, which could go into the middle of negotiations and come to nothing. It could look as if parties had reached agreement on details but wanted to reverse them. A Department for policing and justice must have a scrutiny Committee, and the relationship between that Committee and the Policing Board is important. Alan said earlier that it could be a Mickey Mouse ministry. However, a Minister can make laws, and the Executive can make laws, so it will be an important ministry.

I am happy if there is agreement that we are moving towards a shared model. The responsibilities and structures of OFMDFM are already agreed. Members have said that policing and justice should not be in OFMDFM's remit because that Department already covers too many areas — that is the position of all the parties — but that does not wipe out the OFMDFM model of jointery. I am not worried about the unwieldiness. Let us find out the issues on which we can agree on and work out the rest later.

Mr Neeson: Alan raised a useful point. We have been discussing the need for a Minister to have the confidence of the public. It is also important that a Minister has the confidence of the Assembly. Whatever mechanism is chosen to appoint a Minister, it is important that he or she should have that confidence.

Mr S Wilson: We do not want to go any further than we have gone today. Say we had gone for the last option on which Alan had a query, and an appointment were made by the First Minister and the Deputy First Minister — that should be subject to a cross-community vote by the Assembly.

Mr Neeson: It is important for any appointment to have the support of the Assembly.

Mrs Foster: I was going to make that point. If there were one Minister, he or she could be straightforwardly appointed using d'Hondt. There could be a cross-community vote or there could be an OFMDFM appointment, subject to a cross-community vote. The cross-community-vote option would not exclude parties such as the SDLP and the Ulster Unionist Party from taking the ministry. I do not want to be prescriptive or exclusive about our list of issues for appointing a Minister, but we could put down a heading "Appointment Structure" and list the different options.

Mrs Long: That would fit in entirely with what the Alliance Party has been saying about the institutional strand. The Executive should be endorsed by a cross-community vote as part of that overall package, particularly in relation to justice issues.

Mr G Kelly: I do not want to prolong this discussion, but sometimes people take consensus as meaning assent. The DUP and the Alliance Party arguments about the institutions do not correspond to

Sinn Féin's position. The idea that a Department for policing and justice should have a cross-community vote — whereas, for example, the Department of Education should not — is a new configuration for which the DUP has been arguing for some time; Sinn Féin is against that proposal. We are straying into a different process.

Mrs Long: Can we have some clarity on this issue? Reference has already been made to OFMDFM structures, and you are arguing that that Department requires a cross-community vote, separate from the rest of the Executive.

Mr G Kelly: That is not what I said.

Mrs Long: That is the argument that has been made in the institutional structures strand. OFMDFM is already distinctive because of the importance of its particular roles. We are not arguing for specific arrangements for the policing and justice ministry. Our view is that the entire Executive should be endorsed by a cross-community vote.

12.00 noon

The Chairman (Mr Molloy): Can we keep the two issues separate?

Mrs Long: The two issues are completely inter-dependent. It is impossible to keep them separate.

The Chairman (Mr Molloy): With due respect, it is possible. They are separated into institutional issues and law and order issues because there are separate groupings to deal with them. It could be interpreted that these discussions involve matters that are not within the Wednesday remit.

Mrs Foster: I am not making a determination. I am just highlighting the options that may be available.

The Chairman (Mr Molloy): We will leave that issue to Monday's meeting, which will deal with the institutions.

Mr McFarland: Are we agreed, therefore, that there is another option, which Naomi mentioned? Parties would nominate MLAs to the policing and justice ministerial positions, subject to a cross-community vote, in the same way as for the posts of the First Minister and the Deputy First Minister. Is that the proposal?

Mrs Long: That is not a new proposal. It is included in the Alliance Party's proposals for the institutional changes. Although members have been advised that we are not to refer to those proposals at this meeting, I fail to see how we can discuss the devolution of policing and justice without referring to the institutional arrangements. I understand, however, the need to confine the discussion.

The Chairman (Mr Molloy): At this stage, we are dealing with the models.

Mr McFarland: When we deal with policing and justice, if we decide to opt for a joint ministry, is it proposed that we would structure it in the same way as the joint team in the Office of the First Minister and the Deputy First Minister?

The Chairman (Mr Molloy): That matter is for the Preparation for Government Committee dealing with institutional changes to —

Mr McFarland: No. Hold on. I am saying that there are several options, one of which would be to use the same appointments process as exists for the posts of the First Minister and the Deputy First Minister. Parties would nominate their candidates, and MLAs would vote —

The Chairman (Mr Molloy): That is stipulated in legislation.

Mr McFarland: I understand that, but, as members know, it is up to the Preparation for Government Committee to propose anything that its members wish. The Secretary of State has said that on numerous occasions. If the Committee decides to go in a particular direction, that is permitted.

The Chairman (Mr Molloy): However, the Secretary of State did not say that he would agree with the Committee's decisions.

Mr McFarland: I know that he did not say that he would agree with the Committee, but the Committee is free to make proposals as its members see fit.

If the Committee agrees to opt for two Ministers for policing and justice, rather than allowing for the First Minister and the Deputy First Minister to appoint them, will those appointments be made by MLAs in the Chamber in the same way as for the appointment of the First Minister and the Deputy First Minister? Would Members be allowed to jump up and nominate, for example, Ian Paisley and Gerry Adams for the First Minister and the Deputy First Minister, and Sammy Wilson and Gerry Kelly as Ministers for policing and justice? As is the case with the posts of the First Minister and the Deputy First Minister, would there be a cross-community vote? Is that a suggested option for the appointment of the Ministers for policing and justice?

Mr G Kelly: We are miles ahead of the earlier discussion on which we had reached some sort of conclusion. We have shot off on a tangent. There is a fair amount of consensus for the concept of a single Department on a shared ministerial basis, which is far enough to be going for now. There was not a particularly deliberate attempt to do it, but we have ended up in a whole different discussion on the institutional —

Mr McFarland: No, Chairman, I am not —

The Chairman (Mr Molloy): Hold on for a second, please.

Mr G Kelly: If Mr McFarland has another option, he should produce it and say that it is another option.

Mr McFarland: I thought that Naomi was suggesting that the two policing and justice Ministers were —

Mrs Long: May I clarify?

Mr McFarland: If that is not the case —

The Chairman (Mr Molloy): One member at a time, please.

Mrs Long: I was not suggesting that; I was responding to a comment made by Arlene Foster, who said that there would be a number of options to ratify the appointments. May I also —

The Chairman (Mr Molloy): We agreed that the Committee would return to that issue.

Mrs Long: Yes, we did, but I want to make it clear that the concept of a single ministry, not necessarily headed jointly, was agreed by assent. I want to make that clear because —

The Chairman (Mr Molloy): Nothing has been agreed yet.

Mrs Long: Gerry Kelly inferred that a single ministry had been agreed.

Mr G Kelly: Nobody has said —

The Chairman (Mr Molloy): I wish to make this clear: nothing has yet been agreed.

Mr A Maginness: Our discussion is becoming a bit raggedy. At this point, we must not be overambitious. Members have agreed on a single Department.

The Chairman (Mr Molloy): We have not actually agreed on that. We are trying to get to that stage.

Some Members: We have.

The Chairman (Mr Molloy): We have a proposal.

Mr A Maginness: We have not yet formally agreed on that. It might be wise to not formally agree until —

Mr McFarland: Until everything is agreed.
[Laughter.]

Mr A Maginness: By discussing methods of selection by the Office of the First Minister and the Deputy First Minister, or by the Assembly, we are getting too far ahead of ourselves. We need to consult within our parties before we plough ahead.

Mr Weir: Nothing has been agreed or ruled out on models 1 and 2. Confusion has arisen because there are two sets of options. There seems to be broad agreement that a single Department is needed, whether responsibility is shared or not. There are a range of options for how that single Department should be run, which are outlined under models 1 and 2. That can range from a single Minister acting alone to two Ministers. There

are options as to how the Department should be run, and there is a separate issue about how the Minister or Ministers should be appointed. Those two matters are becoming meshed together and confused. The second issue flows from the first, to some extent.

The Chairman (Mr Molloy): Mr Kelly's proposal was that we agree on a single Department with shared ministerial responsibilities. Do we have consensus on that?

Members indicated dissent.

The Chairman (Mr Molloy): We do not have consensus. Mrs Foster proposed that we agree on a single Department, but that the ministerial arrangements need to be addressed later.

Mr G Kelly: We are dealing with concepts. A number of people, including DUP members, have said that they want to go back to their parties on this matter. However, there is a fair degree of consensus on the concept, although there is some disagreement about whether responsibility should be shared. I am happy enough with that.

Mr Maskey: Most members talked about models 1 and 2. The first bullet point refers to a single Minister acting alone, but it goes on to refer to rotation. There must be some sharing of responsibility.

The Chairman (Mr Molloy): We do not have consensus on that at this stage. We seem to have consensus that there should be a single Department, with the ministerial arrangements to be sorted out at a later stage.

Mr Maskey: If people want to decouple the concept of a single Department from the notion of sharing responsibility, that is different option from what is proposed.

Mrs D Kelly: We have agreed that there should be sufficient safeguards for both communities to have confidence.

The Chairman (Mr Molloy): Have we agreed that there should be a single Department?

Members indicated assent.

The Chairman (Mr Molloy): Does the Committee want to come back to the ministerial arrangements at a later stage and leave the issue of mechanisms to the PFG Committee dealing with institutional arrangements?

Mr G Kelly: Although we do not want to enter into a long, drawn-out discussion on timing, the issue is affected by it. Those matters are all parts of one discussion. We have gone some distance on this matter; let us deal with some of the other issues.

Mr S Wilson: We must come back to this matter; we cannot leave it as vague as it is at present. It could be discussed at our next meeting.

The Chairman (Mr Molloy): Have we agreed to return to the question of ministerial arrangements, and to pass the issue of structures to the PFG Committee dealing with institutions?

Members indicated assent.

Mrs Long: If we are to come back to this matter, can we also agree when we are coming back to it? It is important that everyone should come prepared for that discussion so that we do not end up doing what we have done today, which is to go around the houses with no outcome.

The Chairman (Mr Molloy): The Clerks will try to arrange that. Timing is the other issue.

Mr Kennedy: It may be important to have a preliminary discussion at least to expand on this matter before we refer anything to the PFG Committee dealing with institutional matters, because matters are slightly vague at the moment.

The Chairman (Mr Molloy): We will meet again first.

Mr Kennedy: Will the matter be referred to the PFG Committee dealing with institutional matters after that?

The Chairman (Mr Molloy): Yes.

What about the issues of the timing of the devolution of policing and justice?

Mr G Kelly: In 2003 and 2004, there was some idea of a time frame. Sinn Féin wanted a fairly sharp time frame of around 12 months, and there were arguments and discussions on a two-year time frame years. As Alban pointed out, the SDLP wanted a time frame of six months and then 18 months, and there should be some discussion on that. Some people argue that time frames are not helpful, but, in the negotiation process, time frames have been important in moving the process on, although there have been some exceptions.

Mr McFarland: What was the agreed timescale within the comprehensive agreement? I believe that the DUP had agreed to a timescale for the devolution of policing and justice.

Mrs Long: The timescale was two years from restoration.

Mr G Kelly: Naomi is right. The DUP will speak for itself, but the timescale was two years from restoration or halfway through a four-year Assembly mandate.

Mrs Foster: I do not want to labour this point, but Alan is fully aware that the DUP did not sign up to the comprehensive agreement. Unfortunately, I must reiterate that every time that Alan says so. He knows full well that the comprehensive agreement is the two Governments' document, and that neither the DUP nor Sinn

Féin signed up to it. He can keep making that point ad nauseum or he can deal with the realities.

Mr S Wilson: The DUP has made its position clear, and there are three strands attached to it. First, we want to see the devolution of policing and justice. Secondly, we do not believe that there is any point in moving towards devolution of policing and justice if we do not have confidence in the behaviour of those who represent republicans. Thirdly, certain things still have to be done. The quicker that they are done, the better.

That answers Alex Maskey's earlier question when he asked whether the Committee could at least take a view on whether we want devolution of policing and justice as quickly as possible. Those were not his exact words, but it was something along those lines. We do.

If our indication that we want the devolution of policing and justice to happen sooner rather than later helps to affect Sinn Féin's behaviour, we will be more than happy, and the community will be more than happy. However, if a timescale is set — and this is the difficulty — people are not encouraged to address the issues that are preventing the devolution of policing and justice; they just sit and wait for the specified time. However, if devolution of policing and justice is based on certain conditions being met, those who make the decisions are encouraged to move towards meeting those conditions.

12.15 pm

Therefore, the DUP's position on achieving the devolution of policing and justice is a positive one. We have stated the conditions that must be met, and they have been well articulated. I could go into detail, but that is not necessary. If those conditions are met, the DUP will be up for the devolution of policing and justice. If they are not met, it will not happen anyway, because there will not be sufficient votes in the Assembly or sufficient confidence in the community to make it happen.

Mr G Kelly: I am trying to resist reacting to the DUP being judge and jury on when it thinks that Sinn Féin, or anyone else, has reached the mark that it has set. The difficulty is that the DUP has set an arbitrary mark as a precondition. Nevertheless, Arlene and I have agreed on a great deal today. She is correct in saying that no one signed up to the comprehensive agreement.

In fairness to Mr McFarland, however, he merely stated the point that had been reached in discussing the devolution of policing and justice — he did not mention an agreement. The DUP's view was that it would happen at some time around two years after restoration, but Sinn Féin wanted it to happen sooner. Let us deal with some sensible time frame.

The preconditions that the DUP set down are also the preconditions for setting up the institutions. We will not resolve this matter unless the institutions are restored anyway, so there will be a time frame after that. It is not the same discussion. However, one may assume that, at that point, the DUP will have accepted that we are in an entirely new situation and, therefore, the time frame will not be an unlikely discussion. The time frame that we are discussing is in the context of the institutions being set up, so what is the problem?

Mr McFarland: I stand to be corrected on this, but I recall Dr Paisley saying in Downing Street that there was only issue left to be resolved, and that was decommissioning. That is why I keep raising the matter.

The Committee has spent six weeks with William McCrea telling us that we should all keep our hands off the comprehensive agreement, because it was a DUP deal with the Government, and the Government would deliver on it in the autumn. In the House of Commons, Minister Hanson also said that it was a DUP deal, and that he would deliver on it in the autumn. Since then, Peter Robinson and Arlene Foster have said that that is not the case. While that is encouraging, it is also confusing.

Dr Paisley stated that decommissioning was the only outstanding issue, and the DUP agreed to begin modality discussions in February. Within two years, or halfway through an Assembly mandate, devolution of policing and justice would take place. That is not to say that the DUP has not changed its mind, but, at that time, that was its position.

The Chairman (Mr Molloy): We do not wish to get into that debate again.

Mrs Foster: I wish that Alan would read our statement in the comprehensive agreement, as there is no mention of time limits in it. I will share that with him over lunch if he wishes, but it will probably give him indigestion. *[Laughter.]*

The Chairman (Mr Molloy): Is there agreement that we should set a time frame in the context of the date of restoration?

Members indicated dissent.

Mr Weir: The DUP has stated its position that the conditions are qualitative, rather than quantitative.

Mr G Kelly: Can I seek clarification on that?

Mr Weir: The DUP wants devolution, but it can only be in a context in which there is trust in the community. We do not accept a specific time frame.

Mr G Kelly: When the institutions have been set up, does the DUP agree that it will have accepted that Sinn Féin is ready for Government?

Therefore, if Sinn Féin is ready for Government, the logic is that it is also ready to be involved in policing.

That is the DUP's view. Sinn Féin is ready any time. Where is the logic in the DUP's position of not agreeing a time frame for the restoration of the institutions now, and that it will still not agree a time frame, even when the institutions have been set up?

Mrs Long: The question is whether to set a deadline or outline a potential time frame. My understanding was that the comprehensive agreement set a two-year target. Setting a target is slightly different to setting a deadline and saying that devolution of policing and justice will happen in two years. Both the comprehensive agreement and the Northern Ireland (Miscellaneous Provisions) Act 2006, which includes controls for each of the four models, take into account that the conditions in society must be right.

This should not be about targeting individual parties, in this case Sinn Féin. All parties must make it clear to the community that they have given their commitment to policing. However, simply sitting on a Policing Board while hotly criticising the police and playing games with policing issues does not fulfil that requirement.

It is not a question of whether a particular party is fit to have the policing ministry, but whether the institutions are sufficiently robust and stable to take on one of the most contentious and sensitive issues to be devolved. Therefore, a two-year time period would ensure that we had lived through most of what was required to know that that was the case. From the Alliance Party's perspective, it is not simply about saying whether an individual party is fit to take the ministry, but whether the institutions can withstand the pressure.

Mr A Maginness: The discussion today has been useful.

First, it has been useful to hear Sinn Féin's view that there is no obstacle to embracing policing or justice arrangements, other than the devolution of those powers to the Assembly. Secondly, the DUP's statement that timing was not the issue, and that a qualitative assessment was necessary, was useful, although the SDLP does not necessarily accept that. The DUP is saying that it is happy for policing and justice to be devolved to the Northern Ireland Assembly, if Sinn Féin fulfils certain conditions.

If those statements are definitive, they are important. It means that timing is not a problem, other than in relation to the administrative and operational problems that would arise with the actual transfer of policing and justice powers to Northern Ireland. I do not know how that would be carried out; it is an administrative operation that may take a certain amount of time. Nonetheless, if everything were in order, both the DUP and Sinn Féin agree that timing is not really the problem.

Both Sinn Féin and the DUP are uncomfortable about mentioning the comprehensive agreement: perhaps a DNA test of that agreement should be carried out to see exactly who its parents are.

The Chairman (Mr Molloy): May I remind members — and it may speed things up — that the food is outside. *[Laughter.]*

Mr G Kelly: I thank Alban for summing up Sinn Féin's position.

There is nothing new in Sinn Féin's statement that it perceives the transfer of policing and justice powers to be the key and core outstanding issue on policing. However, it is totally erroneous to say that the time frame is irrelevant. That could lead to a situation where, 10 years after the decision has been made, powers are still being transferred.

I was at a debate with Nelson McCausland last night during which he said that criminality, equality and human rights were now the key issues that the DUP had to sort out before that point was reached. That is hilarious. We are getting mixed messages. The main issue concerning the transfer of powers is accountability.

We must agree the time frame. We must also get to the discussion paper containing the detail of what is transferred. We have not even started on that discussion paper, but I hope that we will some time soon. The people who are against the transfer of powers, especially within the system, have been spending their time trying to shift the status of powers from reserved to excepted, making that transfer ever more difficult. Considerable debate is still needed.

Mr Kennedy: We would do well to remind ourselves that the Northern Ireland (Miscellaneous Provisions) Act 2006 confirms that the devolution of policing and justice, and when that happens, is a matter for the Assembly to determine.

Mr Maskey: Gerry Kelly was very clear when he tried to focus on the DUP's position on timing. Sammy Wilson said that the DUP wanted the transfer to happen as soon as possible. Sinn Féin does not agree with the DUP's argument on timing and so-called benchmarks. This discussion is in the context that the institutions will be up and running, so we will have already met all the benchmarks that the DUP has set up. Let us presuppose that we have already got over all the obstacles and that the institutions are up and running. The timing is important, because we need an indication from parties as to what they feel the time limit could be. It is not a matter of a deadline; it is about how long we think that it will take. We must do whatever is practical to make the transfer of power a reality.

We must decouple the argument from the need to be satisfied. In other words, from the DUP's point of view, it must satisfy itself that its conditions have been

met. This discussion should concern the context of functioning institutions. We must focus the discussion or we will never resolve that issue. That is why we are having this conversation on policing and justice.

The Chairman (Mr Molloy): We have a proposal that the date for devolution of policing and justice should be set when the conditions have been agreed between the parties.

Mr Maskey: My point — and the point that Gerry Kelly made and on which he tried to get a response from the DUP — was that this discussion should presuppose that those conditions have already been met, whatever they are. Obviously, Sinn Féin does not agree with all those conditions, but this discussion should be set in the context that the institutions are fully functioning. Therefore, there is no reason why any party would not want the transfer of powers. We should be discussing the practical steps that need to be taken to secure the transfer of powers and how long we think that will take.

Mr S Wilson: There are certain requirements that the DUP feels are necessary for devolution, and Gerry Kelly seems to know them very well. Naomi Long put it very well when she said that this would probably be one of the most difficult and most contentious issues that the Assembly will have to handle.

Given the special significance of policing and justice, the problems associated with that in the past, the functioning of the Assembly, the powers that it will have, how parties handle those powers and how they handle the situation after devolution will provide a measure of confidence, or lack thereof, within the community as to whether or not devolution can take place.

12.30 pm

A decision on when that level of confidence has been reached will depend on all of the following variables: how the Assembly functioned; how the parties behaved in the Assembly; and what has been happening in the community. That is why it is impossible to attach a timescale to the devolution of policing and justice.

Sinn Féin sought an assurance, but the best that our party can do at the moment is to say that we are not being obstructionist, nor are we seeking an excuse to delay devolution of policing and justice for 10 years, as Mr Kelly said. Our stance is aimed at ensuring that, when this important function is devolved, the situation will be workable, will not create difficulties, and the parties and the community are comfortable with it.

The assurance that I have given is the best that can be hoped for at present. My party wants the devolution of policing and justice to happen as soon as possible, but not in a context in which it will create political

difficulties and difficulties for the Assembly. I do not believe that setting deadlines or timescales — whatever euphemism is used for fixing a date to which everyone will point — is the best way of ensuring that people meet the conditions for confidence-building.

Mr G Kelly: My difficulty, as we get further into the mire, is that we now have two sets of preconditions from the DUP: one for setting up the institutions, and another for deciding when people are fit for government. The DUP will decide arbitrarily when those preconditions are met. We are trying to secure an agreed time frame for all the parties that would sit in an Assembly. That is not an imposed time frame, yet the Committee cannot agree even an indicative time frame.

Mr S Wilson: Let us stop at that point. All parties and the two Governments agreed that policing and justice would be devolved a step after the Assembly was set up. Everyone recognised that there was something different about policing and justice, which meant that they could not be a part of the initial package. We all know why they are so significant. This is not a new set of preconditions. It is an acceptance of a position that everyone has taken: given the significance of policing and justice, devolution of those issues should take place a step after restoration.

Mr G Kelly: It is a new bar.

Mr S Wilson: Not at all.

Mr G Kelly: To return to Mr McFarland's point, the DUP were in those negotiations and clearly understood the time frame. The DUP will not agree even an indicative time frame. I repeat this with some sadness: even by its own criteria, the DUP is declaring that it does not care up to what bar Sinn Féin, the nationalist people or the republican people measure. After the institutions have been restored, the DUP will put Sinn Féin through all that again, and the DUP will be the arbiter of when the bar is met. Never mind the Assembly — the DUP will decide when devolution of policing and justice will take place. The whole idea of the step-by-step approach that Mr Wilson mentioned was precisely the steps that were needed. That was how the time frame was worked out. People were already working on the basis of a time frame.

Mr Weir: The legislation states that the Assembly will decide when policing and justice will be devolved, and we are happy to stick with that. I am not going to flog a dead horse; there comes a stage where the argument goes round in circles. Policing and justice have been treated separately throughout this entire process. As part of the Belfast Agreement, they were not devolved in 1998. Far be it from me to defend the Belfast Agreement. *[Laughter.]*

Mr G Kelly: Is that on the record?

Mr Weir: I am more than happy for the phrase: "Far be it from me to defend the Belfast Agreement" to be on the record.

When the initial institutions, including the Executive and the Departments, were set up in 1999, policing and justice powers were not devolved because it was felt that they were a separate issue; those powers were clearly beyond those given to the other Departments. The same approach was taken on each occasion that other institutions were set up between 1999 and 2002. The idea that the issue of policing and justice is not separate and different from the issues dealt with by run-of-the-mill Departments is not accurate, politically or historically. The DUP has made its position extremely clear on that.

The Chairman (Mr Molloy): I do not think that the Committee is going to reach consensus on this matter.

Mrs Long: For policing and justice powers to be devolved, the First Minister and the Deputy First Minister must put a motion jointly to the Assembly, which would be subject to a cross-community vote. The Secretary of State would then have to ensure that the appropriate conditions were in place, and a vote would be held in Westminster. That is laid out in the Northern Ireland (Miscellaneous Provisions) Act 2006. Therefore, the powers cannot be devolved unless they achieve cross-community confidence.

Taking that as read, is it possible to set a target date by which policing and justice powers can be devolved? It is possible to suggest that conditions must be right and, at the same time, suggest that a target date should be set — those propositions are not mutually exclusive. Setting such a date puts down a marker — members are not saying that devolution of those powers will happen in two years' time, but simply that it is their wish that it should happen then. It shows that they are prepared to commit to working towards it. That is important for those who believe that the issue of devolution is a key part of this negotiation process. Indicating at least a willingness to move forward does not mean that in two years' time all the other locks can be unpicked. It is simply a matter of showing willing, and it is important that members are willing to set a date.

I do not want to set a prescriptive date or deadline. It would be pointless to suggest that if this issue were not cleared up in two years' time, the entire matter should fall apart on that hook. However, it is important to set a target towards which we can work in respect of the legislative framework, and so on. At a certain point, the Secretary of State will also need to introduce legislation to allow for policing and justice powers to be devolved. A process must be entered into, and a two-year target is not an unreasonable one.

Mrs D Kelly: Naomi has covered the theory of the restoration of the institutions quite well. However, for

the past 10 minutes we have heard the DUP and Sinn Féin grant mutual vetoes to each other. On the one hand, the DUP says that if Sinn Féin signs up to policing, it will have confidence in Sinn Féin's ability, and Sinn Féin says that it will not sign up to policing unless a date for devolution of policing and justice powers is established. Therefore, they seem to be giving each other a by-ball.

Mrs Long: Chairman, I am still not clear what the very vague term "sign up to policing" means.

The Chairman (Mr Molloy): We must draw this matter to a conclusion because we are running way over time.

Is there consensus that a target date for the devolution of policing and justice should be set at two years after restoration?

Members indicated dissent.

Is there consensus that the devolution of policing and justice should occur as soon as possible?

Mrs D Kelly: Chairman, I think that the consensus —

The Chairman (Mr Molloy): Do we have consensus or not?

Members indicated dissent.

Mr Weir: Who said no?

Mr G Kelly: I did.

Mr A Maginness: Chairman, could you repeat the question?

The Chairman (Mr Molloy): I asked whether the devolution of policing and justice should occur as soon as possible.

Mr G Kelly: That does not mean anything.

Mr A Maginness: I think it could mean something.

The Chairman (Mr Molloy): We do not have consensus on it.

Mr McFarland: My sense is that this will play a key part in the October discussions.

The Chairman (Mr Molloy): Mr Jim Wells will take the chair after lunch.

The Committee was suspended at 12.39 pm.

On resuming —

1.09 pm

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): First, I wish to apologise. I intended to be present a bit earlier this morning, but I had a meeting with the Speaker that overran, so I did not arrive until the tail end of the previous discussions. The Committee Clerks have brought me up to date with what took place, but forgive me if I do not completely follow members' train of thought for a few moments.

I do not know whether there have been any changes in personnel over the lunch break, but I understand that we are up to the issue of matters to be considered for devolution, which is paragraph 12 of the NIO discussion paper.

Alban, your team looks a bit thin. Are there more to come?

Mr A Maginness: Yes. Alex Attwood has been held up at a Policing Board meeting. Dolores Kelly should be here in a few minutes.

The Chairman (Mr Wells): Are you happy to proceed alone? You can handle that.

Mr A Maginness: Yes.

Mr Maskey: Gerry Kelly has been delayed. He will be here.

The Chairman (Mr Wells): Members have before them a list of the matters that are to be considered for devolution to a Minister for policing and justice, when he or she is appointed. Without discussing who should be the Minister, when policing and justice powers should be devolved and what must happen before they are devolved, it would be best to go through these matters and ask members whether they are content that these issues be included within the remit after the aforementioned has been sorted out.

We will then move on to those issues that have been excluded. We need to check whether members are content that the matters identified in paragraph 12 are in line with their views.

The first matter is "Criminal law and creation of offences and penalties". Does anyone have any strong feelings about that power eventually being devolved to a Minister?

Mr McFarland: It strikes me that the matters identified in paragraph 12 all fall within the remit of policing and justice. There is probably not a great deal of contention in them. The paragraph on areas in which the devolution of functions would not be possible, may not be appropriate or should be subject to further consideration is perhaps more important.

The Chairman (Mr Wells): That is my reading of it, Alan, but I did not want people to say that I did not

give them a chance to state their point of view on one particular issue. The subjects all look pretty innocuous, but I do not know parties' positions on them. Does anyone want to point out anything with which he or she has a difficulty?

Mr McFarland: As Mr Molloy said earlier, parties have the option of adding to and modifying the list as we progress. If an issue that pertains to one of these matters has not been spotted now but arises later, it is up to parties to raise it.

The Chairman (Mr Wells): In my experience, the fact that parties have not responded does not mean that they have had a diligent meeting, worked it all out and reached that position. Sometimes the speed at which this Committee moves means that the issue is overlooked.

I take it that the various parties' silence means that, if and when policing and justice is sorted out, you are happy enough with the powers listed in paragraph 12 being devolved?

Members indicated assent.

Mr A Maginness: The Court Service is currently an agency. If the powers outlined in 3(k) of paragraph 12 were devolved, would that change? Can you provide clarification on that?

The Chairman (Mr Wells): No, it would change. A devolved Minister rather than a direct rule Minister will head the Court Service.

Mr A Maginness: On the judicial responsibilities of the Lord Chancellor, my understanding is that the Lord Chief Justice of Northern Ireland is the head of the judiciary; it was formerly the Lord Chancellor. May I receive some clarification on that?

1.15 pm

I do not expect an answer now, but a change was made. I am not certain as to what that change means in practical terms. If, for example, an individual had wanted to query a judge's performance in court, he or she would have written to the Lord Chancellor. It is now the Lord Chief Justice of Northern Ireland's office that replies. What is the significance of that change? Perhaps there is no significance at all. Could I receive clarification on that?

Mrs Foster: It might have more to do with changes that have been made to the Department for Constitutional Affairs at Westminster.

Mr A Maginness: That could well be the case.

Mr McFarland: Mr Chairman, paragraphs 15.4, 15.5 and 15.6 in 'Devolving Policing and Justice in Northern Ireland: A Discussion Paper' relate to that.

The Chairman (Mr Wells): I am conscious that I am surrounded by a posse of barristers and solicitors,

so I will be very careful to seek out the explanations that you have requested.

Mr McFarland: At paragraph 15.4, it says:

"The Lord Chancellor is responsible for the administration of the Northern Ireland courts."

Paragraph 15.6 states:

"The Lord Chief Justice of Northern Ireland, as head of the Northern Ireland judiciary, is responsible for functions relating to sittings of courts and the times and places of those sittings".

Therefore there may a dual role. The Lord Chancellor's slice of those duties passes to a Northern Ireland Minister for policing and justice upon devolution.

The Chairman (Mr Wells): Either way, Alban, do you foresee a concern from the SDLP on the matter?

Mr A Maginness: I am merely seeking clarification. I do not foresee any serious problem.

The Chairman (Mr Wells): We can provide that clarification.

Mr Raymond McCartney: Notwithstanding some of the conversations that we had this morning on the definition of British national security, we will deal with any issues as they arise. However, we have some reservations. We have clear views on national security issues.

Mr Maskey: There is quite a lot in the document, and the NIO has provided notes on the discussion paper. We want to see the maximum powers, as they relate to the whole island, transferred as soon as possible. We covered some of that this morning.

Mr Weir: I was not aware that Westminster could transfer powers to the whole island. I do not know what the member is driving at there, apart from it being a general point of principle.

Mr Maskey: Powers are to be transferred to a Department. Its Minister will be on the Executive, and the Executive and the North/South Ministerial Council are related.

Mr Weir: That is almost a separate issue. It is a step beyond us. When we talk about the transfer of policing and justice powers, we are talking about the transfer of those powers from Westminster to a Northern Ireland Department. If, at some stage, the Executive agreed to work with the Irish Republic on those matters, that would be a separate issue. Initially at least, powers will only go directly to the Department. The level of co-operation is a separate issue.

Mr Maskey: In a way, there is no point in the issue being bandied about. Peter was quick to point out this morning that he was not in agreement. The

interdependence of members of the Executive is not really an issue.

Mr Weir: That is not what I am arguing. Policing and justice powers are to be transferred from Westminster to a Northern Ireland Department, and whether that Department shares any of those powers with the Irish Republic is a separate matter.

Mr Maskey: We can agree to disagree, because it is not a major issue. I am merely making the broad statement that Sinn Féin wants the maximum number of powers to be transferred as soon as possible.

I want to put on the record that Sinn Féin is concerned that there seems to be an attempt to plunder the reserved matters and to make a number of them excepted matters. I will elaborate on that concern when we come to discuss those matters.

The Chairman (Mr Wells): I see the point that you are trying to make, Mr Maskey, but it refers to excepted matters, which we are to discuss next. You seem to have indicated that although Sinn Féin is content with the list of excepted matters, it wishes to add to it. There will be opportunity for that when we discuss paragraph 13.

Mr Maskey: Some of these issues are vague. Therefore, for the record, just because Sinn Féin has not challenged specific issues, it does not mean that it supports them.

The Chairman (Mr Wells): Hansard has recorded your point. Therefore, if the subject comes up again, you will be covered, as it were.

Mr A Maginness: The Northern Ireland Judicial Appointments Commission (NIJAC) seems to have been excluded.

The Chairman (Mr Wells): If members wish to discuss issues that have been excluded, are they happy that we park those issues that have been included and move on to paragraph 13?

Members indicated assent.

Mr A Maginness: I have not examined the excluded list in any great detail, but is there an explanation for its contents? The Northern Ireland Court Service and the Public Prosecution Service for Northern Ireland have been included, and the omission of NIJAC seems to have been deliberate. Whether it is —

The Chairman (Mr Wells): Would paragraph 13(p) cover that?

Mrs Foster: Perhaps I can be of assistance. I think that Alban is saying that we do not want to place anything from paragraph 13 on to the lists of reserved or excepted matters and that we are happy that everything on that list will be transferred. Is that correct?

Mr A Maginness: Yes.

The Chairman (Mr Wells): Can we agree that? If so, we can have a free and unfettered discussion on paragraph 13 and the issues that we would like to be included.

Mrs Foster: Yes.

Mr A Maginness: NIJAC is not on the list; that is a significant omission.

The Chairman (Mr Wells): We will come back to that. Am I right to assume that no one is dying in a ditch about the current list?

Members indicated assent.

The Chairman (Mr Wells): Paragraph 13 includes a list of specific exclusions, which runs to over 20. I suspect, therefore, that the discussion on it will take quite a while. Members may agree with some of the exclusions, but I suspect that some will be the source of quite a bit of debate.

Paragraph 13(a) states:

“the Secretary of State should retain responsibility for offences related to terrorism and treason — these are excepted matters”.

Is treason something that members would like the Assembly to take within its bailiwick?

Mrs Foster: I would be quite happy to try some people for treason.

Mrs D Kelly: That is an internal DUP matter. Leave Jim Wells alone.

The Chairman (Mr Wells): I know the feeling. Some of us have been through that process already.

Mr Kennedy: Your private life is no concern of ours. *[Laughter.]*

Mrs Foster: As far as the DUP is concerned, offences related to terrorism and treason sit naturally as excepted matters.

The Chairman (Mr Wells): Do any of the other parties feel differently about that?

Mr A Maginness: I will reserve the SDLP’s position for the moment. It may be more appropriate for a Northern Ireland Assembly, rather than the Westminster Government, to deal with some issues that relate to anti-terrorist legislation.

Mr Raymond McCartney: Sinn Féin feels that responsibility for offences relating to terrorism and treason should be transferred.

The Chairman (Mr Wells): Therefore one party is neutral, and one party is opposed to its remaining an excepted matter. Do the other parties have preferences?

Mr McFarland: The legislation is quite clear. The agreement, to which most of us signed up, sets out the excepted matters and those matters that could be

transferred, and we have acknowledged those matters that could be transferred. The excepted matters tend to relate to national security. I can understand why Sinn Féin would want them devolved, but the Ulster Unionist Party wants them to remain as excepted matters. That is what they should be, as part of the national effort.

Mrs Long: The Alliance Party is content that responsibility for offences related to terrorism and treason remains an excepted matter. However, this morning's discussion on where terrorism ends and criminality begins needs to be explored further.

Mr Weir: The DUP believes that it should remain an excepted matter.

The Chairman (Mr Wells): It is quite clear that we do not have consensus.

Mr Raymond McCartney: The concept of British national security needs to be defined. That is the sticking point for all these issues. Some parties are comfortable with the concept of British national security, but Sinn Féin is not, which is why it has reservations.

Mr McFarland: We are back to the agreement and whether Sinn Féin accepts the consent principle, which states that the people of Northern Ireland will remain citizens of the United Kingdom until they vote otherwise. My understanding was that Sinn Féin accepted the agreement. Of course, people are free to try to change everyone's minds, but, for the time being, Northern Ireland will remain part of the United Kingdom.

British national security will take precedence until such times as Northern Ireland becomes part of the Irish Republic, when, presumably, the Irish Republic's national security interests would take precedence. The agreement set out that process, and I understood that Sinn Féin had signed up to the agreement.

The Chairman (Mr Wells): Of course, those terms are repeated in the Northern Ireland Act 1998, which lists the excepted matters.

Mr McFarland: Absolutely.

The Chairman (Mr Wells): Therefore, issues in two documents would have to be overcome.

There is a clear divergence of opinion. All we can do is accept that and minute it. We do not have consensus on the matter.

Mr Maskey: That is true. As Mr McCartney said, it is all very well to talk about —

[Inaudible due to mobile phone interference.]

— in some cases, transferred matters are being extracted and placed in the excepted matters category. That is not acceptable to Sinn Féin. Where will it end? As Raymond said, who defines what constitutes national security? We have been discussing criminal law. What does that have to do with national security?

Mr McFarland: The British Government, in the same way as the Irish or German Governments, determine matters of national security. That is what Governments do.

Mr Raymond McCartney: Only within their territories, though.

Mr McFarland: Members need to keep reminding themselves that the Northern Ireland Assembly is a devolved institution, not a sovereign Government.

Mr Maskey: The agreement, the Patten Report and so on identified issues that should be transferred to Northern Ireland. Sinn Féin believes that “national security” is being used as a cover-all to prevent the transfer of certain issues. What does the right to investigate crime have to do with national security?

Naomi discussed the difference between the approaches being taken towards “republicanism” and “loyalism”. It is a mishmash. Under the guise of the national security banner, there is a clear attempt to remove some reserved matters. In effect, that would remove powers from locally accountable Ministers and Departments and the Executive. It is not right and should not be allowed.

National security needs to be defined. Who defines it? Where is the line drawn? It is not good enough to simply say that a matter comes under the heading of national security and, therefore, because of the agreement and the principle of consent, it must be accepted. The agreement is a given. Sinn Féin very much accepts the agreement, but it is not prepared to allow it to be used as a spurious banner to remove those powers that rightfully reside with locally accountable Ministers.

Mr McFarland: I am not saying that we should not examine those matters. Paragraph 13(a) of the NIO discussion paper relates to the ability to pass legislation and to decide what offences relate to terrorism and treason. The Government have decided that those are excepted matters. I am not saying that we cannot examine other issues that have been taken away that rightly belong here, but terrorism and treason are excepted matters, and they have been excepted matters from the beginning. If that is incorrect, perhaps some legal eagles could describe whether those powers were going to be transferred but have suddenly been removed. However, I understood that they were excepted matters.

The Chairman (Mr Wells): Mr Maskey, you are not saying that there are no issues that are excepted matters. There are issues of state security that would remain at Westminster. You are questioning what is defined as those excepted matters.

1.30 pm

Mr Maskey: I do not want anything in respect of this country to be dealt with at Westminster. We are dealing with matters that are currently reserved and

that should be transferred as soon as possible to locally elected accountable Ministers. We are also dealing with issues that are supposed to be excepted matters. Sinn Féin believes that there is a clear attempt by the NIO and the British Government to take reserved matters back as excepted matters, under the banner of national security. That is not right; it is spurious and unacceptable.

The Chairman (Mr Wells): We will not reach a common view on this matter.

Mr McFarland: There are reserved matters, and it was recognised at the time of the agreement that those matters could be devolved. There is a list of those matters, relating to the courts and so forth, because it was recognised that policing and justice would be devolved eventually. There are also excepted matters that will never be devolved. It would be useful if Mr Maskey could point out areas that were in the reserved category but that have now been put in the excepted category.

Terrorism and treason have always been excepted matters. There was never an expectation that terrorism, treason and national security would be devolved. It would be useful to know which reserved matters are now excepted. These matters were excepted, and they remain excepted. We are merely acknowledging the fact that they continue to be excepted matters of national security. Does that make sense?

The Chairman (Mr Wells): Mr Maskey, you are not expecting matters such as the positions of Russian nuclear submarines to be devolved to a Northern Ireland Executive — or are you?

Mr Maskey: Criminal law is a reserved matter, and there is now an argument that some matters that appear under the heading of “national security” would be excepted. There is a blurring and a vagueness. Under the banner of national security, some aspects of investigations into serious crime and so forth remain excepted matters. Mrs Long discussed that at length this morning, and there are further examples. I am seeking clarification rather than simply saying that we agree that certain issues should remain excepted matters.

Mr McFarland: National security issues are a matter for Westminster.

The investigation of organised crime remains the responsibility of the PSNI. My understanding — and I know that some people will disagree — is that only responsibility for issues relating to republican terrorism and the handling of republican agents will remain with the national organisation, MI5, until the threat of bombs in Great Britain has gone away.

Northern Ireland has seen its first court case and sentencing of an individual operating on behalf of al-Qaeda, and more cases are in the pipeline. As a result

of the massively increased threat from al-Qaeda it has been decided, rightly or wrongly, that the examination of worldwide terrorism should remain with MI5. No responsibility for actual crime investigation rests anywhere other than with the PSNI.

Mr Weir: I do not wish to deny anyone the right to argue the case that a previously excepted matter should become a transferred matter, or even that reserved matters should become transferred matters. However, the DUP is extremely unlikely to be persuaded that a previously excepted matter should become a transferred matter.

I am not altogether clear whether any matters listed in the Northern Ireland Act 1998 as reserved matters have since changed to excepted matters — Alan McFarland may have been driving at something similar, and in the light of the lack of clarity, some matters may bear closer examination.

Arguably, although every issue must be examined, those matters that have shifted from being reserved to excepted, or vice versa, are more of a grey area and therefore merit particular attention. However, I am not aware of anything that has changed from being a reserved matter to an excepted matter during that eight-year period. A list of any such changes in status may help.

The Chairman (Mr Wells): That is a good suggestion, because we are getting bogged down, and some of those matters will come up time and time again.

Mr Maskey, if you will provide the Committee with a list of any matters that you feel should be devolved but that remain excepted, that would help point the Committee in the direction of what you feel needs to be changed. Until those matters are identified, we will not get very far.

Mrs D Kelly: Part of the problem is that the definition of terrorism is confusing. There has been a mass exodus of loyalist paramilitaries to England; perhaps they will pose a national security threat and the entire definition will change.

In ‘Devolving Policing and Justice in Northern Ireland: A Discussion Paper’, chapter 5 on ‘Criminal Law and Creation of Offences and Penalties’ states:

“The Secretary of State is currently advised on this by the Criminal Justice Directorate of the Northern Ireland Office.”

Is terrorism defined as financial gain from the proceeds of crime — and is that based on the fact that paramilitaries are engaged in criminality, which goes back to Naomi’s point — or is terrorism defined as blowing places up? Why should the Criminal Justice Directorate not report to the Assembly Minister, as opposed to the Secretary of State, on the legislative

requirements for the creation of offences and court procedures?

The Chairman (Mr Wells): We need more information. We are not going to square the circle, and there are similar issues on the list.

Mrs Foster: May I suggest that we compare the list of transferable, reserved and excepted matters, as it was in 1998 — that is not something that I am often heard to say — and compare it to the list on the discussion paper to see if anything has changed? Some matters, such as judicial appointments, were not up for debate in 1998. That is a key issue for the SDLP and something new that we could discuss.

If a matter is excepted, the likelihood of Government transferring it in the future is nil. The Committee should get into the realms of reality and deal with reserved matters and those that Government have perhaps moved to except. There is a case for that. If something has been excepted for eighty years —

Mr Weir: Eight years.

The Chairman (Mr Wells): Would such a table be helpful? Members could tick off the matters that they feel are in the wrong columns. In the absence of that, the Committee will get heavily bogged down.

Mr Maskey: Members belong to political parties, and our job is to win a mandate and achieve our party objectives, whatever those may be. If members simply say that the Government will not change their minds then — *[Interruption.]*

The Chairman (Mr Wells): The beauty of such a list is that members can say that x, y and z should move from one column to the next.

Mr Maskey: A fundamental question should be addressed. How do members feel that they can define national security? One need only look at the intention to give MI5 an increased role in policing. That muddies the whole issue, never mind the morality or the correctness of the situation. A British security system would interfere in matters that are rightfully the preserve of locally elected and democratically accountable Ministers.

Consider, for example, the relationship between an Attorney General who would be appointed here and the Crown Prosecution Service. That relationship would be fundamentally different here to what it would be elsewhere. Who, then, will define national security? Members seem to be saying that nothing can be done about national security matters, or that they want to do nothing about them. Sinn Féin is asking when the term national security will be defined.

The Chairman (Mr Wells): I have asked the Secretary of State to come along to the Committee, and it may be appropriate for members to ask him to define what he means by national security. The record of that request

is in Hansard, and, no doubt, his staff are working on that as we speak.

Mrs Long: The national Parliament will define national security, and therefore none of the devolved Administrations may define the term. The Government of the nation will define it. Members may be able to influence Government decisions on that.

As you have said, Mr Chairman, the Alliance Party has highlighted the potential for anomalies in the treatment of paramilitaries. If, for example, republican paramilitarism were viewed as a threat to national security but loyalist paramilitarism as a criminal issue, my party would be concerned about parity. National security is not an issue that I foresee being reviewed on the basis of what members think. That is not to say that we accept the status quo, but, in the context of this discussion, I imagine that to be the situation.

The Chairman (Mr Wells): I must step in here or the Committee will get bogged down. May we have a view on Mrs Foster's proposal that we have a list of reserved and accepted matters for guidance? Can we agree that, if the Secretary of State appears before the Committee, one issue that will be flagged up is his definition of national security and how he sees its relevance to this discussion?

Mr McFarland: The Secretary of State is likely to appear at a later stage in the process. It would be useful if, alongside that list, we could obtain the NIO's definition of national security and who decided it. If this discussion continues, the factual position will be quite useful.

The Chairman (Mr Wells): I like to get at least 10 consensuses in these meetings, so can we have the first?

Mr Weir: It would be helpful if we could have a table with three columns that we could read across. We could then compare lists of transferred and reserved powers, for example, the position in 1998 and the historical position in 1921. I suspect that Sinn Féin's position will be that almost everything should be transferred; but the rest of us will need to be persuaded that something on the list of excepted powers eight years ago should now suddenly be transferred.

It would be particularly difficult to persuade us that a matter that had never been transferred to Northern Ireland should now be transferred. We need a three-column table that would enable comparisons and contrasts between reserved and excepted matters at different stages, with a separate list for items such as the Northern Ireland Judicial Appointments Commission, which is an example of a power transferred since 1998.

1.45 pm

Mr Raymond McCartney: No one here wants to offer their definition of British national interest. However, this matter has practical implications because

people have been vetted and refused employment or contracts because they were deemed to be contrary to British national interests. Therefore, if a Minister is running a Department, who decides for him or her what the national interest is?

The Chairman (Mr Wells): I will let Alban speak, and then I will move to the vote because we have been bashing this issue around for some time now.

Mr A Maginness: I want to make a general comment. The list of matters that are being retained at Westminster contains some significant items, while others are purely procedural and quite insignificant. However, reservations can be voiced and arguments raised in objection to their retention.

Members should study the list very carefully, because the powers that be at Westminster could well have an agenda that involves keeping things back for specific reasons that are not consonant with good government in Northern Ireland and that do not help the devolved institutions. I encourage members to take a more sceptical view of matters that are being reserved.

Chairman, you suggested getting advice on matters that are reserved and excepted and so forth, and that would help to inform the debate.

The powers of the Northern Ireland Judicial Appointments Commission should be included in the matters that are being transferred. From more careful consideration of the NIO discussion paper, I notice that it mentions the Lord Chancellor's responsibility for the appointment of listed judicial offices and that the First Minister and Deputy First Minister, acting jointly, will be responsible for judicial appointments through the Judicial Appointments Commission. According to this text, therefore, that would be a devolved matter.

Mr Maskey: Chairman, I apologise, I know that you want to move to the vote, but, in a way, my comments will colour the entire afternoon session, so please indulge me a little — it is not treasonable yet.

Mr Weir: That is for us to decide.

Mr Maskey: Peter Weir made a proposal that I would like to hear again. He proposed carrying out an exercise to find out what matters were reserved a number of years ago and what matters would now be excepted, and so on. It is important that we can compare what was in the Good Friday Agreement, the Patten Report, the 2006 Act, and the NIO discussion paper.

Sinn Féin is arguing that those in the British securocrat system are trying to emasculate the powers that should be transferred, which Alban just mentioned. Sinn Féin believes that a number of attempts have been made in the 2006 Act, and in the NIO discussion document, to make reserved matters excepted or to split them in some vague way. I would like a list of any regulations or protocols that relate to British national security, and

a list of the powers devolved to the Scottish Parliament. That would be a useful comparison.

The Chairman (Mr Wells): That is a fair point. Let us take the proposals in order. The first proposal, from Peter Weir, is to get a list of excepted and reserved matters in read-across form so that we can see exactly where we stand; that the Northern Ireland Office be asked to produce a written definition of national security; and that we should raise that with the Secretary of State. That is purely for information. No emphasis is being placed on these points — we merely want to clarify the position.

Mr Weir: The other matter is Alban Maginness's point that we should request an additional column to detail the functions that were not mentioned in 1998. An obvious one is the Northern Ireland Judicial Appointments Commission, but there may be other matters that are dated post-1998.

The Chairman (Mr Wells): Do we have consensus on that proposal?

Members indicated assent.

The Chairman (Mr Wells): Mr Maskey has asked for an explanatory text that details the protocols, any relevant documents and, of course, the powers of the Scottish Parliament in relation to national security. I do not believe that the Scottish Parliament has any role in that area. However, it is important that we get that information.

Mr Weir: I presume that one could describe those as Home Office matters.

Mr A Maginness: My understanding was that Mr Maskey was not referring to matters of national security per se, but to justice matters. I understand that traditionally, Scotland has had a great deal of judicial independence over and above any other part of the UK. I could not foresee the Scottish Parliament not having additional powers.

The Chairman (Mr Wells): That information would be useful.

Mrs Foster: Scotland's legal system is entirely separate from those in England, Wales and Northern Ireland, and the Lord Chancellor does not have as much power in Scotland as he has in those jurisdictions. If we want to be absolutely thorough, we should also find out the position of the National Assembly for Wales.

Mr McFarland: Chapter 18 of the NIO discussion paper details which functions are excepted and why.

The Chairman (Mr Wells): The idea of a read-across table —

Mr McFarland: That idea is fine, but if members want to read up on specific issues before we get that table, they are set out in that chapter.

The Chairman (Mr Wells): Are we agreed that we should get the additional information that Mr Maskey requested?

Mrs Foster: As long as we get information from the Scottish Parliament and the National Assembly for Wales.

The Chairman (Mr Wells): Do members have any problems with that? Is that agreed?

Members indicated assent.

The Chairman (Mr Wells): The research team will no doubt use that, plus Hansard, to track down that material.

We move to paragraph 13(b) of the NIO discussion paper — “Criminal records, checks and disclosures”. Those are devolved matters in Scotland.

Mr Weir: I do not want to cut across this discussion, but I thought that the purpose of getting the paper was so that we could deal with all of those issues. It strikes me that when you have a paper that also details the situations in Scotland and Wales, you are in a better position to put all those issues into context. To be honest, if we work through this list of 15 or 20 separate issues before we get that paper, we will merely be using our insufficient knowledge to rehearse arguments.

The Chairman (Mr Wells): You must be a mind reader, Mr Weir, because the staff are saying exactly the same thing.

Mr Weir: Great minds think alike.

Mr Kennedy: And fools seldom differ.

The Chairman (Mr Wells): When we get the additional information we will be able to have a more educated discussion.

Mr Maskey: Could we get additional information on international human rights obligations?

The Chairman (Mr Wells): How does that relate to matters that are excluded from the remit of a possible Minister with responsibility for justice in the Executive?

Mr Maskey: If we want to be elected and accountable, we will need our own human rights obligations. If some of those matters are excepted, how do we, as elected representatives who are accountable to people here, defend those obligations? Where do they lie?

The Chairman (Mr Wells): It is an interesting point, but I do not see how it lies in paragraph 13.

Mrs Foster: I would not consent to that. We are straying into the realms of trying to find out how many things we can get from this paper. We must be realistic. Rights, safeguards and human rights issues are dealt with by the Preparation for Government Committee that meets on Fridays. If Mr Maskey would like to attend, I am sure that Dermot Nesbitt will give him an

exposition on human rights, and we will be all the wiser for it.

Mr Maskey: I have heard Dermot’s exposition; I was not terribly enamoured with it.

The Chairman (Mr Wells): We do not have consensus for Mr Maskey’s additional proposal. If the research team produces all that we have asked for, we will have enough material to be going on with.

We are whizzing very quickly through the agenda. We have reached paragraph 13q, so we will have to park this issue for the week and hope to continue that discussion next time.

We do not know whether all that material will be available within a week, but we have plenty to be going on with while that research is being done for us.

The Preparation for Government Committee’s work programme is continually revised and updated, and we like to let members know when we shall be meeting, who will be chairing the sitting, and so forth. The economic challenges subgroup is doing the same. Do members have any practical difficulties with the work programme? Mr Molloy and I will be present throughout, so no problems will arise with the chairmanship of any sittings.

Mr Kennedy: The scrupulous attention of one of the doorkeepers prevented one of our observers from attending this morning. It has now been established that our observer should have been given access. The doorkeeper has apologised to the individual concerned, but, nevertheless, it is important that observers are eligible to attend meetings and that doorkeepers be informed of who will be attending sittings. Procedures should be consistent, and consistently applied.

The Chairman (Mr Wells): Normally the parties would inform the staff of who will be attending. The observers in attendance have been here quite often, so we have got to know their faces. The gentleman to whom you refer was a new face to the staff, and they did not know in advance that he was to attend. If he wants to attend our future meetings, the problem has been resolved.

Mr McFarland: Chairman, logic dictates that somebody stick his or her head around a door to check whether anyone else plans to attend. We were told that we could have an observer in attendance. In fact, I raised the issue of observers attending our meetings. Had I realised what had happened this morning, I would have done something. To be turned away in such a fashion is silly.

Mr Maskey: It comes under the heading of “National Security”.

The Chairman (Mr Wells): We shall speak to the doorkeepers about that, but had they known in advance, the issue would not have arisen.

Mr Weir: On a related point, it may be useful if each party were given an additional set of papers in advance of each meeting. That could be made available to the party or to an adviser.

The Chairman (Mr Wells): We discussed that, but the view was taken that, as we are already distributing 30 sets of papers, it was the responsibility of the parties, who receive papers well in advance of meetings, to give them to researchers.

Mr Weir: If that was to be increased from 30 to 35, it should not —

The Chairman (Mr Wells): We would still not have known that this gentleman was coming, so we would have had no —

Mr Weir: I propose that an additional set of papers per party be made available. It would be up to the party to decide whether that went to its staff or to whomever. I do not know whether anybody has a particular problem with that.

The Chairman (Mr Wells): To whom would that pack go?

Mr Weir: It would go to the general office of each party. All parties have general offices in Parliament Buildings. From a practical point of view, that should not prove all that difficult.

The Chairman (Mr Wells): What do members feel about Mr Weir's proposal that one extra pack, with which parties can do what they feel fit, be provided to the parties' general office?

Mr Kennedy: It may also be helpful, Chairman, if you could be provided with a register of additional party staff. You would then be able to identify party researchers or observers. Perhaps it would be helpful if the parties could produce a list of names so that party staff could be easily, or more easily, identifiable.

2.00 pm

The Chairman (Mr Wells): The DUP seems to be happy enough, so can we agree that? That will overcome some of the difficulties we have experienced this morning. There is no deliberate attempt to exclude people, I assure you.

There is a letter from the Secretary of State — members will be aware that we wrote to him on 3 August — in which he says that he is minded to move the first plenary sitting after recess to 11 September, a date that we will all recall. That will give the Preparation for Government Committee and the economic subgroup a bit more time to finish their work. I mentioned this to the Speaker today, and she is content with the arrangement. The Business Committee meeting will also move

back a week. Is everyone content with the contents of the Secretary of State's letter? It was, after all, this Committee that, by consensus, asked for the plenary sitting to be put back.

Mr Kennedy: Chairman, it was reported in the press yesterday, so it is already a done deal.

The Chairman (Mr Wells): I have to put it formally to the Committee.

Members indicated assent.

The Chairman (Mr Wells): Item 6 on the agenda is a letter that the Committee received from Prof Sir Desmond Rea, the chairman of the Policing Board. We have members of the Policing Board here, so he will need no introduction. It is a very helpful and positive letter. The Policing Board is offering to give us any help or provide any evidence that we require. I suggest that we keep this on file, and if any issues arise on which we feel that we need input from the Policing Board, we can ask for an answer or for written evidence, and perhaps reserve the right to call it to give evidence. That is entirely at our discretion.

The last issue today is one that was raised by Mr McNarry at yesterday's meeting of the economic subgroup, which some of you will have attended — Mr Maginness chaired the meeting so he is aware of it.

The first thing Mr McNarry has asked us to decide upon is:

"whether it is appropriate for a substitute to attend specifically in place of the nominated PfG member representative".

My view — and I am sure that it is the view of many others — is that it has been extraordinarily difficult to keep this Committee going during the summer period. In fact, the turnout has been quite remarkable. The full Preparation for Government Committee has never been in a position where it has become inquorate. Even today the attendance is in double figures. The economic subgroup has found it more difficult. There have been times when it has been hard to achieve the seven members that are required. Indeed, on one occasion we did become inquorate, and that evidence was lost.

We have had a fairly flexible attitude to this — members have come and gone, but it has not disrupted the flow of the Preparation for Government Committee or the economic subgroup. As someone who has had to chair these meetings, I feel that that flexibility has helped enormously in enabling us to keep going. We get our daily lambasting from the press — usually when we turn to the front page of the 'Belfast Telegraph' — but a lot of hard work has been going on during the past six weeks, and that is because members have been able to get capable substitutes to cover for them. However, other members of the Committee may feel that we need a more rigid approach.

Mr Weir: Chairman, I was at the economic subgroup meeting yesterday. From a practical point of view, it would not have been able to function, to be brutally honest, if you had said that we must have seven out of the same 10 people there at all times.

There is a slight degree of irony. I do not want to be disparaging towards the member who raised the issue, but I think that the economic subgroup and the Preparation for Government Committee have become inquorate on only one occasion. As it happens, it was when Mr McNarry left the room.

From a practical point of view, a bit of common sense must be adopted. It would be a different matter if the Preparation for Government Committee and the economic subgroup were meeting in the middle of October, when we could reasonably expect most MLAs to be available. In most places, seven out of 10 members would be considered a pretty high quorum. From a practical point of view, I doubt that more than one or two meetings could have functioned if a quorum of 10 named members had been stuck to rigidly.

The Chairman (Mr Wells): Alban, you chaired the meeting, so it is important that we hear from you.

Mr A Maginness: I did, and Mr McNarry raised the point. I asked the Committee Clerk for advice on the matter, and the position is explained in the aide-memoire.

It is my view that flexibility is the most important aspect of the Preparation for Government Committee and the economic subgroup's functioning well. If a situation arises that restricts membership, the Committee and the subgroup will run into all sorts of difficulties, not least becoming inquorate. I hope that I am right in this, but, by and large, there is consensus that the rules governing the membership of the Committee and the subgroup should not be too strict. They should allow the Committee and the subgroup to work, and let the parties get on with the job of presenting their views. That is my opinion.

It seems to me that there should be no problems with members chairing the Committee or the subgroup. Those members will act independently and will have no voting rights.

Mr Neeson: For an Assembly that is supposed to be in recess, it is incredible that such a good attendance record has been maintained at the Committee and the economic subgroup. Yesterday, I made the point about the role of the Assembly's Deputy Speakers. When they are not in the Chair, the Deputy Speakers can participate normally in Assembly debates. I see some similarities between that and the role that Naomi is performing. Also, I think that it is incredible that she has been able to attend so many meetings during recess.

Mr McFarland: This is specific to the economic subgroup because it alone remains under the Secretary

of State's rules. The Secretary of State ruled that the subgroups should comprise one member of the Preparation for Government Committee from each party and A N Other expert from each party. The UUP nominated two members plus a substitute. It is the middle of the summer and members are away all over the place; they can attend one week but not the next. Essentially, the UUP took a sensible approach to the Committee. Members have subbed as best they could and, on a week-by-week basis, have identified the member whom they were to replace.

The logic is to take that approach to the economic subgroup. I can understand why the larger parties might be slightly confused as to why more members of their teams were not permitted to attend the Committee and the subgroup. However, the Alliance Party may well have problems over the summer. Am I correct to say that, with the Speaker out of the equation, the Alliance Party has five available members?

Mrs Long: Yes.

Mr McFarland: Therefore, perhaps it would not be unreasonable to take a relatively easy approach to Committee and subgroup membership.

The Chairman (Mr Wells): The rules are silent on the issue. Therefore, it is up to us to decide whether we wish to continue in this way. Another issue is that the way that the Committee and the subgroup have worked has allowed each party to field a specialist team for the Preparation for Government Committees dealing with institutional changes and policing and justice. That is why a plethora of MLAs who sit on the Policing Board is here today: they are the experts on that issue. Such arrangements would not have been possible if we had stuck rigidly to Mr McNarry's suggestion.

Given the fact that it is the middle of August, I cannot see any other way round the issue. However, Mr McNarry insisted that it be raised, and, therefore, we were obliged to deal with it. It would be useful to have consensus one way or the other on whether Mr McNarry's suggestion should be taken forward.

Mrs Long: I do not wish to discuss the detail of my participation and the consternation that it caused yesterday — *[Laughter.]*

At least three of the parties around the table today have fielded teams at the main Programme for Government Committee that have not included one of their formal members of that Committee. Therefore, to suggest that parties should not be allowed to field substitutes to be their Programme for Government Committee representative on the subgroup seems ludicrous.

The Chairman (Mr Wells): There seems to be consensus. Are members agreed that we should retain the flexible approach that we have had up to now and allow parties to field substitutes as and when necessary?

Members indicated assent.

The Chairman (Mr Wells): A separate issue, to which Naomi referred, is the fact that she has been made a Chair of the economic subgroup, but is attending meetings of the PFG Committee also.

Mrs Long: I have attended one meeting.

The Chairman (Mr Wells): Sean's point is that Deputy Speakers can attend the Assembly with no problem. I suspect that it would cause great difficulties for the Alliance Party if that were not the situation for the Committee and the subgroup. The party's numbers would be reduced even further.

Mr Cobain: I see that Alex has arrived. It is OK, Alex; we are finished. Hurry up, Chairman.

The Chairman (Mr Wells): If you would just sit down, Alex, I will mark your attendance.

Mr Attwood: I have important matters that I want to raise.

Mr Cobain: Some chance.

The Chairman (Mr Wells): Is the Committee content that Naomi — and it also applies to Alban — can continue to adopt both roles, unless there is an obvious conflict of interest, which I doubt?

Members indicated assent.

The Chairman (Mr Wells): That is good. Thank you, Mr Attwood. I will just put your name on the record. *[Laughter.]*

The date of the next meeting will be 11 August, at 10.00 am in room 144. Mr Attwood, have you any comments? We will be discussing rights, safeguards, equality issues and related matters. I alert members that the meeting could last a full day.

Mr McFarland: It will last a full day. Last week, the Committee voted for an all-day meeting.

The Chairman (Mr Wells): The meeting on Wednesday 16 August could also be for a full day. Would that cause difficulties for anyone?

Mr McFarland: I understood that we had decided that, until the back of the business is broken, we would be meeting for full days. We will have three more meetings, with the last meeting to finalise what will go into our report. We will have a couple of Wednesday meetings before we start hitting the buffers.

The Chairman (Mr Wells): That meeting will deal with policing, intelligence services and the Police Ombudsman. We will not roll this format into that one. It will be a separate meeting. We will return to the matters raised today after the research team has prepared the paper.

Mr McFarland: Can a paper not be prepared in a week? If that is the case, we are in deep trouble. The

idea was that we would have an agenda and an order. Some issues have been parked until the end because they are difficult and need further discussion. Does this issue also need to be parked or are we waiting for information? My understanding was that we were seeking information. If we cannot get information within a week, we are in deep doo-doo.

The Chairman (Mr Wells): We cannot guarantee that, Alan. Remember that one of our researchers has been redeployed to the economic subgroup, which has an awful lot of work to do.

Mr Maskey: There is no reason why today's discussion cannot be put off for two weeks.

Mr McFarland: There is no problem with that.

Mr Maskey: The Committee needs the relevant documents that it has asked for today, and a little time to absorb them.

Mrs Long: Surely if next week's meeting is on issues such as the security services, the issues that we have raised today about where the power over national security is vested will be pertinent to that discussion? We could run up against the same brick wall.

The Chairman (Mr Wells): I have spoken to the Committee staff, and it is a needs-must situation. We will have to get the information. It will be difficult, but we will do it.

Mr McFarland: It occurs to me this is recurring issue. We had this at the beginning with Hansard. We have sat in abeyance for a number of years. We are now functioning for the first time within the last few months and are back in action. You would have thought that the team would be very keen to get fired up to produce the information.

At one stage, we were told that Hansard could not produce the Official Report for a week.

This is the only show in town. The parties are all here around the table, and staff difficulties should not be an issue. I could rustle a report out in a couple of days with the documentation that is available in the Assembly.

Mr Weir: Do we subcontract the work?

The Chairman (Mr Wells): Alan, your eloquence has convinced us. We will provide the material to you; with difficulty, but we will do that. Then we will be able to continue the discussion.

Adjourned at 2.15 pm.

COMMITTEE ON THE PREPARATION FOR GOVERNMENT

Friday 11 August 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Jim Wells
Mr Michael Copeland
Mr Michael Ferguson
Mrs Arlene Foster
Ms Patricia Lewsley
Mrs Naomi Long
Mr Kieran McCarthy
Mr Alan McFarland
Mr Alban Maginness
Lord Morrow
Mr Dermot Nesbitt
Mrs Pat O’Rawe
Mr Edwin Poots
Observing: Mr Francie Molloy

The Committee met at 10.03 am.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): Ladies and gentlemen, our meetings have settled into a well-tested format. Lunch will be delivered at 12.10 pm. There will follow a short adjournment, and, when the meeting resumes, I encourage members to take their places and continue their lunch. I expect the meeting to finish at 4.00 pm, which will probably be the case for each meeting from now on.

I hope that no one needs to be reminded of the mobile phone issue. Members may put them in the hold, but they cannot bring them into the room.
[Laughter.]

Folk are still trying to slip their mobile phones in, keep them on silent mode, and receive text messages. I must insist that they are switched off. I say that at the beginning of each meeting, and during each meeting, I hear the little “beep beep, beep beep” that tells me that members are receiving text messages.

The full complement of DUP members is now present. Therefore, we will go through the apologies and list the deputies. Lord Morrow, will you indicate who is representing whom from the DUP?

Lord Morrow: I will do so if I can think clearly.

Mrs Foster: Unfortunately, I am not Lord Morrow today; I am probably Ian Paisley Jnr.

The Chairman (Mr Wells): That is a big improvement. Am I right to presume that Mr Poots is representing William McCrea and that Lord Morrow is himself?

Lord Morrow: Yes.

Mr McFarland: Mr Nesbitt is representing Mr Kennedy, and I am expecting Mr McNarry to arrive shortly.

Mrs Long: I am myself, and Kieran McCarthy is David Ford.

Mr A Maginness: I am representing Seán Farren.

Ms Lewsley: I am representing Mark Durkan.

The Chairman (Mr Wells): What about the SDLP’s third representative?

Ms Lewsley: There is no one else coming.

Mr Ferguson: Pat O’Rawe is representing Michelle Gildernew, and I am representing Conor Murphy.

The Chairman (Mr Wells): Will a third member from Sinn Féin be attending?

Mr Ferguson: No.

Mr Nesbitt: I attended a meeting of the PFG Committee for the first time last Friday. Before the meeting, my colleague Alan McFarland said to me on the phone that my first words to the Committee should be to tell the Chair that I am Alan McFarland. I asked him what he meant, and he told me that I would be deputising for him. I would have thought that attendance would have been as simple as three members coming from each party. It seems odd to ask members to state who they are and to hear them say, for example, that they are Seán Farren or Alban Maginness. I accept that that is the procedure, but it struck me as odd to ask members who they are.

The Chairman (Mr Wells): Each of the four largest parties, plus the Alliance Party, formally nominated three of their members to attend the Committee. However, confusion has arisen when a fourth member from a particular party has attended, and no one knew who was deputising for whom. That is why we ask members to state the member for whom they are deputising. The system has worked well, and the Committee has maintained a good, quorate turnout.

Mr Nesbitt: As I say, I was curious to know why that happens. I thought that parties could count —

Mr McFarland: To clarify, this is the Committee on the Preparation for Government, and three members from each of the four largest parties, plus the Alliance Party, attend its meetings. Parties are allowed to substitute their named members with members who are experts on particular subjects, which means that extra light can be shed on the topics that are being discussed. That is why members are brought in to deputise.

The Chairman (Mr Wells): To prevent members swapping, with each pretending to be the same member, something that has happened, it is important to know whom members represent.

Mr Nesbitt: Does that mean that if three members name themselves at the beginning of a meeting, there can be no duplication for the duration of that meeting?

The Chairman (Mr Wells): There could be duplication, but the members would have to name the members whom they were replacing. For example, a member could replace Mr Smith who had been deputising for Mr Jones. I am sure that that is clear.

Lord Morrow: It is, but I think that it should be left for now.

The Chairman (Mr Wells): The next item on the agenda is to agree the minutes of the meeting of 4 August. They have been circulated. Are members content that the minutes are an accurate record of proceedings?

Members indicated assent.

The Chairman (Mr Wells): Normally we would move straight to the substantive issue, but we have received a letter from the Northern Ireland Human Rights Consortium —

Mr Nesbitt: I am sorry, Mr Chairman, but I have another point to make. I do not disagree with the minutes, but I am conscious that although they show when a member enters or leaves the Committee room and show which members were present at particular times, Hansard reports do not. Members know the purpose of Hansard. However, Hansard reports do not show whether I was present for something or whether I did not speak or vote. That may be because I was not there or I declined to the opportunity to speak. Given that Hansard indicates certain timings, would it help with clarity if the times at which members enter or leave meetings were recorded in small italics in the Official Report? The reader would then know whether members had been present for particular debates. That is only a suggestion; I am not saying that it must happen.

The Chairman (Mr Wells): Hansard lists —

Mr Nesbitt: I have mentioned this matter to officials. That is why I have held back until now.

The Chairman (Mr Wells): We can check that matter with the Editor of Debates, Mr Burrowes. Hansard reports include references to the time every 15 minutes. The difficulty is that those must be cross-referenced with the Committee minutes.

Mr Nesbitt: Mr Chairman, one cannot cross-reference those documents.

The Chairman (Mr Wells): One can work out whether a member was in the room when a decision was made.

Mr Nesbitt: I am sorry, Mr Chairman; one cannot do that.

The Chairman (Mr Wells): If you check the minutes, you will see that they list very clearly when members arrive and leave.

Mr Nesbitt: That is correct. For example, the minutes might state that I left the meeting at 11.05 am. However, one cannot detect from Hansard whether I was present for a certain discussion.

The Chairman (Mr Wells): We can ask Mr Burrowes to consider that matter.

Mr Nesbitt: I have asked officials about the matter. I hoped that a comment might have been forthcoming this morning.

The Chairman (Mr Wells): Obviously, Mr Burrowes will be upstairs, listening to this discussion. He will look into the matter, and we will ask him to come back to the two Chairmen and to make a ruling.

Mr Nesbitt: I am not trying to be awkward, Mr Chairman, I am just trying to ensure that there is clarity on who is present when a discussion takes place.

The Chairman (Mr Wells): Members of Hansard staff are present at meetings to list members' names as they speak, so that the voice on the recording matches the name in the record. Are members content that we seek clarification on that matter?

Members indicated assent.

The Chairman (Mr Wells): Members will have a copy of a letter received from the Northern Ireland Human Rights Consortium. In the letter, the Human Rights Consortium requests the opportunity to appear before us to make a presentation. I have mentioned the letter now, because there is little sense in discussing a bill of rights and coming back to the letter later.

We have considered calling witnesses, and we took the view that, no matter how valid their relevance to the work of the Committee, if we went down the route of inviting one set of witnesses, inevitably — this being Northern Ireland — within five minutes that information would get out, and people would question why we took evidence from the Human Rights Consortium, but did not take evidence from whomever else. That is the problem that we face.

So far, we have decided not to call witnesses unless a burning issue emerges on which we require further clarification from a group or an individual. However, because of time constraints, and having seen the amount of work that calling witnesses has created for the Subgroup on the Economic Challenges facing Northern Ireland, that has been our position. However, Maggie Beirne has written to us to say that her organisation is keen to appear before us.

What do members feel about that?

Mr Nesbitt: I noted the discussion on that matter in the Hansard report, and the comments that I made last

week. There is a distinction to be made between the two statutory bodies — the Northern Ireland Human Rights Commission and the Equality Commission, which, as Government agencies, are tasked to deal with those two issues — and other interested groups. I would decouple them from, as you rightly say, a plethora of other interested groups. If we invited one group, where would we stop?

The Chairman (Mr Wells): It is not the Northern Ireland Human Rights Commission that has asked to appear before us; it is the Northern Ireland Human Rights Consortium.

Mr Nesbitt: I am not saying that the Northern Ireland Human Rights Commission has asked to appear before us. You raised this issue because Maggie Beirne and Patrick Corrigan asked to appear before us. Mr Chairman, you posed the question: if we invite one of those groups, where do we stop? I am trying to point out the distinction between the Human Rights Commission and the Equality Commission, and the rest of the interested groups.

Ms Lewsley: I wish to clarify that the Human Rights Consortium is an umbrella organisation for the majority of those other groups. It is different from the Human Rights Commission in that it is a self-contained body. Mr Chairman, you have rightly pointed out that, at our last meeting on 4 August, we decided that we would prefer to get on with the work in hand, and then decide whether we wished to call witnesses for any type of evidence or questioning. I propose that we do that.

Mr Poots: I second that.

Mrs Foster: The DUP supports that contention. In her letter, Maggie Beirne clearly makes the point that she has met all the political parties. We are all very aware of the work of the Northern Ireland Human Rights Consortium. Therefore, unless there is some other burning issue to address, we should move on.

The Chairman (Mr Wells): The caveat is that, if we feel that we need to go back to any group, we can. Are members content with that position and the decision to advise the Northern Ireland Human Rights Consortium accordingly?

Members indicated assent.

10.15 am

The Chairman (Mr Wells): The next issue is the revised list of rights, which has been broken down into headings. Are members content to proceed on the basis of those headings? I emphasise again that they are in no particular order of priority; the list simply gives us a structure in which we can debate the issues in a rational manner.

Mr McFarland: Chairman, unfortunately I was unable to attend last week, but I see from the Hansard

report that the Committee did not carry out the exercise that it did on the other topics that it has covered. That exercise involved giving some thought to issues that could be influenced by decisions that the Committee can make. In its other guises, the Committee decided that there were certain issues that it could flag up and make noises about but, in essence, would have to park either for the Assembly or others to deal with. Would it be worth bearing in mind what effect we can actually have on the matter that is under discussion? We can spend quite a long time going round the houses on lots of interesting stuff without making a difference to anything.

I raise this matter because the agreement was specific about the bill of rights. It might be worthwhile to refresh our memories about what it says in paragraph 4 of “Rights, Safeguards and Equality of Opportunity” before getting into three hours of discussion on issues that do not fall within the agreement, around which the parties here are focusing their discussions. The Prime Minister referred to this, and Peter Robinson is on record as saying that we are here to try to improve and modify the agreement. Clearly, if we get into areas that fall outside that scope, we will be wasting our time. We have two meetings left to get through this enormous list, some of which is extremely complicated, so it would be helpful if we could go through the issues and note those that it is possible to deal with and those that it is not.

The Chairman (Mr Wells): I do not think that there is any great disagreement about the parties’ desire to have a bill of rights. Looking at the submissions, everyone is agreed on that.

Mr McFarland: May I read what the agreement says, Chairman? It states:

“The new Northern Ireland Human Rights Commission...will be invited to consult and to advise on the scope for defining, in Westminster legislation, rights supplementary to those in the European Convention on Human Rights, to reflect the particular circumstances of Northern Ireland”.

That is a fairly clear definition of what we should be looking for in a bill of rights. It attempts to define the rights, specific to Northern Ireland, which are not enshrined in law. Previously, we discussed the wish of the Human Rights Consortium and others to include socio-economic rights — healthcare, and so on — in the bill of rights, but that is outwith the agreement. This Committee is about preparation for Government, about getting the Assembly up and running. However nice it might be to examine, in the future, whether the agreement got it wrong, the fact is that this is a wide topic. As colleagues have pointed out, if we start taking evidence from all the parties here and all the groups that believe that they should have the right to

medical care, regardless of cost, we would be into a long and protracted discussion.

The Chairman (Mr Wells): That is a valid point. However, as I found when chairing the discussions on the institutions, any issues that are major impediments to devolution for one or more of the parties were parked, to be dealt with at a later stage.

There are issues on which parties disagreed but felt could be resolved after devolution. There are minor issues on which the parties agreed; indeed, all the parties have agreed on issues that we thought would be impediments. The Committee is agreed that there should be a bill of rights. There may be some argument as to its content; however, this is not the vehicle in which to discuss the contents. However, no member has stated that the omission of a certain issue in a bill of rights is a major impediment to devolution.

Mr McFarland: Absolutely. I wanted to clarify that up front, rather than spend three hours discussing it.

The Chairman (Mr Wells): The proposed format is to allow each party a couple of minutes to outline its major concerns on each of the three headings, and then open up the discussion. Each party submission raised issue. No one party highlighted a bill of rights as a major issue.

Mr Poots: Mr Chairman, some members seem to think that they can discuss everything but the items listed on the agenda.

You asked whether members were satisfied with the headings. The third heading is listed as “Dealing with the Past and its Legacy”. It should be “the Past and its Legacy”, with the subheading “Dealing with the Past and its Legacy”.

The Chairman (Mr Wells): I did not hear any objections to the list, but Mr Poots has raised that amendment to the headings.

Mr Poots: That is how it is referred to in Hansard.

The Chairman (Mr Wells): The heading is “the Past and its Legacy”, with a subheading of “Dealing with the Past and its Legacy”.

Ms Lewsley: The heading is wrong.

Mrs Foster: It is on page 14 of Hansard of 4 August 2006.

The Chairman (Mr Wells): I was present for that discussion. Mr Poots is correct. However, it does not greatly change the thrust of our discussion. Before we move to the substantive debate, are there any other problems with the headings? Again, no reasonable issue will be excluded because it is not included on the list.

Alan is right; we could spend a long time discussing the bill of rights. However, that will not make much

practical difference to whether we discuss the more difficult issues.

Mrs Long: Can we be clear? My understanding is that today’s discussion would be on rights and safeguards, which some parties have already specified that they wish to discuss. Thus far, the procedure has been that if a member specified an issue for discussion, we discussed it. The second issue is human rights and the third is parades. Those three subjects form today’s agenda. To cut short the discussion on the bill of rights and human rights does not actually progress the Committee, because those were the subjects for discussion today.

Mr Nesbitt: I note, and concur with, what Naomi has said. She summarised correctly that it was agreed at the last meeting that one meeting would be spent discussing each issue. I am also very conscious that everyone around this table, and elsewhere, emphasises the importance of equality and human rights to democracy. To give a two-minute presentation, and to say that we must get through the issues, would demean those issues. We are supposed to be spending time dealing with those matters. I am here to spend some time, not two minutes, giving my views.

The Chairman (Mr Wells): I did not make it clear. Each party will give a presentation, and then we will have an open discussion. The presentations are simply to start the ball rolling and to set the scene for the bill of rights. Any subsequent discussion will be open-ended, and members can discuss the topics for as long as they like.

I was making the point that, further to Alan’s comments, this issue may not be a major impediment to progress because there is general agreement that there should be a bill of rights. There may be arguments as to the content, but there is not much disagreement as to whether there should be a bill of rights.

Ms Lewsley: The time is now 10.25 am, and we have not even started the business. Naomi and other members are correct: we have an agenda, which I want to start. Many members will agree that we should not get into huge amounts of detail today. Hopefully, this discussion will glean some consensus and agreement on the way forward and how we progress that. We can consider the detail at a future date. I just want to get started.

The Chairman (Mr Wells): The normal procedure is to take the parties in alphabetical order, which means that the Alliance Party will start.

Mr Nesbitt: I agree with Patricia that we should get started, but she said that we would consider the detail at a future date. When will that be?

Ms Lewsley: That needs to be agreed.

Mr Nesbitt: We have four issues to discuss and four meetings in which to discuss them. That will take us

into September. On which future date will we consider rights and safeguards?

Ms Lewsley: That can be agreed during the discussion today.

Lord Morrow: This is just a scoping exercise.

The Chairman (Mr Wells): In the other formats of the Committee, we have discovered that certain issues can be resolved without the need for future debate. There are also one or two thorny issues on which we disagreed and to which we will have to return. Until we have the discussion, we will not know whether a bill of rights falls into one category or the other. The number of issues that we thought would be difficult, but on which we have agreed, has been surprising. To allow everyone a chance to speak, we will not limit the discussion.

It is unfortunate that Naomi always ends up going first.

Mrs Long: That is not unfortunate at all.

The Chairman (Mr Wells): Naomi, could you start and give us a general overview.

Mrs Long: May I seek clarification? Are we to make a presentation on all three topics — a bill of rights, human rights and parades?

The Chairman (Mr Wells): No, we will deal with the three issues separately.

Mrs Long: The Alliance Party does not make a distinction between human rights and a bill of rights. We will address the two issues together.

The Alliance Party has been a long-standing supporter of human rights and supports the introduction of a bill of rights for Northern Ireland. The incorporation of the European Convention on Human Rights into domestic law, through the Human Rights Act 1998, went a long way to addressing human rights needs. However, the Act was drafted in 1948 and deals only with civil and political rights. Since then, several European and international conventions have been drawn up that deal with economic and social rights and the rights of persons belonging to minorities. The British and Irish Governments are signatories to those conventions. Those social and economic rights, and the rights of persons belonging to minorities, must be addressed. Therefore, the Alliance Party supports the creation of a Northern Ireland bill of rights, which should draw, to a large extent, on the relevant and appropriate sections of the European and international conventions.

There will be further debate on whether the mandate of the Northern Ireland Human Rights Commission, which stems from the Good Friday Agreement, extends to advising the Secretary of State on the scope of a bill of rights and the drafting of that bill. We want to put on record that we support the Commission's interpretation that its mandate does extend that far.

The Alliance Party supports a round-table forum of political parties and civil society to engage in the process of drafting a bill of rights. However, we want to ensure that such a forum would not detract from the Northern Ireland Human Rights Commission's role as the primary body advising the Secretary of State. The forum would market-test the current thinking of the Human Rights Commission and look for ideas during the drafting and consultation process rather than try to draft a bill of human rights from first principles.

We want to reiterate a point that we made in our opening submission: we believe in rights for individuals rather than group rights. We support economic and social rights and rights for persons belonging to national minorities, provided they are framed in terms of the individual. Any such protections — that is those associated with persons belonging to national minorities — must be multi-directional and not applied to one section of society only.

We are opposed to any explicit rights for unionism or nationalism. We are also opposed to any form of wording that would entrench a vague notion of parity of esteem and further institutionalise sectarianism. International norms also recognise the right of people not to be treated as part of a minority against their will, and that is an important right.

We support a draft bill of rights that focuses primarily on general principles, the interpretation of which should be a matter for the courts.

During our discussions on this Committee, we should not try to delve into those issues in too much detail or negotiate individual aspects of what should, and should not, be included in a bill of rights. If we could agree the nature of a round-table forum, and its relationship with the Human Rights Commission, and so forth, we could make a useful contribution to the process. However, the actual drafting of a bill of rights should be left to the commission.

10.30 am

The Good Friday Agreement envisaged that an all-Ireland charter on human rights, which has been subject to consultation, would be developed by the Northern and Southern human rights commissions. The Alliance Party sees the charter as a means of ensuring a similar high standard of protection in both jurisdictions — not as a dissolution of national sovereignty, which would be contrary to the Good Friday Agreement and the principles enshrined within it.

The Chairman (Mr Wells): Thank you, Naomi. That was an interesting point; Naomi decided to take the bill of rights and human rights as one topic. Members seem to be content to take them together. Obviously there is a huge overlap, so it would save time to deal with them simultaneously.

Mr Nesbitt: Chairman, I wish to decouple them, but it does not really matter.

The Chairman (Mr Wells): Will you agree to debate them in tandem?

Mr Nesbitt: Yes.

The Chairman (Mr Wells): The DUP will now address the issue.

Mrs Foster: The human rights remit was set out in the Belfast Agreement of 1998 and the joint declaration of April 2003 extended that remit. The development of the NIHRC's proposal for a round-table forum comes from annex 3 on page 20 of the latter. The DUP believes that the NIHRC has exceeded its remit on a number of occasions and intends to exceed it when it comes to the bill of rights.

The bill of rights should be confined to those areas of the European Convention on Human Rights (ECHR) that do not reflect adequately Northern Ireland's specific circumstances. In response to your question, Chairman, the DUP is indeed in favour of a bill of rights for Northern Ireland, but only in relation to that narrow remit. That remit has been vastly exceeded to date, and people are still trying to push the boundaries.

The terms of reference cover matters that are of special concern to Northern Ireland, but lengthy consultation by the Northern Ireland Human Rights Commission has sought again and again to draw that out.

The DUP has spoken to the Human Rights Consortium and other groups that raise the issue of economic and social rights. Clearly, many of the groups within the consortium have issues that need to be addressed. We have said that on many occasions, but we do not believe that the bill of rights is the correct vehicle for dealing with those issues. Issues such as the healthcare system should be tackled through legislation before the Assembly. Although it would be remiss not to point out that the cost of social and economic rights is a huge issue, it is not an overriding factor. The DUP believes that the best place for those rights to be outlined is in ordinary legislation.

The proposed round-table forum has not been established to date. The DUP met with Minister Hanson several times to discuss the modalities of that forum, but there has not been any agreement. Agreement will be very difficult to achieve, given the history of unionism and its engagement with the human-rights agenda. I have long argued that the unionist community has nothing to fear and everything to gain from human rights. However, because of our history, human rights are seen, regrettably, as a nationalist issue. Work must be done to build confidence and a sense of ownership of human rights. If, when it does come about, the round-table forum can help to build that confidence, that would be most welcome.

The DUP as a party continues to have fundamental concerns about the Human Rights Commission and its composition.

The Chairman (Mr Wells): Sinn Féin will now address the issue.

Mr Ferguson: The Human Rights Commission's remit for consulting and providing advice on a bill of rights for the Six Counties is in paragraph 4 on page 16 of the Good Friday Agreement. I restate that, as it will always be our reference point. I welcome confirmation from the other members that that will also be their starting-point.

In Sinn Féin's opinion, however, the first Human Rights Commission failed on several levels to present to the general public a non-partisan rights-based approach to the more sensitive conflict-related issues that require safeguards in any bill of rights. That failure has led to hostility, suspicion and political polarisation on several key issues. For example, the commission made a dangerous attempt to dilute long-established safeguards contained in equality of opportunity legislation, such as community-designation monitoring

Another example was the Human Rights Commission's attempt to undermine the status of the Irish language, which is protected under the EU Framework Directive and the Good Friday Agreement. Furthermore, the Human Rights Commission has failed to provide clear direction on rights to reflect parity of esteem and the principles of mutual respect for the identity and ethos of both communities, as contained in the Good Friday Agreement.

Those criticisms aside, and in the hope that we can progress to a more substantive bill of rights enshrined in law, Sinn Féin acknowledges the sterling educational and outreach work that the first commission did to raise awareness of rights in general.

However, the bill of rights has, sadly, been in hibernation, and the team working on it is nowhere near bringing to a conclusion its advice to the British Secretary of State before the bill can enter the legislative process at Westminster. Sinn Féin therefore recommends that the bill of rights be progressed by means of the establishment of the round-table forum by the autumn. I welcome the fact that the Human Rights Consortium also referenced the need for the round-table forum to be established. Sinn Féin reinforces that by stating that an internationally appointed person must chair the forum.

Both Governments and four parties at this table have agreed to the establishment of the round-table forum, which should engage in an open, transparent and wide-ranging grass-roots consultation process with civic society and the political parties. Sinn Féin recommends that the two Governments consult with established human rights bodies on potential chairpersons for the round-table forum.

The two Governments must conduct a short, sharp consultation process with representatives of civic society to determine who will be their representatives at the round-table forum. It is also important that recommendations emanating from the forum be given due weight when the Human Rights Commission formulates its advice to the Secretary of State on the content of the bill of rights. The bill of rights must be as strong as possible and include, at its heart, a robust commitment to social and economic justice. The bill of rights must be placed in the legislative process at the earliest possible date, and it must be a document of enforcement, not of aspiration.

Ms Lewsley: I welcome the opportunity to contribute to today's debate, which represents a step forward. The Committee may not have a round table, but all parties are sitting around an oblong table and discussing the issue, and that is important.

I want to point out at the beginning of my presentation, as I did at our previous meeting on 4 August, that I hope that any decisions that the Committee makes do not become preconditions to restoration. The SDLP, like many other parties, wants to see the best possible bill of rights for Northern Ireland, one in which not only political rights but socio-economic rights are reflected.

Above all, the SDLP wants a bill of rights that everyone in Northern Ireland can buy into, so that the rights are not solely for nationalists or for unionists but for every single individual who lives in Northern Ireland today.

The best way in which to reach agreement on a bill of rights is through a round-table forum that involves political parties and civic society. The chairperson of the forum should be a person of international standing, appointed by the two Governments and should be able to choose his or her own independent secretariat. The round-table forum should report its findings to the Northern Ireland Human Rights Commission, which in turn should report to the Secretary of State. The Human Rights Commission could also, at the request of the chairperson, contribute to the round-table discussions.

Finally, the round-table forum should get under way without delay, and its establishment should not depend on restoration.

As Arlene Foster said, that was agreed some time ago in the Good Friday Agreement and in the comprehensive agreement. Like the DUP, the SDLP has made numerous representations to Minister Hanson, and to Minister Spellar before him, to get round-table discussions up and running.

The SDLP believes that the Human Rights Commission has made a vital contribution to rights in Northern Ireland. When it was first set up, the Human Rights Commission launched a consultation on a proposed

bill of rights. It has a role to play, but that role should be an independent one, separate from the round-table forum. However, as I said previously, it could be called to appear before the forum.

In a wider context, the SDLP would like not just a bill of rights for Northern Ireland, but an all-Ireland charter of rights. We want the devolved Administration to human-rights proof its policies in future. It is also important that the Administration engage with the Human Rights Commission and work with it to ensure that policies are human-rights proofed in all the Departments.

I have outlined the SDLP's main issues. Alban will deal with the parades issue.

The Chairman (Mr Wells): Parades will be dealt with separately. It will be a slightly more contentious issue.

Mr Nesbitt: I welcome this opportunity for the main parties in the Assembly to have a lengthy discussion about rights and, in particular, a bill of rights. I will have more to say later on a bill of rights, but, Chairman, I will subscribe to your guidance that we should take only a few minutes for our introduction. I will deal only with definitions now, and I will give a further explanation of our position later.

It is clear from the agreement that we are to have rights supplementary to those in the ECHR, and that those rights will reflect the particular circumstances of Northern Ireland. One discrete sentence in the agreement outlines these additional rights, which are:

“to reflect... the identity and ethos of both communities and parity of esteem”.

Naomi Long mentioned international norms, and I agree with that comment.

I am very clear about the definition of identity. It is one's culture, language, education and religion. Article 5 of the Council of Europe's Framework Convention for the Protection of National Minorities describes it as such. I am also clear about what ethos means. It is defined as the attitudes, aspirations and feelings of a community. Culture is one's customs and social behaviour. Parity of esteem means that people are given equal respect. Thus, I am very clear what a bill of rights is, as stated in the agreement. I am clear that equality of treatment in identity and ethos is also covered. The agreement also refers to equality of opportunity, which is dealt with by the Equality Commission.

It is clear what a bill of rights should be. I note that the Alliance Party, the SDLP and others have stated that they wish to support economic and social rights. I will deal with that matter in due course. I will give one quotation at this juncture. I will not give unionist quotations in the hope that I will not be seen as being biased. The Forum for Peace and Reconciliation, which the Irish Government established in 1994, asked for various papers to be commissioned. Nothing has

changed since then, but Prof Boyle, Prof Campbell and Prof Hadden made a submission to the Forum for Peace and Reconciliation. Those of us who are old enough will remember that Prof Boyle is Kevin Boyle of the former civil rights movement.

10.45 am

That submission made it clear that any bill of rights for Northern Ireland should include provisions to ensure that communal rights are guaranteed. They suggested incorporating the major provisions of the Framework Convention for the Protection of National Minorities into a bill of rights. I support that position, and I have written to that effect on numerous occasions. A bill of rights for Northern Ireland should be based on what is contained in the ECHR and in the Framework Convention for the Protection of National Minorities.

The Chairman (Mr Wells): Once again, I thank everyone for being so succinct. The presentations have been easy to chair. Five members have set scenes. I do not detect any great dissension — it is more the minutiae on which members are homing in. Several parties referred to their impatience with the delay in the establishment of a round-table forum to consider a bill of rights. Do we have a proposal to advance that?

Ms Lewsley: I should have said that the SDLP proposes that. There is consensus that members want a bill of rights, and the best way in which to achieve that is to set up a round-table forum, made up of political parties and members of civic society. Therefore I propose that we do that.

Mr Ferguson: I second that proposal.

If we are to get any dynamic into this process, a round-table forum must be set up by the autumn. We should not delay any longer. Such a forum will offer an opportunity for members to get widespread grass-roots involvement in consultation on the need for a bill of rights, and on human rights in general. We must do that as expeditiously as possible.

I welcome my UUP colleague's constant references to the ECHR. That should be taken as a minimum standard, but we must put the strongest bill of rights in place. We should not be prescriptive by implying that, if it is not in the ECHR, we should not accept it.

Ms Lewsley: On a point of information, Mr Chairman. Are we not trying to agree on a proposal before we discuss the detail? Perhaps I am wrong.

Mr Ferguson: I think you are wrong. It is usually useful to ask the member to give way.

Ms Lewsley: I did ask.

Mr Ferguson: I did not give way.

The Chairman (Mr Wells): The Committee protocol is that members normally give way on a point of information, and that certainly was a point of information.

Mr Ferguson: I was in full flow.

Mr Nesbitt: Will Mr Ferguson take a question before we come to the proposal?

Mr Ferguson: Yes.

Mr Nesbitt: He said that if something is not included in the ECHR, that does not mean that we should not include it, or words to that effect. In other words, he is being wide ranging.

On numerous occasions, Sinn Féin has referred to international law. Only recently, Bairbre de Brún referred to it. Mr Ferguson's party referred to the requirement for Israel to abide by international law; Dermot Ahern and Tony Blair talk about abiding by it; and Mrs Long talked about abiding by it this morning. Last week, I said that this debate we must have rigour and structure, so my question to Sinn Féin is simple: does it wish to abide by the rules of international law?

Mr Ferguson: Sinn Féin supports the European Convention on Human Rights.

Mr Nesbitt: I asked a simpler question than that.

Mr Ferguson: I am sure that the member did, but let me finish. My issue with what he said is simple: we should not use the ECHR to prescribe or redevelop our bill of rights. The ECHR is the minimum standard. One advantage in setting up a round-table forum here is, I hope, that it will let the grass roots on this island, North and South, develop a bill of rights that is stronger than the rights that are enshrined in European law. The simple answer to your question is yes, but it should not prescribe what we do.

Mr Nesbitt: Does Sinn Féin believe in subscribing to international law or not? It is quite a simple question to answer. I am prepared to subscribe to international law.

The Chairman (Mr Wells): Let Mr Ferguson answer that. Mrs Long has been quite patient.

Mr Ferguson: I thought that I did answer it. I said that, although we welcome the ECHR and accept its recommendations, it does not go far enough. It will not restrict either the debate that we, or the public, will have. We should not be constrained by a minimal framework.

Mrs Long: There are a couple of issues. The Alliance Party agrees with Ms Lewsley's proposal that a round-table forum be set up. We may need to explore other issues if that is the starting point; for example, the structuring and chairing of the forum. It must be chaired by someone of international standing, although not necessarily by an outsider. It could be chaired by a local person of international standing. So the proposal needs to be qualified. However, the forum does require that kind of leadership.

The relationship between the round-table forum and the Human Rights Commission should be looked at

closely. It would be good to explore people's views on the roles of those two bodies. An independent secretariat is needed to service the round-table forum. There are other issues to be explored, but, in principle, my party agrees that a round-table forum should be set up.

Mrs Foster: My party agrees that there should be a bill of rights for Northern Ireland, based on its rigid and particular circumstances. It is rich for members to talk about adopting a maximum approach. Although I am not an advocate of the Belfast Agreement, it is clear about what is to be included in a bill of rights. Sinn Féin is glad to move away from the Belfast Agreement when it suits it. The Belfast Agreement and the joint declaration mention Northern Ireland's particular circumstances. That is where we believe the debate should be.

Although my party can join the consensus that there should be a Northern Ireland bill of rights, it cannot, at this stage, agree that a round-table discussion should be set up. That is because of the way in which discussion on human rights has taken place since 1998. My party believes that the bill of rights will be subject to a cross-community vote in the Assembly, and therefore a round-table forum is not the way in which to proceed at present.

There is no point in a round-table discussion until the Assembly is restored and until we see where we are with it. That is the DUP position.

The Chairman (Mr Wells): May I check that with you? In earlier comments, you indicated impatience that the forum had not been set up.

Mrs Foster: No, I did not. I said that my party has had discussions with the Human Rights Consortium, on the round-table forum. I said we had met Minister Hanson but that we had difficulties with the chairing and composition of that forum. Check Hansard on that. My party's position is that the round-table forum should not be set up until the Assembly is restored.

The Chairman (Mr Wells): I will. What is the Ulster Unionist position?

Mr Nesbitt: I refer specifically to the round-table forum. My party leader and I met with David Hanson. We met also with the Human Rights Commission and discussed the matter. My party's position is clear. It is not opposed to a round-table forum, but it is mindful of the contribution that that could or could not make. We have severe reservations.

My party does not cherry-pick the Belfast Agreement or international law. We subscribe to international law and to the tenets of the agreement. Every party around this table subscribes to the fundamentals of the agreement. It clearly states that there should be a bill of rights for Northern Ireland.

To have a round-table forum would prolong the process. The Northern Ireland Human Rights Commission said in September 2001 that it had been working on a bill of rights since 1999. It then said it would be giving its advice to the Government in early 2002. Therefore, we have been working on a bill of rights for six years, yet we have merely scoped what should and should not be included in it.

We received a letter from David Hanson on 28 December 2005. All the other parties received that letter. We should all be accountable, and it is good that this quotation from his letter will be recorded and will be available on the Internet. David Hanson wrote to my party leader, and I presume that he wrote to the other party leaders. He said:

"The Commission plans to prepare advice during the first part of 2006, share that advice with shareholders in June and then forward its final advice to the Secretary of State in September 2006."

When I put that statement from David Hanson — who is responsible for the bill of rights — in the context of where we are now in August 2006, it is no wonder that people are a little bit disillusioned.

I even refer to the British-Irish Intergovernmental Conference report of 25 July 2006, in which a round-table forum for the bill of rights was considered in a rather nebulous comment:

"Prospects ... on the establishment of a roundtable forum ... were reviewed."

In Civil Service parlance, "were reviewed" could mean anything under the sun.

We have a difficulty here. Our party is clear. We know what should be included in a bill of rights — and we know what that means grammatically. We are not opposed to rights. I have not yet spoken on economic and social rights, but I will come to those.

We are conscious that six or seven years after the agreement, the scope for a bill of rights has not been put to the Government. One reason for that is that the Human Rights Commission went way beyond its remit.

Now we plan to have a round-table forum. When we met with the Minister in January, he was talking about the forum meeting in September. We asked him why he was waiting until September. Do not ask me why, because he is the only person who can say why, in January, he was waiting until September to have a round-table forum. It is no wonder that we are behind: the Human Rights Commission cannot stick to its remit, and we have to have a round-table forum, which will only elongate an unnecessary process. The process should have been much clearer and simpler, and that could have and should have been done sooner.

I hope that I am making myself clear. I do not oppose a round-table forum in principle, but I do not see the benefits of drawing the process out.

Ms Lewsley: I am getting confused. Is Mr Nesbitt asking why we have to wait until September for a bill of rights, or does he mean a round-table forum?

Mr Nesbitt: I mean waiting until September for a round-table forum.

Ms Lewsley: He is saying why wait until September for a round-table forum, but he has just said that he does not agree with a round-table forum.

Mr Nesbitt: I did not say that. I said that we are not advocating a round-table forum. We do not see merit in it because a bill of rights is simple. We are looking at scoping it. We have already taken more than seven years since early 1999, so why elongate a simple process that could be dealt with easily.

In January, all we asked Minister Hanson was to tell us why, when he was suggesting a round-table forum, would he wait until September to form it?

Ms Lewsley: Does the UUP support a round-table forum?

Mr Nesbitt: If one is formed, the UUP shall participate, because it believes in advocating its case. It does not advocate a round-table forum, but it shall participate in one.

11.00 am

The Chairman (Mr Wells): Mr Nesbitt, are you saying that if we seek consensus on this matter, the UUP would support a round-table forum?

Mr Nesbitt: No. We do not see the need for a round-table forum, and we will not support one. However, if the Minister uses his authority to form such a forum, we will participate; we will not abstain. I hope that I have made that clear.

The Chairman (Mr Wells): Do you wish to make any specific proposal on that matter?

Mr Nesbitt: I have no specific proposal to make on a round-table forum.

Mrs Long: On several occasions, it has been stated that the context for work on a bill of rights is the framework that is set out in the Good Friday Agreement. Now, the interpretation seems to be that to claim that one is a supporter of the Good Friday Agreement, one must agree with its every dot and comma. A similar debate took place at the PFG Committee dealing with the institutions. Both the Alliance Party and the DUP argued that, if one takes that view, there is no discussion to be had on, for example, institutional matters. Rather, we should discuss the potential for improvement within the confines of the principles established in the agreement.

Any suggestion that there is no discussion to be had on a bill of rights and how it is framed, because it is framed in a particular way in the Good Friday Agreement, does not reflect the wording of the agreement, which states that the Human Rights Commission:

“will be invited to consult and to advise on the scope for defining, in Westminster legislation, rights supplementary to those in the European Convention on Human Rights, to reflect the particular circumstances of Northern Ireland, drawing as appropriate on international instruments and experience.”

As part of that consultation and advisory process, the commission may decide that, for example, its terms of reference be reconsidered. After consultation, the commission may advise that issues concerning language and how those rights are structured be rethought.

The definition of the commission’s job is quite clear. However, after consultation has taken place, advice that is given at that point is not open to interpretation simply by examining the terms of reference. Therefore, we must be very careful.

Our view on human rights and our support for the round-table forum is clear. We believe that it is important that those matters be properly enshrined. However, we have concerns about the language that is used about the ethos and identity of “both communities”. We ask how that sits with those who are not members of the two main communities. We ask also how that sits when considering international norms and the rights of persons who associate themselves with national minorities. There is a difference.

We have stated also our position on the right of people not to associate themselves with national minorities. We must consider that matter very carefully, and I suspect that the issue is not as simple as some members are painting it to be. We must engage in much deep discussion, particularly in the context of the changing situation in a Northern Ireland, in which we have ethnic-minority groups, mixed marriages, and those who dissent and prefer to identify themselves in a more pluralistic way. It is their right to do that. We must look at the way in which the matter will be framed. It is not as simple as stating that there is no work to be done.

Mr Ferguson: Thank you, Mr Chairman. In my opening remarks on 4 August, I said that we must not hold human rights or a bill of rights to ransom. Patricia Lewsley referred to that earlier. Progress on those issues should not be subject to the restoration of the institutions. Comments by Edwin Poots and his party colleagues imply that, because they are prepared to hold the country to ransom by not nominating to the institutions or supporting the restoration of those institutions, the human rights of, and a bill of rights for, the rest of the country, North and South, should be

held to ransom as well. That is a matter of concern. My colleagues from the UUP have said that they will not openly support the round-table forum, but that they will not openly oppose it either. Therefore, both Governments and four parties have agreed to promote a round-table forum.

If that is the case, we need to progress it. Anyone who does not support that will simply be holding the work on human rights and bill of rights to ransom in the same way that the DUP is holding the country to ransom over the institutions.

Ms Lewsley: I would like clarification on some points. My understanding of what Arlene said is that, unlike the UUP, the DUP is supportive of round-table discussions but has an issue about the timing.

Mrs Foster: We do not believe that round-table discussions should be held in a vacuum. The institutions need to be up and running. There is no point in having a discussion on human rights when the matter has to come back to the Assembly and be subject to a cross-community vote. The other concern that we have, and we have communicated this to the Human Rights Consortium, is that it would be a round-table forum stacked heavily with human rights “experts” and that the majority of its members would not be those people — politicians — who make the decisions.

Ms Lewsley: In principle, though, the DUP is supportive of a round-table-forum?

Mrs Foster: I do not have the authority to answer that today. I have set out the problems that the DUP sees with it. The discussion should move on to the matter of cross-community support for a Northern Ireland bill of rights. In an attempt to get some kind of consensus, I can confirm that the DUP agrees that there should be a bill of rights. How we get to that stage is a matter that can be discussed later.

Ms Lewsley: Dermot Nesbitt has made his party’s position clear on the issue of round-table discussions. He mentioned also the six years of debate about the bill of rights and the problem of trying to get consensus among the political parties. We were worried, for instance, that the British Government would introduce a watered-down version that would not do a lot for the people of Northern Ireland.

At this stage, Chairman, I would like to change my original proposal and, perhaps, break it into two. As I said, it is great that all five parties are around this oblong table, talking about a bill of rights. I propose, first, that we support a bill of rights and, secondly, that we support a round-table forum.

Mr Nesbitt: First of all, in reply to Ms Lewsley’s asking whether there is any difference between the DUP and the Ulster Unionists, I say with a smile, “Good try, Patricia”. There is no substantial difference in

unionism on that level. I am not speaking on behalf of the DUP, nor could I even begin to.

Mrs Foster: Please do not.

Mr Nesbitt: However, I make this point seriously: unionism sees the need for a bill of rights; unionism is not opposed to rights. I believe that people should have economic and social rights. Also, as a grandparent, I believe that children should be protected, but that does not mean that children’s rights should be included in the bill of rights. Unionism’s position does not mean that it is opposed to rights; it is not.

I repeat my party’s position that, for various reasons, it does not advocate a round-table forum. Such an approach would prolong the issue. Arlene cannot comment for her party now, but no doubt she will do at some point. I do not say that to be provocative, and I mean that. However, if there is a round-table forum, the UUP will participate. It does not absent itself from the issues.

I shall address Naomi’s comments. First, she mentioned every dot and comma of the agreement. This is not a dot-or-comma issue — it is a substantive matter about what should be contained in the terms of reference for a bill of rights. Indeed, because there has been political disagreement and people have tried to go beyond the scope of the agreement, six years down the line, there is still no bill of rights. As Patricia rightly said, we could not agree.

Secondly, Naomi questioned whether there was any use in discussing institutional matters. The discussion on institutional matters came from the comprehensive agreement of December 2004, which came from the Belfast Agreement, which said that the operation of the institutions would be reviewed. The Belfast Agreement provided for a review of the operations of the institutions. Therefore, a review of the institutional matters, the operations of the agreement and accountability of Ministers has already been agreed. It is not correct to say that discussing institutional matters is beyond the terms of the Belfast Agreement because that agreement provided for a review of institutional matters.

Naomi said also that it was incorrect to say that there is no work to be done. I am not saying that. All I said was that the issues that must be addressed are very clear. Let us address them, and move to other subjects.

I shall comment on economic rights later.

Michael Ferguson made the point that if the Committee does not make progress, it will hold up the process. I do not want to hold up the process; I have never wanted to do that. We have constantly advocated that the Government and the Human Rights Commission address this issue as it should have been addressed long ago. We are not holding up progress; it is those

who wish to interpret the agreement in a different sense who are holding up progress.

Mr A Maginness: I shall make some general comments. A specific proposal has been put forward. We should make a decision on that, rather than continuing a rather elongated, and probably very academic debate, about the content of a bill of rights. That does not serve any great purpose.

There is clearly a difference of political opinion as to the contents of a bill of rights. The question of its content can be resolved in the future. The proposed round-table forum is a mechanism for doing that. When the forum takes place is, again, a matter for debate. However, we will not resolve whether political rights alone are covered in the bill or whether social and economic rights will be included. There is a clear difference of political opinion on that. That will not be resolved today and, even if we spent the next number of days on it, we would not resolve it.

For the sake of progressing our business, therefore, we should make a decision on the proposal. There appears to be general support for it. Arlene has indicated that she will require a further understanding from her party on the proposal, which is fair enough. Nobody objects to that, but there is no point in prolonging the debate on issues that have clearly been established.

The Chairman (Mr Wells): That is a very valid point, Mr Maginness. The next members to speak are Mr Ferguson, Mr Poots, Mrs Long and Ms Lewsley. Given that nobody has opposed Ms Lewsley's proposal to accept the concept of a bill of rights in principle, if we could reach agreement on that, those members could address the problems that some parties have with the round-table forum, and we could try to reach consensus on that.

Is everyone content with Ms Lewsley's proposal, supported by Mrs Foster, that the Committee supports the creation of a bill of rights for Northern Ireland? Is there any dissension?

11.15 am

Lord Morrow: There was no dissension before we started. *[Laughter.]*

Mrs Long: Perhaps we could create some dissension by talking about the issue a bit more.

Ms Lewsley: I think that that is why we are trying to cut the debate short.

The Chairman (Mr Wells): It was insisted that we air the subject.

Lord Morrow: Perhaps you were hoping that dissension would arise.

The Chairman (Mr Wells): I hope that dissension does not arise while I am in the Chair.

Do members accept in principle that Northern Ireland should have a bill of rights?

Members indicated assent.

The Chairman (Mr Wells): We will now move on to the second proposal, which is that the Committee supports the formation of a round-table forum to help to establish a bill of rights. The main issue seems to be the timing rather than the principle.

Mr Ferguson: I want to pick up on something that Patricia said about the timing issue. I am at a loss as to know why Patricia wants to split hairs and reframe the proposal. The only outcome would be that, on paper, the five parties agreed to a round-table forum.

Ms Lewsley: I did not split the proposal about the round-table forum. I put the bill-of-rights proposal and the round-table-forum proposal together.

Mr Ferguson: I do not mind that we have on record that all five parties agreed to that. Like Alasdair —

Ms Lewsley: Do you mean Alban?

Mr Ferguson: Gabh mo leithscéal. Like Alban, I want to progress the proposal that we agree to the round-table forum meeting either this November or as expeditiously as possible.

The Chairman (Mr Wells): That is a pretty specific proposal.

Mr Poots: I want to respond to earlier comments made by Michael Ferguson about holding up the process. It is not my colleagues who are engaging in criminal activity and pumping acid from diesel laundering into our rivers and streams. It was not my colleagues who murdered Denis Donaldson, and it is certainly not my colleagues who are holding up the process. It is the criminal terrorists in the IRA who are holding up the process by not going away.

Mr Ferguson: I ask my colleague to allow me to respond to that. It would be remiss of me to sit here and allow a member to suggest that I am in any way associated with any form of criminality. That is offensive, and I want that to be noted as a matter of record. I ask the member to desist from making such correlations in his contributions.

The Chairman (Mr Wells): I am pretty certain that Mr Poots did not name any individual.

Mr Ferguson: That may be so, but his remarks are offensive, unacceptable and disrespectful.

Mr Poots: The fact that the IRA still exists is offensive. As I understand it, both Sinn Féin and the IRA are part of the republican movement. No one has denied that in the past. If Mr Ferguson were to consult his leader, perhaps he would explain the republican movement to him. The paramilitary wing of the republican movement must disappear if we are to make progress by November.

We will not progress a bill of rights in a vacuum. A bill of rights for Northern Ireland needs the support of both communities, and the only way to identify that support is through the parties and an active, working Assembly. However, the DUP is not holding up the process; the paramilitaries, who will not go away and leave the people of Northern Ireland alone, are doing that. One party in the Assembly, which aims to get into Government, is associated closely with that paramilitary organisation; they are the people who are holding up the process.

Mrs Long: May I respond briefly to Dermot's interpretation of my comments? When I made my dot-and-comma comment, it was not to suggest that it was not a substantive point. It was simply to say that it was established in other meetings that we are not confined to discussing these issues only in the context of the Good Friday Agreement. For instance, we have discussed alternative institutional arrangements and the devolution of policing and justice in much more detail than the Good Friday Agreement ever did.

We should not become prescriptive; we should allow parties to raise the issues that they wish to at these sessions. If consensus cannot be achieved, it will be on the record. However, the right to raise issues remains. It would be a backward step to remove that right from the Committee.

Mr Nesbitt: Will you take a point of information?

Mrs Long: I will.

Mr Nesbitt: I am glad that you have clarified that your dot-and-comma comment referred to a substantive issue. The phrase "dot and comma" implies minutiae of detail, as distinct from substantive issues.

You talk about the devolution of policing and justice. Of course, we can refer to the agreement; it is clear that that is open to discussion, as are the institutional arrangements. However, the agreement is grammatically specific as to what the bill of rights should contain.

Mrs Long: What is specific are the issues on which the Human Rights Commission is to consult and advise. The extent to which its advice and consultation may change the general context is not specified. That is a reality of consultation.

Mr Nesbitt: It is not reality.

Mrs Long: The other issue that you mentioned was the comprehensive agreement, which you outlined in the context of a review of the agreement. The comprehensive agreement went further on the arrangements for a review of the Belfast Agreement than those envisaged in the Belfast Agreement. Government recognised that even within the context of the comprehensive agreement — which was neither comprehensive nor agreed, incidentally —

Mr Nesbitt: Will Mrs Long take another point of information?

Mrs Long: No, I will not. I want to finish my own point before I take anyone else's points.

Government recognised that there were issues that would have come under the review arrangements that were set out in the agreement but which were not dealt with in the comprehensive agreement. At a meeting of the PFG Committee dealing with institutional issues, it was remarked that the discussions in the PFG Committee dealing with rights and safeguards would not completely encompass all the matters that could fall into the review of the agreement. From that perspective, the suggestion emerged that a Committee might be set up to review the institutions. The idea that the two are completely coterminous is nonsense, and that has been established in our previous discussions.

As regards the round-table forum, the Alliance Party believes that, at this point, work could be done to establish the relationship that it would have with the Human Rights Commission and the way in which it would be structured. None of that requires devolution to have been restored. A bill of rights for Northern Ireland should not be a hostage of the political context. It should be allowed to proceed. There is no guarantee of devolution in the autumn.

The Alliance Party still believes that the introduction of a bill of rights is an important matter that must be addressed. We do not see waiting for devolution as a way to progress it. If it must go via the Secretary of State and through Westminster legislation — as would be required anyway — we would be content for that to happen. Our distinct preference is that it should come through a devolved Assembly, but, in either case, we believe that the work must continue.

We support the SDLP's proposal that the round-table forum be set up now as opposed to post-restoration.

The Chairman (Mr Wells): There seem to be two proposals. One is that there should be a round-table forum, and the other is that it should meet in November, which is pretty specific.

Lord Morrow: Is that 23 November or 24 November?

Mr Nesbitt: Who is trying to spin it out now?

Ms Lewsley: For the third time, I will say that I believe that even meetings such as today's are a big step. There are five political parties around a table, talking about the issue. We are trying to find consensus on the principle of a round-table forum. My proposal is that we get consensus that we will support a round-table forum.

The Chairman (Mr Wells): It is important that the DUP come in on this, because it has a difficulty with the timing of the proposal.

Mrs Foster: I am not saying that the DUP will not consent to the SDLP's proposal at a subsequent meeting, but I cannot give its consent today.

Some members seem to think that just because four parties have signed up to something, we will go ahead with it. This is a scoping Committee that works by consensus, and I wish that some members would get with the game.

Naomi has said that we need to start discussing human rights. The DUP will continue to discuss human rights with all relevant parties and to put forward its opinion that the bill of rights should not be the vehicle for all rights, a point that Dermot made too. There are other vehicles for introducing economic and social rights, and the DUP wants to explore those options with some of the interested parties.

Naomi said that the introduction of a bill of rights should not wait until the Assembly is up and running. My response is simply to ask how else could cross-community support for a bill of rights be tested. The best way to test support is in the Assembly. Given the non-engagement of the unionist community with the human rights agenda, a cross-community vote in the Assembly would be vital to testing its acceptability to the entire community, which is what we are striving for.

The Chairman (Mr Wells): After Mr Nesbitt has spoken, we will vote on Ms Lewsley's proposal.

Mr Nesbitt: If I may use the phrase in a different context, there is a clear, inextricable link between establishing a round-table forum and having more substantial rights than those contained in the Belfast Agreement.

In June 2005, the Northern Ireland Human Rights Consortium brought us its proposed bill of rights for Northern Ireland, which said that:

"Such rights were to reflect the particular circumstances of Northern Ireland and, taken together with the European Convention on Human Rights, would constitute a Bill of Rights for Northern Ireland."

Of course, a sentence describing the particular circumstances was cleverly omitted. I even looked to the words of Ann Hope for a definition. On 3 February 2003, when speaking on behalf of the Irish Congress of Trade Unions (ICTU), in answer to why there should be social and economic rights, she said that it was:

"to reflect the particular circumstances of Northern Ireland, as it is charged to do".

Of course, it is charged to deal with the particular circumstances, but Ann Hope omits to define them also. I could go on and on. Amnesty International says exactly the same thing. I leave you with one further comment: the Committee for the Administration of

Justice (CAJ) said in the January 2006 issue of its 'Just News' publication that:

"CAJ has long argued that any Bill of Rights for Northern Ireland must protect socio-economic rights on a par with civil and political rights".

I agree that economic and social rights should be protected, but that is different from saying that it must be done through the bill of rights. I draw that distinction, but other parties have not, and some of their phraseology has been mischievous, as they have interpreted "particular circumstances" as meaning any particular circumstances.

Ms Lewsley: May I ask that the vote on my proposal be deferred to a future meeting, not because some members are unwilling to take part, but because their circumstances require them to seek direction from their parties?

The Chairman (Mr Wells): Will the DUP be in a position to give a view on Ms Lewsley's proposal next week, Mrs Foster?

Mrs Foster: I hope so, yes.

The Chairman (Mr Wells): That is that sorted out. We have given the issues of human rights and a bill of rights a good airing.

Mr Nesbitt: We have not, because I wish to talk about social and economic rights. Will we discuss that next week?

The Ulster Unionist Party puts on record its support for economic and social rights as distinct from a bill of rights. I am quite happy not to talk about that now if I can speak on the principle of economic and social rights when we return to the matter next week.

11.30 am

The Chairman (Mr Wells): We have caught the drift that you are in favour of that, because you have mentioned it at least three times.

Mr Nesbitt: Each time I mentioned it, I said that I want to put on record the fact that the UUP is for economic and social rights. This is an important Committee; it is a Committee of record.

Ms Lewsley: With the greatest respect, everyone has raised the issues of a bill of rights and socio-economic rights, but none of us has gone into the detail of what we mean by that. I do not know whether this is the place to open up that whole debate. The proposed forum or a consultation on a bill of rights would give us the opportunity to discuss what we mean by a bill of rights and what it should contain.

The Chairman (Mr Wells): I will be in the Chair next Wednesday. Mr Nesbitt, you have my assurance that you can raise the issue then.

Mr Nesbitt: Next Wednesday?

The Chairman (Mr Wells): No, hang on —

Mr Nesbitt: You will not be in the Chair next Friday.

The Chairman (Mr Wells): No; you are right.

Mr Nesbitt: Mr Molloy — dare I say — your partner, will be in the Chair next Friday.

The Chairman (Mr Wells): The other Chairman will be in the Chair next Friday. We can contact him to make certain that the matter can be raised.

Mr Nesbitt: I want to make this absolutely clear. The UUP has been pilloried at many forums because of claims that the party is not for various rights. Hansard is covering this Committee, and I wish to put on record the party's position on economic and social rights.

Mr McFarland: My understanding is that we were to first discuss the bill of rights — and we had a good discussion on that — and then move on to human rights. Presumably, it would be possible to raise a number of issues during the discussion on human rights.

The Chairman (Mr Wells): I take the view of the parties to my left that there is no point —

Mr A Maginness: There is no point.

The Chairman (Mr Wells): There is no point because, until we hear the DUP's view, there will be no consensus on establishing a forum. Arlene is not opposing the proposal — she simply cannot tell us the party's position today. However, she will be able to do so at next week's meeting. The issues that Mr Nesbitt has raised would be better addressed by that forum, if it is to be set up. It is not the Committee's role to deal with those issues.

Ms Lewsley: It is not our place to go into the detail.

The Chairman (Mr Wells): Sorry, Mr Ferguson, I did not call you because I thought that if there was no chance of reaching agreement on the general proposal to establish a forum, there would be even less chance of reaching agreement on holding a forum meeting on 22 November. However, if you insist on putting forward your proposal, I will certainly allow you to do so.

Mr Ferguson: I am happy enough for the record to show that I reiterated the importance of holding round-table forum talks. Dermot has been at pains to point out that we have dilly-dallied for over seven years. The Committee is now agreeing to put off the decision for another week, so that we can all agree next week that there should be a bill of rights, but that perhaps it should be introduced in 2010.

Mrs Foster: We have already agreed that there should be a bill of rights.

Mr Ferguson: The problem is that we must get the forum up and running if we are to make progress on the issue.

The Chairman (Mr Wells): Do you want to put your proposal that a forum be set up by 22 November?

Mr Ferguson: I am happy enough for the record to show that Sinn Féin has requested that.

Mr McFarland: It is worth reminding ourselves that the parties raised issues of concern to them during the past two months' discussions. It was agreed that any issue about which a party had concerns could be put on the list for discussion. It was also agreed that if parties raised an issue belatedly, they could still add it to the list. No party was to be prevented from raising an issue for discussion. Chairman, you were an advocate of that.

The Chairman (Mr Wells): Absolutely.

Mr McFarland: I know that other members do not wish to discuss what Mr Nesbitt wishes to discuss, but the Ulster Unionist Party Assembly Group (UUPAG) wishes to have a discussion —

Ms Lewsley: It is not that we do not wish to discuss it; we do, but we just do not feel that this is the appropriate time.

Mr McFarland: However, there have been occasions in the past two months when four of the parties have thought that the fifth was blethering about something about which they should not have been blethering, but we went along with it, because that was the essence of the Committee. *[Laughter.]*

Ms Lewsley is absolutely right; it is the first time that the five parties have been in a room with the option of discussing any issue that any party wishes to discuss. It has never before been the case that parties have said that another party has no right to raise an issue because the time is not right to do so. I understand that members wish to bring it up. My point is that Mr Nesbitt has made it quite clear that he would like to say something about these issues.

Although we have come around to the bill of rights discussion — and we are on the verge of parking it, which seems sensible to me — there seems to be nothing to stop Dermot — from discussing whatever he wishes under our next topic, which is human rights.

Ms Lewsley: Exactly.

Mr Nesbitt: And I shall.

The Chairman (Mr Wells): Throughout the debate, we have moved back and forth from the bill of rights to human rights; therefore, I have taken this debate as being a debate on both subjects.

If Mrs Foster attends the Committee next Friday and says that the DUP is content to have the round-table forum established, the Committee, if it has any sense, will decide that social and economic rights should be discussed at that forum.

Mr McFarland: That is in order, and we are happy with that. However, if Mr Nesbitt —

Mr Nesbitt: I have told you to call me Dermot.

Mr McFarland: If Dermot wishes to say something, and we have never before told a member that he or she cannot say something —

The Chairman (Mr Wells): Mr Nesbitt is correct that I will not be in the Chair next Friday. We are out of sync because I chaired Wednesday's Committee. I will ask the other Chairman to assure Mr Nesbitt that social and economic rights will be raised next week, after Mrs Foster's update on the DUP's position.

Mr Nesbitt: Alan correctly said that no one has been precluded from speaking before on this rubric. I have not always been here, but I will take his word for it.

Body language is important. I am perturbed, as I noticed that when I said, "And I shall", Ms Lewsley gave a big sigh and looked at the clock, as if to say that she does not want to listen to a discussion on the bill of rights and human rights. I find that disturbing.

Ms Lewsley: I am sorry.

Mr Nesbitt: Those are important matters that we want to discuss.

The Chairman (Mr Wells): The question is when.

Mrs Foster: If Dermot feels so strongly, he should be allowed to make his points today, and if other parties wish to engage in the discussion, that is a matter for them.

Mrs Long: I agree. My point was that this discussion should be as wide ranging as members wish. However, I caution people against reading too much into people's body language in these meetings. For example, Lord Morrow looks very relaxed, but I assume that it is not because he is disinterested in what is happening. Reading too much into people's body language would add a complicated layer to the Committee.

Lord Morrow: I am relaxed because I simply cannot wait to hear what Dermot has to say.

The Chairman (Mr Wells): It seems that we have consensus to allow Mr Nesbitt to comment on social and economic rights.

Ms Lewsley: I am not trying to stifle debate in any way; I am merely trying to get as much work done as possible and get consensus around the table, so that the meeting will be productive.

Some Members: Hear, hear.

Ms Lewsley: It is not that the SDLP does not wish to participate in the debate on socio-economic rights; it is a question of the timing of that debate.

Mr Nesbitt: I am pleased that Patricia said that she wishes the meeting to be productive, because that is

why I want to mention economic and social rights under "Human rights". It is the first time that the five parties have sat around the table to discuss human rights, and it is good that we express our views. We should not be stymied on this all-important issue.

Economic and social rights came to the fore through legislation, not through bills of rights, in the Factory Act 1833 and the Coal Mines Act 1842. The statutory reports on those gave credence to economic rights. Those economic rights were based in statute. We want rights, but it is a question of the vehicle by which we get those rights. That is why I encourage members to recognise that there are more vehicles by which we can get rights than simply a bill of rights. The welfare state today is all about economic and social rights. It is a rights-based welfare state, and it is based in law. I am sorry that Alban is not here, because he is the lawyer — in a sense.

Ms Lewsley: It has nothing to do with his body language.

Mr Nesbitt: I mean no disrespect by that. I am not talking about a charitable dimension to the welfare state, but about the welfare-to-work programme, which is positive, whereby one tries to get work.

We are talking about benefits for all. The European Social Charter, which the UK signed up to in 1999, is about economic and social rights.

Yesterday, for example, I found the following website. On the website www.adviceguide.org.uk, I found some 18 pages of advice on economic and social rights. Those rights, which relate to work, holidays, holiday pay, sickness, health and safety, notice of dismissal, are enshrined in law. Should, for example, an employer tell his employee that he can have only two weeks' holiday a year, the law can overrule the employer. There is a legal right to a minimum of four weeks' holiday a year. Pay rights are dealt with on another page of the website. Workers are entitled to be paid if they cannot work because they are off sick, on holiday, on maternity leave, paternity leave or adoption leave. The website provides complete lists of pay rights and basic rights at work.

There is a plethora of economic and social rights in law. Most people who advocate a bill of rights state that most of that will have to be manifest through law anyway, because rights provide the framework upon which the law is built. The law is already there. Therefore I cannot understand what economic and social rights are not already in place. The Institute of Directors' submission was clear about that.

I leave members with a good comment that I forgot to mention on why rights should not be broadened out:

"It is our view that any issue which falls outside the reconciling objectives and the specific terms of the Belfast Agreement should not be included in the Bill."

The reference is to reproductive rights, and it was written by the Catholic bishops of Northern Ireland in their submission to the Northern Ireland Human Rights Commission, in January 2002.

The Ulster Unionist Party's position is clear. It is for economic and social rights, and for the rights of the child. We are not opposed to any of those rights. However, that is not what the Belfast Agreement was about. That is not about a dot or a comma but about a substantive element of the agreement.

Mr Poots: I assume that the Committee has completed its discussion on the bill of rights.

Mrs Foster: That is the point that I was trying to make on the bill of rights. I hope that Mr Nesbitt will agree with me that it is not necessary that we put everything into a bill of rights. There are other legislative vehicles. Dermot, I have said it already —

Mr Nesbitt: May I interject? As I tried to say earlier to Patricia Lewsley, she has had a good try at trying to split us, but she did not succeed.

Mrs Foster: Absolutely. You and I will never be split up.

Ms Lewsley: I am guilty of so much this day, I am telling you. *[Laughter.]*

Mr Nesbitt: Arlene made a serious point, to which I gave a serious response. There is more unanimity in our discourse on this side of the table than may be perceived outside.

The Chairman (Mr Wells): Far be it from me to break up the love-in between Dermot and Arlene. We are not finished, as some members have indicated that they want to make their views known on what Mr Nesbitt has said.

Mr Poots: I thought that the Committee was moving on to discussing human rights.

Mrs Long: This debate has been useful in that it has clarified the parties' positions. The Alliance Party referred to economic and social rights; however, it is not prescriptive as to how those rights are to be protected. Those protections are necessary, but they do not need to be included in a bill of rights. There is less distance between our positions than might have been assumed at the beginning of the discussion. The bill of rights should be directed towards protecting equality of opportunity, treatment and access; equality under the law; and minimum standards of labour conditions, healthcare, education and the environment for everyone in the community.

A balance must be struck, however, so we do not offer unqualified support. Voters have the right to

choose a Government, who will direct public spending in particular ways and prioritise different issues. That must be done in such a way that the Government retain the flexibility to prioritise certain aspects.

Our stance is that necessary protections must be provided. However, the rights of Governments and Assemblies to direct public spending in particular ways must not be interfered with. We are not talking about the all-encompassing rights agenda that some people have suggested, as that would prescribe certain actions that the Government could take.

11.45 am

Mrs O'Rawe: I have listened to members' views on social and economic rights. Sinn Féin believes that those need to be ingrained firmly in a bill of rights. We would welcome the Human Rights Commission's acknowledgement that social and economic rights constitute an area of work that it will be concentrating on over the next few weeks.

Ms Lewsley: That detail can be ironed out when we debate the content of the bill of rights at the round-table forum. We will have our opportunities, as political parties in civic society, to decide what should be included and what should not. Mr Nesbitt frequently makes the point that rights are enshrined in legislation, so what is the problem with including them in a bill of rights?

Mr Nesbitt: There is an expectation gap. People think that if they have a right to something, they are entitled to it. Money determines allocation. Just because we have a right to something, we do not necessarily manifest or receive the outworking of that right. I have a problem in attending seminars organised by the Human Rights Commission or others at which experts tell us that we need social and economic rights.

I will give two examples: on 11 November 2005, the University of Ulster's transitional justice institute hosted Prof Sandra Liebenberg from South Africa and Prof Csilla Kollonay Lehoucq from Poland, and each said how important it was to have economic and social rights. However, South Africa is the third most unequal country after Brazil and one other in the world, and people there did not have any social and economic rights. Poland is moving from a centralised communist society to a libertarian market economy, whereby it needs a lot of social and economic rights. In the UK, where we are residents — I choose the word "residents" instead of "citizens" — there are legal rights that places such as South Africa and Poland do not have.

I do not need to be lectured to, in the best of senses, by scholarly professors from South Africa and Poland who say how important it is to have social and economic rights. I say to them, "You need them, but we do not need them here because we already have them."

Mr Ferguson: I want to reinforce the comments from this side of the table on the need for social and economic rights to be included in a bill of rights and, after that, to be enshrined in law. It would be remiss of the Committee to presume on the good will of any Government on social and economic justice given the history of the Six Counties since partition.

We are sitting in this room because of the Good Friday Agreement. We had the agreement because of bad government and because of a history of discrimination and inequality. That is the very reason why we need to ensure through a bill of rights that that does not happen again.

Those rights must also be enshrined in law so that we have protection before the law, whether that be for individuals or groups. It is important that we do not forget our history and why we are here sitting in this room today.

Mr Nesbitt: Mr Ferguson said that discrimination was one rationale for the Belfast Agreement. That will be for another day. Next week, we will lead with equality, as I mentioned.

Mr Ferguson: I look forward to that.

The Chairman (Mr Wells): We have had a composite discussion on the bill of rights and human rights. Is there any issue under "Human rights" that was not dealt with during that discussion?

Mr Poots: There are, perhaps, several issues that have not been addressed. I would like to address the issue of the Human Rights Commission. That body was established by the Northern Ireland Act 1998, which stated:

"The Commission shall promote understanding and awareness of the importance of human rights in Northern Ireland".

Prof Brice Dickson said in 1999 that the commission's role includes:

"convincing people, especially those perhaps of a unionist disposition that human rights are for all, not just for one particular community".

Looking at the history of the Human Rights Commission, it is clear to me that that has not been done. A particular problem with the Human Rights Commission is the balance of its make-up. At its outset, no one sat on the Human Rights Commission who represented my political views.

I was very surprised that, of all the people in Northern Ireland who have similar views to mine and those of my party, no one was deemed capable of sitting on the Human Rights Commission. That was even more surprising when one looked at some of the people who did sit on the commission. I am well aware that a number of people who were very well qualified to sit on the

Human Rights Commission were rejected in the most recent round of appointments. It has been hard to establish why that was. In fact, there is no means of finding out why that was. If we have a Human Rights Commission that is unbalanced in the first instance, how is it to bring on board people whom it wishes to persuade that the human-rights agenda is inclusive and for everyone?

We must look at the current imbalance in the make-up of the Human Rights Commission. Our party recommended that a deputy commissioner be appointed to the Human Rights Commission to help to re-establish some balance. We continue to recommend that.

As for human rights per se, much of what a bill of rights would deal with is a matter for Government bodies. In Northern Ireland, there are people who wish to do the job of Government bodies. For example, there are people who wish to engage in policing without conforming to any bill of rights. Instead, those people conform to the rights of the street and of the back alley. There is not much point in addressing a bill of rights to Government while ignoring what is going on in our backstreets, where paramilitary organisations are still evicting people from their homes, exiling people and brutally attacking individuals.

We cannot address a bill of rights to the Government in isolation from the fact that paramilitary organisations still exist in Northern Ireland and are still dispensing rough justice to individuals. That must be dealt with.

The Chairman (Mr Wells): Do you propose that the Human Rights Commission should appoint a deputy commissioner?

Mr Poots: Yes.

The Chairman (Mr Wells): Does any member wish to comment on that or raise other issues about human rights?

Mr Nesbitt: I am conscious that it is almost noon, and if there is nothing more to be said on human rights, we shall discuss parading. We were supposed to be here until 4 pm to talk about human rights, which is a very substantive issue.

The Chairman (Mr Wells): I suspect that the parading issue might take some time.

Mr Nesbitt: Perhaps not. We have had a very quiet summer. Who knows?

I view human rights as a more general matter than a bill of rights. I am talking about human rights that are additional to a bill of rights. We have talked about identity and ethos. This is why I asked Sinn Féin earlier whether it abides by international norms. I think that the answer was yes, and I hope that Hansard reflects that. However, that was not entirely clear.

Mr Poots: It was a qualified yes.

Mr Nesbitt: I note that UNISON, the public services union, made it very clear that all our citizens are entitled to protection by the highest international standards of human rights and civil liberties. We may not agree on whether we are British or Irish, but we can all agree that we are citizens of the European Union. I ask for the same rights — no more or no less — as other citizens of the EU. Those rights are enshrined in article 17 of the European Convention on Human Rights. Moreover, article 5(1) of the UN International Covenant on Civil and Political Rights states that no party should:

“engage in any activity or perform any act aimed at the destruction of any of the rights or freedoms recognized herein”.

In its mission statement, the Human Rights Commission says that it uses international human rights standards as a yardstick. Some of the most sensitive issues are human-rights issues; for example, cross-border, or North/South, co-operation. As I said at the meeting on 4 August, democracy works on the basis of an understanding and an acceptance of human rights.

We are in favour of cross-border co-operation on the basis of the agreement as ratified by referendum. Co-operation must be for the mutual benefit of both sides, and both sides must agree, which means unionism and nationalism. The comprehensive agreement of December 2004 did not seek to change the North/South-co-operation dimension. My difficulty is that my right is being denied by the Government's proposals.

On 6 April 2006, the Prime Minister said that North/South co-operation was for the express recognition of the identity of the two aspirations. That was not what was agreed in the referendums. He is going beyond the agreement of an international treaty and beyond international norms. He is siding with the Sinn Féin perspective, which is not what the people of Northern Ireland agreed by referendum. The written record will show that.

Human-rights standards place great importance on the rights of the majority. That is clearly enshrined in article 20 of the Council of Europe's Framework Convention for the Protection of National Minorities, which states:

“any person belonging to a national minority shall respect the national legislation and the rights of others, in particular those of persons belonging to the majority”.

The majority clearly expressed a view on the form that North/South co-operation should take. The Prime Minister of the United Kingdom, in changing the terms of reference for North/South co-operation, is denying my right under article 20.

Even worse, if there is no devolution after 24 November, the Prime Minister has said that a more rigid will shall be imposed from outside. The Taoiseach, Bertie Ahern, made it very clear that that would marginalise the entire political process. The Prime Minister will put everything in Northern Ireland, including its elected representatives, into cold storage if a form of government is not signed up to, yet he is predisposed to co-operation not being based on an international treaty — namely, the agreement between Belfast and Dublin.

There is a general rule in international law that, where treaties affect minorities, which could include those living in Northern Ireland, those minorities participate in the agreement to guarantee their rights. We would be denied that right after 24 November 2006. The Prime Minister is not acting in line with international human rights, looking to the Office of the High Commissioner on National Minorities in the Organization for Security and Co-operation in Europe (OSCE).

Remember what we are doing: we are talking about preparation for government. If we are to enjoy our human rights, full participation is clearly required, particularly on issues that affect us. The two Governments are proposing that we be totally marginalised from participation.

12.00 noon

I am concerned about the Government's position on wider human rights. The Government have ratified a convention, which they are obliged to implement, that they shall create — not that they might, or that they think it right or wrong — effective participation in Northern Ireland, particularly on decisions that affect us.

My final point is on the wider dimension of human rights in relation to the intrusive nature of the neighbouring Government. For the record, the Venice Commission has considered the relation of a kin state — in this case, Ireland — to its kin minority, the nationalist population in Northern Ireland, residing in a home state, namely the United Kingdom.

The Venice Commission stated clearly that a kin state could only give preferential treatment to its kin minority in education and culture, save for exceptional cases. I am not sure where Sinn Féin's desire for speaking rights in the Dáil fits into that. Let me be very clear, in case members wonder why I mention that: Sinn Féin prefaces its wish for speaking rights in the Dáil by saying that it is a basic right and entitlement. Sorry, but that is not a right under international law. There is, however, a right to full and effective participation in the state in which one resides.

I do not wish to be awkward; I simply repeat what I have said from the outset: I am — as we all are — a citizen of Europe. I ask for no more and no fewer rights than other citizens. However, those rights are not

those articulated by Sinn Féin — they are quite the reverse. Sinn Féin has a jaundiced view of rights that goes back to the Europe of the 1930s.

Mrs Long: I want to discuss the issues raised by Edwin Poots.

In relation to paramilitary violence, the Alliance Party has pushed the Northern Ireland Human Rights Commission and other human rights groups to focus on non-state sectors, including paramilitaries. Traditionally, human rights have concentrated on the duties of the state. We define human rights much more broadly, as other organisations can impact on and, indeed, compromise, people's rights. That must be taken on board. We believe that that falls within the definition of the particular circumstances of Northern Ireland and is, therefore, within the Human Rights Commission's remit.

In principle, we are not opposed to having a deputy chief commissioner in the Human Rights Commission. However, we want to explore Edwin's comment about balance and how he perceives a deputy chief commissioner would be appointed. The Chief Commissioner, and any deputy chief commissioner, of the Human Rights Commission should be appointed on merit and ability and not to create sectional interest or balance within the team.

We have said several times, and say again, that anything that entrenches the two monolithic communities, and solely represents those communities at the expense of diversity within Northern Ireland, is unhelpful in addressing change in society. Change in our society should be undertaken from a more pluralist view, not from society in general, but a more flexible view of people's individual identities, particularly in the context of human rights. The right of people to define themselves is fundamental to that.

We are very conscious that any attempt to entrench traditional divisions in our society runs contrary to the point of human rights. There would, therefore, be a conflict at the heart of the Human Rights Commission. In principle, we have no problem with the idea of a deputy chief commissioner, but we want to ensure that the person is appointed on merit.

The Chairman (Mr Wells): Mr Poots, in order to help the discussion, can you clarify that point?

Mr Poots: I am aware that several people with legal backgrounds, and who specialise in human rights law, applied to join the Human Rights Commission and were not accepted. In my view, the people who were accepted had less human rights expertise than some of those who were rejected. I am concerned about this issue, and perhaps the entire appointment process should be addressed. If we want to reach out to the wider community, there must be balance in the

commission, which would include the positions of Chief Commissioner and deputy chief commissioner.

Mrs Long: Can I clarify? Balance in an organisation is not necessarily achieved by appointing people from the two traditions, or even by taking that issue into account. Balance can mean monitoring the composition of an organisation, encouraging under-represented people to apply, and so forth. Is that where the issue of balance is going, as opposed to so-called positive discrimination? I contend that there is no such thing as positive discrimination. If someone from a perceived unionist background is appointed as Chief Commissioner, must the deputy chief commissioner be a nationalist, and vice versa? I used the word "perceived"; people could be appointed to those positions who would not define themselves as "unionist" or "nationalist" but whom others may perceive to be unionist or a nationalist. If people define themselves as "neutral", it would be difficult to achieve that balance.

Mr Poots: The Human Rights Commission has a statutory duty to reflect the composition of the community. The point that was made about merit is valid, but appointments must comply with that statutory duty. That is the case with the Policing Board, where the chairman and the vice-chairman come from the two sections of the community. In the first instance, appointments to the commission should be made on merit, but perhaps the positions of Chief Commissioner and deputy chief commissioner could reflect community balance.

Mr Ferguson: The remit, functions and composition of the North's Human Rights Commission are set out in paragraph 5 of page 17 of the Good Friday Agreement. Paragraph 9 of page 17 and paragraph 10 of page 18 set out the comparable steps to be taken by the Irish Government to further strengthen and underpin the constitutional protection of human rights.

As Edwin pointed out, the membership balance of the Human Rights Commission has been a contentious issue since its formation. It is out of step with the United Nations' Paris Principles, which require membership to be pluralist and representative. The Human Rights Commission is not inclusive or representative. I support Edwin's comments.

The commission does not have sufficient powers of investigation to compel witnesses or documents, to enter places of detention or to take its own cases. I want to make several recommendations. The Human Rights Commission must be given additional powers and resources to enable it to carry out its remit. It must be given powers to investigate, to compel documents and witnesses, to enter places of detention and to take cases of its own without necessarily having to send a victim elsewhere. It is important that the British Government publish their response to the review of the powers

of the Human Rights Commission as expeditiously as possible. Additional funding is needed, which should be made available to the Human Rights Commission to ensure that it can carry out its remit fully.

Membership of the Human Rights Commission should be reviewed and appropriate action taken to ensure that it fully represents all communities. We do not want colleagues sitting around this table to feel that the commission excludes them or their communities. That would be unacceptable by any terms. It is crucial that we secure the establishment of an independent mechanism to oversee appointments. That will ensure that we have a pluralist and representative commission.

The Chairman (Mr Wells): Mr Ferguson, were those proposals, or was that a statement of your party's position?

Mr Ferguson: It was a re-statement of our position. It is obvious, for example, that Edmond — gabh mo leithscéal, Edwin — sees the membership of the commission to be as contentious as Sinn Féin does. It is important that we address that matter.

The Chairman (Mr Wells): At the moment, the only proposal is that of Mr Poots for a deputy chief commissioner.

Mr McFarland: I take it that Edwin's proposal is that the Human Rights Commission should observe proper community balance, as stated in the agreement. I think that his suggestion was that, along the lines of the Policing Board structure, the leadership — the Chief Commissioner and the deputy chief commissioner — should also be balanced to reflect the community. That seems quite sensible.

Patricia mentioned the joint human rights commissions, North and South. They were tasked with examining the possibility of establishing a charter for the island. They got ahead of themselves and produced a charter, although that was not their remit in the first place. Can anyone tell me how far the Irish Government have got with their "clear, comparable steps"? The agreement sets out what the Irish Government have to do by way of human rights, such as setting up a commission in line with that in Northern Ireland, etc. Does that fit into an institutional discussion — whether a human rights commission has been set up in the Republic, according to the agreement — or is it a human-rights issue? Can one of the experts perhaps explain where we have reached with the Republic of Ireland's establishing an equivalent organisation and safeguards?

The Chairman (Mr Wells): We could ask the researchers to check up on that.

Ms Lewsley: The South has established the Irish Human Rights Commission.

Mr McFarland: Does it have the same safeguards that apply here, as laid out in the agreement? They are very specific.

Ms Lewsley: It is fully compliant.

Mr McFarland: OK.

Ms Lewsley: The SDLP does not see a need to appoint a deputy chief commissioner to the Human Rights Commission. The Chief Commissioner is appointed on merit and by process. The appointment of the other commissioners should be reflective of the community, and we believe that that is the case. However, we are supportive of enhanced powers and resources for the Human Rights Commission, and have voiced our opinion about that on a number of occasions.

Perhaps we need to go further than that. Appointments to both the Human Rights Commission and the Equality Commission for Northern Ireland are currently made by the Secretary of State, and are excluded from the remit of the new Commissioner for Public Appointments. Those appointments should be transferred to the new office, which at the minute plays only an advisory role.

Dermot has talked about the connection between North and South; Alan has asked for clarification in regard to the Irish Human Rights Commission in the South. I hope that, in future, when the issue is raised, the UUP will support a charter of rights for the island of Ireland to ensure that all our rights are delivered.

Lord Morrow: On a point of clarification, Patricia, did you say that you believe that the commission is reflective of the community?

Ms Lewsley: Yes.

Lord Morrow: Despite our telling you that it is not reflective of our community, do you still think that?

Ms Lewsley: The commissioners have been selected.

Lord Morrow: Thank you.

12.15 pm

Mr Nesbitt: Naomi talked about merit versus balance and came down on the side of merit every time. However, I subscribe to Edwin Poots's position: the statutory duty is to have balance, as far as is practical. I know that others support fifty-fifty recruitment to the police.

Mrs Long: Do you take the point that the Alliance Party does not support that?

Mr Nesbitt: It is accepted that fifty-fifty recruitment to policing is discriminatory. I do not question the individual merits of any one person on the Human Rights Commission or on the Equality Commission. I look at it in the round.

I read the press statement in July 2005 on the appointment of new commissioners to the Human Rights Commission. The political affiliations of the new commissioners are: two from the Women's Coalition, two from the SDLP, one from Alliance and one from the DUP — and, in case Naomi was about to ask, Geraldine Rice is the commissioner affiliated to the Alliance Party

Mrs Long: I am well acquainted with Geraldine Rice.

Mr Nesbitt: When judging whether the Human Rights Commission is balanced as a collective entity, it would be difficult to say that it is, given the political affiliations of its commissioners.

Michael mentioned the Paris Principles, to which Sinn Féin also alluded last week. The Paris Principles refer only to national human rights bodies: the Human Rights Commission is a regional body. There is no direct link between the two.

I want to clarify a North/South issue, after which I will conclude.

Mr Ferguson: I referred to the Paris Principles primarily because they insist on pluralist and inclusive representation. Presumably, you wanted to lecture me, Dermot, but I want to point out that I made that reference simply because they recommend that approach.

Mr Nesbitt: I do not want to lecture you. I could have picked up your point wrongly, but I understood that you were extending the reference to the Paris Principles in order to suggest additional powers, which you went on to list.

Mr Ferguson: I did, yes. On a point of clarification: are you opposing my recommendation, for example, that the Human Rights Commission should have additional powers and resources?

Mr Nesbitt: My party has made a clear and detailed submission on that. The UUP's position is that although it sees merit in powers per se, it would not support additional powers for one simple reason: the Human Rights Commission has not implemented the powers that it has already, most obviously, its power to consider the scope for a bill of rights. The Human Rights Commission has taken six years to do that.

When a body, such as the Human Rights Commission, which has certain powers, asks for further powers, it makes me say wow. It has powers; it has expanded those powers; it has taken six years to consider a bill of rights; and now it wants new powers. The Human Rights Commission has received much additional money to exercise its existing powers. At this juncture, therefore, the UUP, as clearly stated in its written submission, does not support its receiving additional powers. The Government have many reservations also on the granting of certain powers, such as the right of

entry, etc. The UUP is in favour, not of additional powers, but of the implementation of existing powers.

Patricia Lewsley referred to North/South matters. Let me be clear: I am not saying that borders can never change. The provision for holding a referendum to remove the border was enshrined in law long before the Belfast Agreement, which changed the period of time required between polls from 10 years to seven years. As the original law was passed by Parliament some time ago, it could change. For change of any nature to take place, there must be agreement. The UK Government and the Irish Government are doing that without the agreement of the majority.

Turning to international law, I return to the remarks of Prof Boyle, Prof Campbell and Prof Hadden, three legal experts in human rights. In their submission to the Forum for Peace and Reconciliation, they said that unionists are entitled to retain their constitutional link with the United Kingdom, and they asked whether that means that a reciprocal right to equivalent constitutional or institutional links with the Republic of Ireland should be granted to nationalists. That is a proposition put by Sinn Féin. If unionists have their links, nationalists should have their links as a right. The professors concluded that the only support in international law and practice — not just law, but practice, too — is the right of members of a minority to develop and maintain cross-border linkages. Naomi mentioned individual rights and the right to opt out and not be part of a national minority, which, again, is enshrined in international law. Therefore, Sinn Féin is beyond the pale, if I can use that Dublin phrase, with respect to international law.

Mr Ferguson: Dermot, the most respectable place on the island is beyond the pale, and you are a national minority.

Mr Nesbitt: We could debate that, and we will.

Ms Lewsley: Mr Chairman, I would like Lord Morrow to clarify one point.

The Chairman (Mr Wells): The fact that we are going to eat lunch does not mean that we cannot return to the debate.

Ms Lewsley: I would just like one small point clarified. I was asked about representation on the Human Rights Commission, and I said that I felt that it is balanced. Is Lord Morrow saying that the unionist commissioners are not representative of the DUP community, even though Jonathon Bell, a DUP councillor, is one of them?

Lord Morrow: The membership does not adequately and equally reflect the unionist community.

Ms Lewsley: As a whole?

Lord Morrow: As a whole.

The Chairman (Mr Wells): Are members in a position to take a vote on Mr Poots's proposal that a deputy chief commissioner be appointed to the Human Rights Commission?

Mr Ferguson: No, I do not think that we are.

The Chairman (Mr Wells): We are not in a position to take that vote now, so we will break for lunch

The Committee was suspended at 12.22 pm

On resuming —

12.51 pm

The Chairman (Mr Wells): Ladies and gentlemen, I hope that you all enjoyed your lunch. It was up to the usual high standard. We have a quorum, but we must be careful to maintain it if people drift away to make telephone calls.

Mr McFarland: Michael Copeland is deputising for Mr McNarry.

The Chairman (Mr Wells): Is this the first time that you have attended the Committee, Michael?

Mr Copeland: That is correct, and I must commend you on the quality of the lunch.

Mrs Foster: It will not be his last. *[Laughter.]*

The Chairman (Mr Wells): We normally ask members whether they have any interests to declare.

Mr Copeland: I declare that I have an interest in parading, by virtue of my membership of the Loyal Orange Institution for more than 30 years.

Mr Ferguson: I hope that that will not make you a bad person.

Mr Copeland: Thank you very much indeed.

The Chairman (Mr Wells): I assume that there are no other first-time members present who have not made a declaration of interest. It probably relates more to institutional issues and to policing and justice than to this part of the Preparation for Government Committee.

I welcome Mr Copeland. He has become about the fifty-seventh MLA to sit on either the Committee or the subgroup: everyone is involved.

We have not yet concluded on Mr Poots's proposal to appoint a deputy chief commissioner to the Human Rights Commission. However, I detected some opposition to that.

Lord Morrow: I presume that you have given up on the idea of completing the agenda today.

The Chairman (Mr Wells): If we get to the end of "Parades" today, we will be doing well. I saw that as the difficult issue, not human rights. Mrs Foster said that she wished to speak to Mr Poots's proposal.

Mrs Foster: That is correct.

The Chairman (Mr Wells): Does anyone else want to speak on that, or can we move to the vote after Mrs Foster has spoken?

Ms Lewsley: I have had an opportunity to speak, so my name can be removed from the list.

Mr Ferguson: I wish to speak on membership of the Human Rights Commission, but I will wait my turn.

The Chairman (Mr Wells): Mrs Long also wishes to speak to the proposal. When those three members have spoken, we will seek consensus on it.

Mrs Foster: The Human Rights Commission's statutory duty is contained in section 68(3) of the Northern Ireland Act 1998:

"In making appointments under this section, the Secretary of State shall as far as practicable secure that the Commissioners, as a group, are representative of the community in Northern Ireland."

There has been some discussion about that matter, but my party does not accept that the current Northern Ireland Human Rights Commission complies with that statutory duty. Reference has already been made to the current commission and to the fact that some commissioners are — or have been — directly linked with political parties. We do not live in a vacuum, so that has an impact on how people view the commission. I do not say that those people have no right to be on the commission. Of course they have a right to be there, but their political links have an impact on how people in my community view the commission and its workings.

Naomi asked whether my party supports direct positive discrimination. I want it put on record that we do not. We are against that. We oppose the positive discrimination that exists in the recruitment of PSNI officers. Therefore we will not oppose that for one institution and support it for another. If the Human Rights Commission is to fulfil its role and be representative of Northern Ireland society, we feel that a deputy chief commissioner must be appointed, based on the statutory duty and on merit.

Mr Ferguson: Sinn Féin does not support the proposal for the appointment of a deputy chief commissioner. The Irish Human Rights Commission does not draw its membership from political parties. Edwin meant well when he highlighted the fact that all political parties but one — Sinn Féin — are represented on the Human Rights Commission. We take the view that there should be no political representatives on the commission.

Mr McFarland: The Ulster Unionist Party is not represented on the commission.

Mr Poots: I did not mention any political party.

Mr Ferguson: I was just being facetious. I take Mr McFarland's point. Sinn Féin is of the opinion that, like the Irish Human Rights Commission, the commission in the North should have no political representatives on it. It is worth pointing out that the Irish Human Rights Commission is seeking to amend the Human Rights Commission Act 2000 in the South, because it is concerned that the Government are not paying due regard to its recommendations. The scandal around the residential home issue bears witness to that. Sinn Féin

supports the Irish Human Rights Commission's proposal to amend the 2000 Act to ensure that the Government pay due regard to its recommendations.

Mrs Long: The Alliance Party accepts that the Human Rights Commission must be representative of the community in Northern Ireland. That is different, however, from saying that the membership should be proportionate to numbers of elected representatives. There is a distinction. The commission can be broadly reflective of the wider community and take account of ethnic minorities, without being rigid.

Mrs Foster: The commission lacks ethnic-minority representation.

Mrs Long: Yes; that is a concern. No one has an issue with the commission's need to be broadly reflective of the community. Mr Nesbitt was perturbed to find that I was unaware that Geraldine Rice sits on the commission. None of those who sit on the commission at the moment is a political nominee. Commissioners applied and were appointed. They had to declare political and other interests, as one does for public appointments. However, they are not political nominees. The Alliance Party opposes any change that would permit the appointment of political nominees.

Another question is how one defines "reflective". There was much criticism of the original commission. It was panned by nationalists as being too unionist, because they counted the numbers of Protestants on it and assumed that they were all unionists, and claimed that unionists were over-represented.

1.00pm

Similarly, the commission was panned by unionists as not being unionist enough, and, therefore, too nationalist. Unionists viewed the protestants who were on the commission as not really being unionists. Therefore there is an issue about how one uses "protestant" and "catholic" when it comes to political aspiration and whether people see the body as reflective of the community. It could not have been too unionist and too nationalist simultaneously. There is a conflict and a paradox in the way in which people view the commission.

Edwin Poots's proposal that there should be a deputy chief commissioner has been put in very narrow terms. The Alliance Party does not object to his proposal; however, we cannot support it on the basis of his suggestion that it will achieve balance. If the Chief Commissioner were from an ethnic minority, how would the balance have been redressed.

Mrs Foster: The balance would certainly be improved if there were someone from an ethnic-minority community on the Human Rights Commission.

Mrs Long: If the Chief Commissioner were a member of an ethnic-minority community, how would community balance be restored by appointing a deputy

chief commissioner? That is the premise on which the proposal has been based, and that is the problem that I have with it. I do not have a problem with there being a deputy chief commissioner.

Lord Morrow: I cannot understand why Naomi finds it difficult to support the concept of a deputy chief commissioner. It does not matter what others have said about having a deputy chief commissioner — we are talking about the post. What difficulty does Naomi have with supporting the proposal for a deputy chief commissioner?

Mrs Long: I am not opposed in principle to the creation of the post, but it must be looked at in the context of our discussions. We cannot divorce proposals from the context in which they are being discussed. A deputy chief commissioner was not proposed in order to relieve the burden of duties from the Chief Commissioner or to deputise for the Chief Commissioner when she is not available. The proposal was that the post is needed in order to reflect balance in the community. I cannot support the proposal on that premise.

The Chairman (Mr Wells): Mr Poots, are you going to press the issue, or do members have an alternative proposal?

Mr Poots: I felt that there was considerable support for the proposal during the earlier part of the discussion. Sinn Féin was first to break ranks. There was no apparent reason for parties breaking ranks and moving away from the proposal. I am not sure whether they have been pulled on this during the break, but there was no opposition earlier. There is no reason for the objections now.

Mrs Long: My position has been consistent from the beginning of the discussion. My first action, when Mr Poots's proposal was made, was to explore the premise on which it was based. He made it clear that he felt that it was necessary in order to reflect the community. At that point, I said that I would not be comfortable with the proposal. Hansard will reflect that.

This is not about people changing their position. We are not opposed to the creation of the post, but we are opposed to the use of the post in the way in which Mr Poots has suggested.

Lord Morrow: That is an argument for another day and another place.

[Inaudible due to mobile phone interference.]

— if that deputy chief commissioner were to be appointed in a particular way to do a balancing act.

Mrs Long: I have not heard any other argument being put for having a deputy chief commissioner.

The Chairman (Mr Wells): That is a good point.

Lord Morrow: Mrs Long has an argument.

Mrs Long: I did not. I have suggested that there is a range of options, but none of them has been proposed.

Ms Lewsley: I said that I was against the proposal. I do not see the need for a deputy chief commissioner.

Lord Morrow: Ms Lewsley said that she felt that the post was reflective of the community.

Ms Lewsley: I said that it was reflective of Lord Morrow's community, which was the question that he asked me. It is not reflective of the ethnic-minority community.

Lord Morrow: That is not what Ms Lewsley said.

Ms Lewsley: Lord Morrow was asking me in the context of its reflecting —

Lord Morrow: Therefore, does Ms Lewsley think that one unionist on the Human Rights Commission does reflect our community?

Ms Lewsley: I think that there is more than one, but that depends on your definition of "unionist".

The Chairman (Mr Wells): Mr Poots, do you wish to put your proposal to the Committee?

Mr Poots: Yes. However, there is little point in pursuing it if three other parties oppose it at this point. I do have clarity from the Alliance Party on its concerns, which can be addressed. However, I do not have clarity from the other parties as to why they would object.

The Chairman (Mr Wells): Therefore you will not pursue it.

Mr Poots: Patricia thinks that the make-up of the Human Rights Commission is balanced, and she is entitled to that opinion. The commission is far from balanced; that must be made clear. Sinn Féin has no clarity on the issue.

Ms Lewsley: My argument is that, if Mr Poots believes that the make-up of the Human Rights Commission is not balanced, creating an extra post will not help. The structure of the appointments process must be changed.

The Chairman (Mr Wells): I cannot see the restoration of devolution on 24 November hingeing on this one issue.

Mr Nesbitt: My party sees merit in having a deputy chief commissioner for many reasons, one of which is to assist the commission's work. I agree with Arlene that this is not about positive discrimination. If we cannot support fifty-fifty recruitment in the PSNI, we cannot support it elsewhere.

There is another way. Generally, in any appointments system, affirmative action is taken, by which I mean that particular people are encouraged to apply.

The Chairman (Mr Wells): That is an adequate airing of views on the bill of rights and human rights.

Mrs Long, do you wish to speak on an issue that the Committee has not heard before?

Mrs Long: Yes. The Republic of Ireland has incorporated the European Convention on Human Rights into its domestic legislation. That commitment was set out in the Good Friday Agreement. Other countries have simply adopted the ECHR, but the Republic of Ireland has opted to enshrine similar protections in domestic legislation. Can we clarify the position in the Republic of Ireland — without making a value judgement on the approach — because a cross-border dimension is clearly involved?

Mr Nesbitt: I understand the DUP's difficulty. At the time of the appointment of the most recent Chief Commissioner, I recall the DUP party leader made it clear that his party would have nothing to do the Human Rights Commission while there was only this Chief Commissioner. However, that has nothing to do with this matter.

The Chairman (Mr Wells): I was about to say that I could not see the link.

Mr Nesbitt: I was not making a point; I was simply reflecting on the DUP's difficulty.

Mr Ferguson: Nice try.

The Chairman (Mr Wells): You have placed it on the record, Mr Nesbitt.

Mr Nesbitt: Thank you, Mr Chairman.

The Chairman (Mr Wells): Mr Poots, do you wish to say something about Mrs Long's proposal?

Mr Poots: I referred to the relationship between human rights organisations other than Government-sponsored organisations. We cannot ignore that issue in Northern Ireland. When we are ready to roll with devolution, Mr Ervine, Mr McGuinness, Mr Adams, and others currently associated with human-rights abusers, could be nominated.

The Chairman (Mr Wells): I assume that you mean Martin McGuinness, not Alban Maginness.

Mr Poots: Yes. This Committee must address that issue, because those people could be going into government while human-rights abuses may be ongoing within the organisations with which they are associated.

Mr Ferguson: Edwin is making an art out of insulting people today. That comment is another example. Sinn Féin made the point that there should be no political representation on the Human Rights Commission, and that should allay Edwin's unfounded fears. If Edwin wants to make a proposal on which we can all agree, perhaps it should be that we review the appointments process.

The Chairman (Mr Wells): That strikes me as an argument that should have been made earlier.

Mr Ferguson: Yes, but do you see how easily I picked it up?

The Chairman (Mr Wells): I hear what you are saying, Mr Poots. Do you want to make a proposal?

Mr Poots: A separate discussion is required on people's associations with organisations that are engaged in human-rights abuses. I do not mean second-rate criminal organisations in Manchester or organisations that are part of the gang culture; I am talking about organised criminality and organised paramilitary groups.

Mr McFarland: Lord Morrow will confirm that we have had two months of detailed discussions on that issue. My understanding was that the DUP would go nowhere near a Government with Sinn Féin until criminality had ceased. The issue would therefore arise only in that context. Whether Martin McGuinness is Deputy First Minister or not, the DUP will only enter Government when it is happy that criminality has ceased.

The Chairman (Mr Wells): The PFG Committee dealing with law and other issues will also discuss that.

Mrs Foster: Reference was made to human rights applying to states. We are raising the issue of human rights applying to other bodies, such as paramilitary organisations. Should the human-rights discussion concern people's rights vis-à-vis the state or should it include rights vis-à-vis paramilitary organisations? It is not solely about Government.

The Chairman (Mr Wells): My point is that the issue of criminality and punishment beatings will be dealt with in meetings of this Committee in a separate format.

Mrs Foster: That does not mean that it should be separated from a human-rights discussion in this format of the PFG Committee

Lord Morrow: The issue still relates to human rights.

The Chairman (Mr Wells): If the issue can be adequately discussed in another format of the Committee, do we need to have a long discussion on it? I am asking a question; I am not stating an opinion.

Mr Poots: We will deal with the past and its legacy later. Perhaps we can leave the issue until we discuss the disappeared and other human-rights abuses as part of the wider issue of the past. Human-rights abuses have occurred in the past, but they do not need to happen in future. We have an opportunity to ensure that they do not happen in future.

Mr McFarland: When negotiations begin in the autumn, the Democratic Unionist Party will have to decide whether to go into government with Sinn Féin. That decision will presumably take those issues into account. Irrespective of whether we need to debate this issue in more than one strand of this Committee, the question of whether criminality and paramilitarism

have ceased will remain. If the DUP accepts that criminality and paramilitarism have ceased, and those are the criteria on which the DUP has said that it will enter Government, this issue does not arise.

The issue will arise, however, if it is suggested that anyone who has ever been connected with a paramilitary organisation has a residual legacy of human-rights abuses and is therefore unacceptable to be in government. Sinn Féin uses the same argument when it says that anyone who has ever been a member of the RUC is unacceptable as a PSNI officer because, as far as Sinn Féin is concerned, RUC officers were human-rights abusers.

Those are daft arguments. The DUP will presumably make a choice as to whether Sinn Féin is acceptable, at which point we will all move on.

Mrs Foster: This point has been made at the PFG Committee dealing with institutional issues: even if the premise is accepted that the Provisional IRA is no longer in business, does Alan seriously suggest that there will no longer be residual terrorism from loyalists, dissident republicans or other groups in Northern Ireland?

Safeguards must be put in place, so that the instability of the in-out, in-out situation that has existed since 1998 is not perpetuated. We are talking about human-rights safeguards as well as safeguards for the institutions, so that those safeguards are in place after devolution, should it occur.

Mr McFarland: We have yet to discuss the stability of the institutions in the PFG Committee dealing with institutional issues.

The Chairman (Mr Wells): It is the next topic to be discussed.

Mr McFarland: Edwin Poots raised the point about whether Martin McGuinness was acceptable, in human-rights terms, as a Deputy First Minister to Rev Dr Ian Paisley. He seemed to suggest that human-rights safeguards should be in place to prevent Martin McGuinness from becoming Deputy First Minister. We will never get to the stage at which Martin McGuinness is Deputy First Minister until the DUP believes that Sinn Féin has stopped all criminality, paramilitarism, and so forth.

There will be no deal and no Government until the DUP accepts that Sinn Féin is clean, so to speak. Therefore what point was Edwin making?

1.15 pm

Mr Poots: The acceptability issue does not relate to Sinn Féin exclusively. For example, if the leader of the Ulster Unionist Party Assembly Group (UUPAG) decides to appoint one of its members, namely Mr Irvine, to a ministerial post, that would create real

problems on the back of Mr Haddock's attempted murder, and on the back of the attack on and murder of a gentleman in Tobermore.

Mr McFarland: As we discussed, the Assembly has safeguards related to the ministerial code, conduct of Members, etc. Those are clearly laid out.

Mrs Foster: They did not work very well in the previous Assembly.

Mr Poots: Mr McFarland has just made the case for discussing this matter.

Mr McFarland: That is a different type of safeguard. That is not a human-rights issue; it is a matter for discussion in the PFG Committee dealing with institutions.

The Chairman (Mr Wells): When Mr Nesbitt raised a matter that he felt was important to his party, we allowed him to have his say.

Mr McFarland: Absolutely.

The Chairman (Mr Wells): On the same principle, Mr Poots sees this as an important matter.

Mr Poots: I am happy to leave the matter until we deal with the past and its legacy.

The Chairman (Mr Wells): That would be helpful, because we must allow a significant amount of time for discussion of parades. Thank you for helping us, Mr Poots. We can now move on with the agenda.

Mrs Long: What about the issue that I raised on the need for research on the position of the Republic of Ireland on European human-rights protections in its domestic law?

The Chairman (Mr Wells): Do members agree that that research should be carried out?

Members indicated assent.

The Chairman (Mr Wells): It is our protocol that we always agree to any member's request for research to be carried out.

The next issue is parades. I suggest that we use the same format for our discussions as before. We will allow each party, in alphabetical order, to give a short presentation on its current position on the matter. We will then open up the discussion and try to reach some agreement on the way forward. I think that we all accept that this is a rather contentious issue.

Mrs Long: I wish to preface my remarks by referring to the context in which we are discussing the parades issue. From the Alliance Party's perspective, parading is a cross-cutting issue. In addition to the human-rights context, "Parades" must also be considered in the context of "Good relations" and "Shared future". Parading also has ramifications on matters such as "Rule of law", which the PFG Committee dealing with

law and order issues will discuss. It is a cross-cutting issue, and that must be reflected.

In setting out our position today, the Alliance Party is looking at the issue from the human-rights perspective, because today's meeting was set aside for human rights. Parading was subsumed in that topic. That is the context in which I am prefacing our statements.

The Alliance Party does not accept that there is an unqualified right to parade or to object to a parade. The claimed right to march, parade or walk is derived from freedom of expression and freedom of assembly. It is not an absolute right, and it must be balanced with the competing rights of others to freedom of expression, freedom of assembly and freedom of movement.

The Alliance Party also believes that the alleged distinction between traditional and non-traditional parades — in a human-rights context — is largely meaningless. There is a clash in our society of competing rights, and parades have become a forum for a debate about much wider communal and cultural battles over territory and resources.

We accept a predisposition to allow parades. That is the current reality, given that most go ahead and only a small number are disputed and contentious, and therefore come under additional scrutiny. There must be some form of independent body to mediate and, finally, to arbitrate on those competing claims and rights. Before the Parades Commission was set up, that arbiter was the police.

Our concern about the police being the arbiter is that they tended to err on the side of considering the weight of the threat of public disorder.

That could skew the decision-making process, rather than allow each case to be considered on its merits outwith the threat of violence from those who want to parade or those who do not want the parades to take place.

The Alliance Party, therefore, believes that the Parades Commission, as a vehicle, is welcome in that — to some degree at least — it has been able to detach the issue of the merits of the individual parades from the threat of violence and public disorder, although we realise that that is not a complete distinction.

We have concerns also about how the parades issue fits into the context of a shared future and good relations. For example, some people may wish to establish the right to have a parade but choose, on the basis of good relations and a shared future, not to exercise that right. Similarly, others may wish to establish the right to oppose a parade, but choose not to exercise that right and permit parades to go ahead. That type of mutual-accommodation approach is more likely to be successful than a more legalistic and arbitrary approach, but an independent body is needed to arbitrate when local

agreement cannot be reached. Such a body represents an important mechanism.

I do not wish to go into the other aspects of the parades issue — good relations, rule of law and shared future — although they all have an effect. Examining the issue in the context of human rights, as I have done today, covers our position.

Lord Morrow: I shall quote from article 11 of the European Convention on Human Rights:

"1. Everyone has the right to freedom of peaceful assembly and to freedom of association with others, including the right to form and to join trade unions for the protection of his interests.

2. No restrictions shall be placed on the exercise of these rights other than such as are prescribed by law and are necessary in a democratic society in the interests of national security or public safety, for the prevention of disorder or crime, for the protection of health or morals or for the protection of the rights and freedoms of others. This article shall not prevent the imposition of lawful restrictions on the exercise of these rights by members of the armed forces, of the police or of the administration of the State."

Mr Nesbitt: Was that quotation from article 11 of the ECHR, or are you reading its expanded interpretation?

Lord Morrow: It was article 11.

Mr Nesbitt: That was the full article about the forces of the law?

Lord Morrow: Yes.

Solving the problems that have been associated with parades is a fundamental prerequisite to political progress and stability in Northern Ireland. Although there are no easy answers to dealing with those issues, it is clear that the Parades Commission has failed to bring about a solution to the problems. In fact, very often, its approach has exacerbated difficulties within the community and it has proved to be part of the problem, rather than part of the solution.

The problems with the Parades Commission are not simply questions of the personalities involved or questions of detail, but matters of fundamental principle, which are not capable of being addressed within the present structures. In a number of crucial regards, the Parades Commission is structurally unable to meet the challenges with which it is faced.

Although no structures can be a panacea to the difficulties that are faced in this area, it is possible to create arrangements that can play a valuable role in helping to solve the problem. Just as the difficulties that surround the question of parading cannot be divorced from wider political questions, it is also now

true that wider political issues cannot be divorced from a solution to the parading question.

There are clearly a number of problems with the current arrangements. Decisions are seen to be arbitrary, unfair and inconsistent. The Parades Commission lacks the confidence of the majority of the community. There is a lack of transparency in the process. Bad behaviour is rewarded, and there is no regulation of parade protests.

The DUP's proposal outlines a long-term solution to the problem. The proposal includes splitting the mediation function from the determination function, and establishing two separate bodies: one to deal with mediation, the other to deal with determination, where necessary. That would allow the mediation body to concentrate on resolving issues affecting contested parades and agreeing arrangements without the need for a formal determination hearing. That would establish a process whereby contested parades could be identified and dealt with separately from the vast majority of uncontested parades, which will not require any determination.

Where it is impossible to resolve a contested parade to the satisfaction of the affected parties, the determination body — that is, the parades tribunal — would operate as a tribunal in a quasi-judicial capacity, with decisions taken in accordance with established law and guidelines. The parades tribunal would regulate the contested parade and any contested parade protest.

The formulation of guidelines would be critical, but would be predicated on a presumption in favour of a parade's proceeding. The traditionalism of a parade would weigh further in its favour, and each determination would be tilted towards providing incentives for good conduct. The guidelines would be established in statute and would have the force of law. In order to allow proper time for matters to be considered, 28 days' notice should be given before the planned event, with a determination at least 21 days in advance of the event. That would allow time for attempted resolution or appeals of the decision.

To be allowed to continue, any protest against a contested parade would be subject to any and all conditions set by the parades tribunal. The tribunal would sit in public and, where possible, take evidence in public and publish the detailed reasons for its determinations. The mediation body or the parades mediators could be called to give evidence to the tribunal about their efforts to resolve the matter, as could the parties involved. The police could also give evidence, where necessary. The panel from which the parades tribunal would be drawn would be limited to between five and seven members. A former or current judge would chair the tribunal.

The issue of disorder, either as a result of a previous parade's going ahead or not going ahead, would not be

a factor that could be taken into account by the tribunal in favour of those who are responsible for the disorder. In the final analysis, however, police decisions would always be critical. More emphasis would be placed on the conduct of those parading and on those protesting against the parade. If a previously lawful parade were illegally interfered with, that would count in favour of the next parade. However, where parade conditions have been breached, that would count against the next parade. The parades tribunal would weigh the value of any proposal made to rectify a previous breach. It is important that good behaviour — rather than bad — is rewarded.

Notification of uncontested parades would be given to the police, but a determination would not be required. The parades tribunal would periodically review the list of contested and uncontested parades. Where it is proposed to change the classification of either a contested or uncontested parade, an opportunity shall be given for representations to be made.

In conclusion, the Parades Commission is part of the problem, rather than the solution. The solution must, therefore, lie in creating new arrangements that seek to avoid, where possible, the requirement for a determination. However, where a determination is needed, the process must be seen to be open, transparent and fair. A first step is a process that can enjoy community confidence, operated by those who command respect. New arrangements cannot solve the problems associated with parading, but they offer the opportunity to get out of the present cul-de-sac and provide the potential for a better way forward.

Mr Ferguson: Mr Chairman, members' previous contributions imply that this issue is simply about the right to march. It is more fundamental than that. For example, there are more than 2,000 loyal orders marches every year. Only a few of those are contentious.

1.30 pm

When a parade is contentious, the loyal orders should demonstrate some common sense, and not insist that those marches are forced through communities where they are not welcome or wanted. That seems like good common sense to me.

Mrs Long: You mentioned that good common sense would suggest that, when a parade is contentious, the loyal orders should not force the issue. Would it also be good common sense if, on some occasions, communities that may not want a parade to go through their area were flexible and gave consent? It might be good common sense to do that on some occasions.

Mr Ferguson: Nice semantics, Naomi. Perhaps you should put that to the residents' groups in the areas where people wish to march, rather than to me.

Mrs Foster: He does not represent them.

Mrs Long: I am asking you because you mentioned good common sense. I am seeking clarity.

Mr Ferguson: I cannot speak for residents who do not want an unwelcome parade to go through their community.

As I said, there are over 2,000 marches every year, only a small number of which are contentious. When a community does not want a march to go through its area, the loyal orders should respect that, should not march, and should not insist that any commission or other body create a situation where that march is forced through an area. When the loyal orders feel that they cannot be reasonable in that respect, they should have the courtesy to sit down with residents' groups in those communities. They should facilitate dialogue and pay residents the courtesy of asking.

Members would have to admit that some of those parades go through communities only because there are Catholics living there. The loyal orders should at least pay residents the courtesy of asking first. That is not unreasonable. The assertions that parades are traditional and that there is a right to parade cannot simply be taken for granted.

I have watched marchers in parades down the Ormeau Road, putting five fingers in the air in reference to what happened at the Ormeau Road bookmakers. That was insulting, offensive, and should never have happened. We have seen many such marches, and we have seen horrible things, such as the scenes on the Springfield Road last year. If that sent out any message, it was that the leadership of unionism is poor and weak. They should have encouraged those people who wanted to march down the Springfield Road, or elsewhere, to sit down with those communities to ask them whether it was OK. Political unionism failed to provide that leadership.

This year, however, we saw some changes. Michael Copeland is sitting across the table, and he and I spoke on the eve of one such march. We tried to use our influence to support common sense and peace.

The points that I have made are fairly simple. If you want to walk through an area where you are not wanted, do not go. If you feel that you must walk through that area, sit down and talk to the residents first.

Mr A Maginness: The SDLP's position on contentious parades and the Parades Commission is well known. We supported the formation of the Parades Commission because there was obviously a difficulty, not just in relation to contentious parades, but in the manner in which the police determined decisions at the time. It was clearly unacceptable for the PSNI to make determinations, and to police those same determinations. It made a lot of sense for an independent body to make determinations on contentious parades.

We were, and continue to be, very supportive of that regulatory mechanism for parades. We feel that the Parades Commission has done a reasonable job in very difficult circumstances. That is not to say that we agree with everything that the Parades Commission does. We accept its decisions, because it is important that if a body is established to be impartial and act independently, people should accept its decisions whether they like them or not.

We know the history of contentious parades. Loyal orders wish to assert what they regard as traditional marching or walking rights in areas that have undergone radical demographical changes over a number of years. The SDLP's view is that when communities do not accept that, the loyal orders should not exercise what they regard as their traditional right to march. Alternatively, they should talk with the local communities affected by the proposed parades.

If effective dialogue were taking place between the loyal orders and local communities, many contentious parades could be resolved very quickly. Failure by the loyal orders to engage in such dialogue is preventing resolutions to what are really local problems. There can be no blanket resolution of the parades issue. Although contentious parades are localised and affect a small number of areas, they are important because they affect the political temperature and atmosphere of our society when they either go ahead or are prevented. In those circumstances, we urge the loyal orders to pursue dialogue vigorously to reach a local accommodation.

We have a divided society, and contentious parades are symptomatic of those divisions. Having a united society that was agreed on the way in which it should go forward would help to eliminate some of the contentious aspects of parading. There is no doubt that, in some areas, contentious parades are exacerbated by the negative overall political situation. Building a society here that is based on partnership, co-operation and power sharing should lead to an easing of the community tensions that give rise to contentious parades.

Lord Morrow seems to be referring to a document. It would be interesting if our DUP colleagues would share that document with us, so that we can see the rationale behind its proposals. However, subdividing the functions of the Parades Commission by creating two separate bodies, a mediation body and a determination body, which would introduce a tribunals system, would be wrong and counter-productive because it would involve a quasi-judicial system of tribunals that would become more and more legalistic and hidebound by professional legal intervention.

In such circumstances, greater problems are created. At the moment, the Parades Commission deals, on a very pragmatic level —

[Inaudible due to mobile phone interference.]

— by legal complexities. People go to the Parades Commission, present their points of view plainly and clearly, and the commission makes a determination on that basis. To subdivide the functions would be wrong and unhelpful in the present situation and, I stress, would not be a substitution for intensive dialogue at a local level.

The Parades Commission conducts a degree of mediation, which is to be welcomed and should be sustained, and, to that extent, it does a reasonably good job. Perhaps more resources could be made available to the commission so that that function could be enhanced.

The criticisms that Lord Morrow levelled at the Parades Commission are unfair. The commission has acted as openly and transparently as it can in the circumstances, and, in the main, it has acted fairly. It is important to recognise its independence and its intent to serve the interests of the whole community, not just a section of it. It is important also that the commission, when making its determinations, takes into account not simply what could be regarded as traditional rights, but rather the impact that a parade could have on community relations, security and public order.

Finally, article 11 of the ECHR is so qualified that there can be no sense of an absolute right to parade or to walk or to march — whichever one wants to call it. The very reasonable restrictions that have been put in place by the state through the Parades Commission, and through the policing of parades are consistent with the requirements, in a democratic society, for the preservation of public order. There is no solace for the loyal orders in article 11. I re-emphasise that it is up to the loyal orders to engage in local dialogue to resolve what are essentially local problems.

The SDLP is opposed to any review of the Parades Commission at this time, or in the near future, and it is opposed to any dilution of the commission's powers.

Mr McFarland: I will provide a little background, and my colleagues will expand on various issues during the discussion.

Karl von Clausewitz once said that:

“war is the continuation of politics by other means.”

In the past 10 years, parading has become the continuation of war by other means because it has become a political weapon that is being used to destabilise society.

How do we know this? Well, Gerry Adams told us in Tullamore in 1994 — an RTE journalist listened to a briefing of Sinn Féin faithful and heard Mr Adams ask them whether they thought that the parading issue had just happened. He said that it had not, and that it had

taken Sinn Féin three years to stir up community groups and to get them on to the streets.

According to that report, there is no doubt that the parading issue was a political weapon to get people on to the streets. The result has been riots and the PSNI's having to remove people forcibly from the streets, with the accompanying television pictures that we have all seen. There is no doubt that it became an issue with which to beat the police and unionist culture generally.

1.45 pm

A few years ago, good sense came into the situation when some very wise people in the loyal orders in Londonderry decided that there had to be a better way. They got together with businesses, and the result, interestingly enough — until this year when they ran into a funding problem — was a week-long Apprentice Boys' festival, with people coming from all over the country to examine unionist culture in a non-threatening way.

That good sense has been followed by work from some equally wise heads in the North and West Belfast Parades Forum (NWBPF), and, for two years, we have had the makings of solutions to the parading issues — although there was a breakdown last year. Today, newspapers are reporting that it appears that a recent meeting with Ardoyne residents appears to have found agreement on a parade that will pass the Ardoyne shops. That is to be welcomed.

The NWBPF comprises members of political parties, indeed both unionist parties, community groups — some of which have very close links with paramilitary organisations on both sides — churchmen and representatives of the loyal orders. That seems to be the logical way of dealing with the situation, with people discussing and resolving issues. As Sinn Féin starts to move towards Government, and as it is clearly starting to discuss policing issues seriously and to become responsible, it is interesting that the tension over parades has decreased, as I have just evidenced.

Could it be that Sinn Féin's political weapon on policing has ceased to be as important regarding parades, and that the recent accommodation on parades is due to Sinn Féin's moving, perhaps by the autumn, to take up a responsible position on policing, meaning, therefore, that it no longer needs the parades issue with which to beat up unionists?

Goodwill all round will solve the issue. My colleagues will set out other issues during the course of the discussion.

The Chairman (Mr Wells): Thank you, once again, for sticking to time. We have heard disparate views on parading — to put it mildly. The only proposal that I detected was from the DUP on splitting the mediation and determination functions in the Parades

Commission. I will come back to the DUP to see whether it wishes to beef that up into a formal proposal. However, other members got their retaliation in by saying that if it were proposed, they would shoot that idea down in flames. That is politics.

Mrs Long: There may have been another seed of a proposal. Alban said that the DUP proposals were quite detailed and that it might be useful to have sight of them in order to study them in more depth. I would second that proposal, because it would be useful.

I agree that with good will on all sides, local dialogue is probably the way in which this matter will be resolved. However, discussion does not always lead to agreement, as we have found in this Committee on more than one occasion. There has to be some method for dealing with residual issues, which cannot be agreed locally.

With regard to the DUP's proposal on separating the arbitration and mediation function in the Parades Commission, the Alliance Party has been quite clear about its support for the Parades Commission and the principle of having a body to deal with the parading issue. However, separating the arbitration and mediation function is something that should be explored further. It has merits, if the situation is considered dispassionately.

Mediation is the first step in the process, but parties may be hampered, as they may be unprepared to make generous offers that could colour the outcome of arbitration at a later stage. If the same people arbitrate as mediate, people could become less flexible during the mediation process.

The decision of those who arbitrate should not be influenced by the demeanour of parties during mediation. People may be overenthusiastic with their generosity during mediation, knowing that agreement will not be reached, but they may try to create a good impression in the hope that arbitration will go in their favour. That is not beyond the bounds of belief, and it could influence decisions. There is a corollary here. If a person is intimately involved in a mediation process immediately preceding arbitration, it may be difficult to remain impartial during the arbitration process, even though impartiality is critical. Therefore splitting arbitration and mediation merits further consideration.

We may not all reach consensus on that, but it would be interesting to explore it further, because the processes in the Parades Commission have created difficulties in how it discharges its functions. The previous commission focused mainly on arbitration, because initial attempts at mediation were unsuccessful. We are cognisant of the fact that engaging in a lengthy mediation process could affect the Parades Commission's ability to arbitrate.

Things are slightly different now, and, to some degree, Alan has outlined the context for that change. There has been a change in dynamic, which has allowed the

new Parades Commission to be more hands-on with mediation. However, it will be increasingly difficult if it then has to arbitrate in those situations. That warrants further discussion.

I share Alban's concerns that one could end up with an unwieldy, legalistic process, which may counteract what people say around the table about goodwill being the solution, rather than an unwieldy process. However, the DUP's proposal merits exploration through discussions.

The Chairman (Mr Wells): That is interesting, because I thought that the only issue on which the Committee had reached consensus on parading was the fact that we would discuss it on Fridays.

The proposal is that the DUP provide more information on its proposal. If no one wishes to speak against that, we can reach consensus. Did you read from a prepared document, Mr Morrow?

Lord Morrow: The DUP has a prepared document, and we are happy to distribute that, so that all the parties can read our proposals.

The Chairman (Mr Wells): Is there more detail in that document, or is it simply as read out?

Lord Morrow: Other parties had not seen the DUP's proposal, and that is why I read it out in full. It will all go on the record, so members will have an opportunity to read it in Hansard. However, if we can get photocopies of the proposal, we can pass those around.

The Chairman (Mr Wells): Hansard would also appreciate a copy of your document. A member of the Committee staff will distribute copies to all the parties. That seems to be agreed. Alban has stated that he is unhappy with the DUP's proposal, and I suspect that Sinn Féin is also unhappy.

Mr Poots: Alban seems to be confused about not having had an opportunity to read it, and I can understand that.

The tribunal was something that would be set up after mediation. Alban was concerned about its quasi-judicial nature, but the first aspect would not have any quasi-judicial nature to it — it would be purely mediation.

Perhaps the main issue that we have identified with the Parades Commission is that it has two roles — one is mediation and the other is quasi-judicial involvement in determining what happens in parades. The DUP feels that to separate those functions would assist and improve the current situation.

Lord Morrow: Has there not been a request for mediation right around the table?

Mr A Maginness: I accept that the Parades Commission involves itself in mediation; that is an established fact. That role is right and proper, and it

should be pursued and enhanced. However, I reiterate that the DUP's proposal would create a complex legal process, which would go over and beyond a simple determination by the Parades Commission. It would involve a panel drawn from Parades Commission members in tribunals, which would be chaired by judges or ex-judges, and that would inevitably become complex. As we all know, tribunals, including industrial tribunals, were set up to be simple, straightforward means of resolving differences in the workplace. However, industrial tribunals are now among the most complex of legal processes. One enters that process at one's peril if one does not have a lawyer.

Lord Morrow: Even if you have a lawyer.

Mr A Maginness: It is certainly more expensive when you have one.

Mrs Long: Is that an advertisement for legal services? *[Laughter.]*

Mr A Maginness: I think that there is a danger inherent in that. As has happened on many occasions, once the Parades Commission makes a determination, judicial reviews are sought. Those matters are heard in the High Court. That is an already existing remedy for people who are dissatisfied with a Parades Commission determination. To go along those lines would be to make determinations more and more complex and legalistic.

Mr Copeland: At first glance, I find much merit in the document that Lord Morrow read out. I do, however, feel that such is the content that I would like time to read and consider the document. I am probably the least experienced person at the table in putting forward views in this format, and I therefore ask that members judge my comments with a degree of kindness.

In New York in the late 1800s, an attempt was made to ban a procession — or a parade — celebrating the Twelfth of July. Varying degrees of influence were applied, and the parade was permitted, under protection of the law, to proceed. During the ensuing trouble, between 12 and 16 people lost their lives, some of them at prestigious addresses such as Central Park and Park Avenue. The following year, the Grand Lodge of America, having concluded that it had established the right to parade, took a decision to no longer exercise that right, and over the next decades it slipped into obscurity.

We look at the issue of parading through the colour-tinted glasses of our respective communities. We are not specifically talking about orange parades, although the practicality is that we are; we are not specifically talking about loyal order parades, although in Northern Ireland we are.

English is a very peculiar language. I came in here this afternoon and was offered boiled goats' cheese, and I had to determine whether it was the goat or the

cheese that had been boiled. The way in which we use language can create difficulties. Mr Ferguson continually uses the words "marching" and "through". That terminology is a consequence of a decision that was taken at some time to make parading an issue. He may consider it to be legitimate, politically and historically, to have done so.

2.00 pm

My view is that in a democracy — and we are enjoying a degree of what passes for democracy here — every time a citizen's foot falls on the road in protest or on parade, that very action defends the rights all those who may or may not agree with that parade.

The more that we reinforce the legalistic hullabaloo that has surrounded the Parades Commission, the less likely it is that responsibility will be accepted by those who can affect the issue. The same people who have made parading an issue can make it a non-issue.

I have been an orangeman for 30 years. I cannot recall participating in anything that remotely resembled, or could be described as, a march. Indeed, the term "marching" has only recently come into parlance, even within the unionist and loyalist community. They were described as walks, parades or processions. I fully accept that people may have objections to parades taking place.

My baseline is that, in a democracy, anyone who wishes to parade should be afforded the right to do so under law. Anyone who wishes to demonstrate against a parade should also have the right to do so under law. There is a massive misunderstanding in some quarters about the reasons, history and traditions that are associated with parades. I am sure that Mr Ferguson will recall inviting me, and some prominent elected members of the DUP, to join him at the head of a procession that went down the Falls Road. He may recall my answer on that occasion.

Mr Ferguson: How quickly can we go?

Mr Copeland: He was not able to provide a flute band or a banner, and I had another appointment.

Lord Morrow: You said that you would provide them. *[Laughter.]*

Mr Copeland: I had another appointment. He had no issues with my parading down the Falls Road. When a certain section of our society exercises a freedom as opposed to a right, surely it must be in the interests of all society that it be allowed to do so.

Last year, a group of white-supremacist fascists — Nazis, for want of a better word — exercised a right, protected under the Constitution of the United States, to parade through Toledo, Ohio. It would have been a non-event except for the fact that those opposed to the parade allowed the situation to descend into lawlessness.

The current Parades Commission is immeasurably different from the previous one, which retreated into a bunker and took a legislative approach. The lack of knowledge and understanding that it displayed, which has been inherited by the current commission, is astounding on occasions.

On one occasion the Parades Commission claimed that some pieces of music were contentious. When I asked the commission how its decision was arrived at, it told me that it was as a result of heavy and continual lobbying by nationalist groups.

I have always held the view that music itself cannot be contentious — songs can be contentious, depending on their lyrics. It transpired that the Parades Commission had accepted that there was a level of contentiousness, purely on the basis that people claimed to be offended. An examination of some of the music concerned led the Parades Commission to re-examine their own attitudes and to accept that they were neither fit nor qualified to take the decision to apportion contentiousness to certain pieces of music.

The pieces of music were, in particular, ‘The Sash’, ‘Derry’s Walls’, and ‘The Billy Boys’. It can be demonstrated that ‘The Sash’ contains an Irish air called ‘My Irish Molly’. The onomatopoeic structure of the music indicates that it was originally written to be sung in the Gaelic language. The music for ‘Derry’s Walls’ came from ‘God Bless the Prince of Wales’, and ‘The Billy Boys’ is a Glasgow Rangers razor-gang song from the 1940s or 1950s. It astounds me that people are invited from America by Sinn Féin to make judgements about the music that is played at parades. The tune of the ditty referred to as ‘The Billy Boys’ comes from ‘Marching Through Georgia’.

I have seen documentation from people of some calibre from the United States, who, on hearing the tune of the Union Army’s most famous marching song during the American civil war, called it a Belfast street-song.

The parades issue will be resolved when we accept that there are two different opinions, and that one section of the community’s attempt to prevent an outward expression of the cultural identity of the other damages us all. In other words, we may find a way forward when those who have made it an issue cease to do so.

Mrs Foster: I thank Alan for mentioning where this issue originated. I am from the Protestant community in Fermanagh, which is very much the minority community. It is at the sharp end of intimidation and attacks on orange parades. Republicans use the parades issue as a weapon to do just that. Church parades consisting of 10 or 12 men with an accordion band, which have been held for years, are suddenly deemed offensive because republicans think that they can stop them with the threat of violence.

The kernel of the DUP’s paper is that good behaviour should be rewarded and bad behaviour should not. I think in particular of the Parades Commission’s determinations on parades in Newtownbutler and Rosslea in County Fermanagh. The Protestant community in those areas has been decimated by ethnic cleansing, and through a range of other means of intimidation and attack by republicans. Republicans cannot abide Protestants

demonstrating their culture on one Sunday in the year; they cannot show tolerance to that small lodge. Sinn Féin finds such demonstrations completely offensive, and that speaks volumes about its intent on a range of issues. I want that put that on record because some very colourful descriptions have been given of loyal orange parades. I have no experience of such parades in County Fermanagh.

Alban said that the SDLP would not even consider a review of the Parades Commission, and that is very disappointing. The DUP is asking for a review, although, frankly, it wants the Parades Commission to be done away with. However, it is very prescriptive to take the view that a review should not even be allowed. It is also the first time that I have heard a colleague from the legal profession say that he does not want any extension of the legal process in tribunals. The Parades Commission, as it stands, is part of an illegal framework. As Alban rightly said, people take judicial reviews to the High Court.

I firmly agree with Naomi Long that it would be best practice to split the mediation and determination functions. It would be good practice, and it might create movement on the parading issue. That is what the DUP suggests in its paper. I do not accept that some of the Parades Commission’s decisions have been necessary and proportionate, in accordance with article 11 of European Convention on Human Rights. They have been wildly disproportionate in some cases — again, I am thinking specifically of Fermanagh.

At the very least, a review of the Parades Commission should be considered. The DUP’s position is that it wants the Parades Commission to be scrapped, and we have made our reasons very clear.

Lord Morrow: I want to respond to one or two of Alban’s comments.

The Chairman (Mr Wells): I will let Mr Ferguson speak, and then you can raise those points, Lord Morrow.

Mr Ferguson: I want to pick up on comments that Alan McFarland and Michael Copeland made.

To accept their comments would be to imagine that there had never been any difficulty with any orange parade for the past two centuries, when we know that that is not true. The attempt to say that Sinn Féin is

responsible for the mayhem that emerges from loyal marches is completely unacceptable. It is worth repeating that several thousand loyal or orange marches are contentious. People are welcome to parade up and down — if the word “march” offends, Members can call it what they will. I will not fall out over a word.

We cannot divorce orange marches from the history of this state. We cannot divorce them from the experiences of unionist misrule, discrimination, inequality, triumphalism, loyalist death squads, and all that goes along with that.

If we have learnt any lesson in recent times, it is that commissions, arbitrations and tribunals have not been the way in which to resolve those issues. When local communities and the loyal orders have been willing to discuss parades, they have found a way forward. There are good examples of that.

Naomi asked whether communities would be happy for parades to march through their areas. We have seen the answer to that on the Springfield Road, the Ormeau Road and elsewhere. When dialogue between the loyal orders and host communities takes place, common sense prevails and a way through is found. That must be the way forward.

A million parades tribunals could be established, and the Parades Commission could be reviewed, but the way in which to resolve this issue is through dialogue. However, let us not for one minute try to divorce the problems behind these marches from the historical experience of being nationalist, republican and Catholic on this island, particularly since partition. A century ago, there were pogroms in Catholic villages after orange marches.

Let us put it in context, folks, and understand why we are around this table discussing the issue. It is not a case of people being unreasonable about others wanting to march down their street. A blind eye cannot be turned to this issue: it will not go away, because it has an historical association with unionist misrule, discrimination and inequality, and the impact of loyalist death squads on Catholic and nationalist communities.

Mr Nesbitt: I have five points to make. The first concerns the balancing of competing rights, which Naomi raised initially. I do not totally subscribe to the idea that we are balancing competing rights, although it gives a nice balance to the argument.

A large number of the Parades Commission's determinations are laid out in a pro forma, with various rights attached and the judgement reached. The rights of the organisers, primarily the orange institutions — although in Kilkeel, it is the Ancient Order of Hibernians (AOH) — are to be considered in the context of articles 9, 10 and 11 of the ECHR.

Article 9 refers to freedom of thought, conscience and religion; article 10 to freedom of expression; and article 11 to freedom of peaceful assembly. As Alban and Lord Morrow highlighted, all those rights contain a caveat about ensuring a balance to preserve a democratic society and national security. Alban pointed to article 11 as the crucial element, although he said that it gave no solace to the loyal orders.

On an interpretation of case law, those freedoms oblige states to ensure that conditions exist for public meetings and assembly to take place. States have a responsibility to ensure that. Determinations in such cases mostly err on the side of the threat, implying a skewed logic and, perhaps, an overall bias.

It is right of assembly versus the threat of public disorder. That threat is not a competing right, therefore, there is an imbalance in allowing freedom of assembly, but not if it is likely to result in disorder. The Parades Commission often says that a decision on a parade is based on the fact that to allow it would damage community relations and would be likely to lead to public disorder — one could almost write the script. The matter is skewed, because the right of assembly is being balanced with the threat of public disorder. The Parades Commission must find a balance between competing rights.

2.15 pm

Secondly, the rights that it says that it, as a commission, must uphold are contained in article 8 of the ECHR and article 1 of the ECHR's protocol. The commission must consider those who live, work, shop, trade and conduct business in the communities.

Article 8 deals with respect for a person's private and family life, home and correspondence. The Parades Commission has used a rather bad interpretation of that article. In case law, the right to private and family life is more a matter of, for example, whether a stepfather who marries has the access rights to his stepchildren. In other words, how is family life defined and what rights do people have as a family? That does not exactly fit in with the parading issue.

Article 1 of the first protocol deals with entitlement to the peaceful enjoyment of possessions. I presume that individuals primarily enjoy their possessions within their own curtilage, because they are one's own possessions.

I have a difficulty with the matter of balancing rights. The Parades Commission balances rights with the possibility of public disorder, and that skews its decisions.

Thirdly, if I can paraphrase Alban correctly, he said that a better political environment might be conducive to resolving the parading issue. Why do we not have a better political environment? I will not rehash the

issues, but if all parties were to subscribe to the principles and practice of governance that apply elsewhere in Europe, Northern Ireland would not be without governance.

Fourthly, I agree with Arlene and Naomi: it seems that bad behaviour is rewarded instead of good behaviour. That also skews the issue.

My fifth point concerns Mr Ferguson's comments on discrimination, inequality, unionist misrule and loyalist death squads. Regrettably, that mantra has been thrown at us for years. Unionists have not been in government in Northern Ireland since 1972. That was a long time ago, so I am not sure what misrule he refers to. That was another generation. I simply ask Sinn Féin to abandon its myopic perspective of Northern Ireland and to look instead to the world of the twenty-first century.

All the statistical evidence that has been gathered since the fair employment law was established in 1989 — 17 years ago — shows that there is no discrimination against the Catholic community. We will examine that issue next week. There is no inequality, so please do not ask this generation, and this Committee, to have visited upon it Sinn Féin's perception of what happened to past generations.

Lord Morrow: There is a perception that when unionists, orangemen or Protestants celebrate their culture, it is triumphalism. When nationalists do the same, they are just celebrating their culture. Whether it be a fleá cheoil, or whatever, they can take over a village and celebrate their culture.

I was interested to hear some members say that there are only a few contentious parades — and that is true. We hear much about minority rights. Does a minority have the right to march or parade in a peaceful and lawful manner? Where is the threat when 10% of the community want to parade in a lawful and peaceful manner? That is something that they have been doing since they were the majority community, but because they have been ethnically cleansed, they have been pushed out.

The inference is that they must ask the community that ethnically cleansed it for permission to walk down a road. It would have been a fine gesture if the majority community had approached the Parades Commission and said that although the other community was in the minority, it was prepared to demonstrate that it believes that the minority community's culture is legitimate and lawful, and that it is that culture's right to walk. It would be a fine gesture for the majority community to tell the minority community to go out and enjoy its parades in a lawful and orderly manner.

If any members feel that the status quo is sufficient and that "no change" will be the way forward, they are saying that we are going nowhere. Dermot made a salient

point. We hear about 50 years of misrule. Direct rule was imposed in 1970 or 1971, which was 36 years ago.

Mr Nesbitt: You were able to count that; I could not.

Lord Morrow: Since then, almost 3,500 people have been killed under the utopian system that we have had. Would someone like to tell me how many people were murdered in this country during the previous 36 years? I have no doubt that they would not come up with a figure of 3,500 — I suspect that it would be in the hundreds.

I do not want to be beaten over the head all the time with talk of 50 years of misrule. I was but a child then.

Mrs Foster: I had not even been born.

Lord Morrow: We knew all about the 36 years of misrule when we were at the cutting edge of republican terrorism; our communities were ethnically cleansed from the border areas and our people were driven out; our orange halls were burned to the ground; and our parades were interfered with and stopped. I speak not as a member of the Orange Order. If any members think that the Parades Commission is the only solution, and that there should be no change, they are saying that there will be more of the same.

Every attack and every demonstration against an orange parade leads inevitably to another orange hall being burned to the ground. That will continue until the nationalist community has someone with leadership qualities to say that enough is enough. The unionist community has a right to exist, to celebrate its culture and to parade in a peaceful and lawful manner. Until some nationalists have the courage to stand up and acknowledge that, we will see much more of the same trouble.

The Chairman (Mr Wells): There appears to be a slight dichotomy between the two positions. The two sides do not seem to be moving closer. *[Laughter.]*

Mr Ferguson: I got that impression too.

The Chairman (Mr Wells): To give a fair reflection of the membership, we will hear three more contributions. After Mrs Long, Mr Ferguson and Mr Copeland have spoken, I suggest that the DUP proposal be put to the meeting. If it is unsuccessful, members may consider other proposals.

Mrs Long: Given that the proposal is going to be put, I will state the Alliance Party's position on it.

The Alliance Party cannot endorse the DUP paper today. We have given it only a cursory reading, and we have noticed some areas that need amendment. However, we have seen some merit in the proposals also, so we want to explore the paper in more detail.

Discussion has moved away from human rights to parades, but the interpretation of fundamental human rights has arisen again. Michael used the phrase "driven

through a community". The people who live in a particular area or community have certain rights, such as the right to live free from threat and intimidation. However, they do not have the right to deny others access to and through that community. That brings us to territorial rights over particular areas. These apply not only to Orange Order parades through nationalist communities, but equally to republican parades that border onto unionist communities — or, indeed, to many other parades that occur despite the discomfort of the host community. Although we are focusing on loyal order parades, the issue is not exclusively for the loyal orders.

There seems to be an assumption that community identity takes ownership of physical location. That is contrary to good practice on human rights. We must be very cautious about how we proceed. I accept that communities have the right to live free from fear of threat and intimidation, but that is very distinct from being able to ring-fence pieces of territory and deny access.

That leads on to a wider discussion, which we need to have at some point but perhaps not today, about the conduct of parades and protests. Often a parade is deemed contentious simply because the host community is not comfortable with it. However, I see parades that appear contentious to me; I may not be a member of the host community, but I can still find a parade offensive.

Therefore, the conduct of parades and the perceived threat that emanates from them is another issue. I will give two examples. If you take a loyal order parade, the parade in itself may not be particularly contentious, but the conduct, the attire and the demeanour of some of the individuals involved in the overall procession may cause people to feel intimidated or threatened by their behaviour. We must address that. Likewise, I have seen some republican parades where the conduct, attire and demeanour of individuals could cause fear and intimidation in the community.

We are caught on the hook of this territorial issue with parades. There is a wider issue about the impact of parades on good relations. I did not touch on it earlier because I was referring to human rights, not good relations. However, they are interlinked. An individual's right to live free of intimidation is at times affected by the conduct of particular parades and by protests against parades, which can be violent and disorderly. We must explore those links.

2.30 pm

The Alliance Party contends that the idea to split the Parades Commission's functions of arbitration and mediation merits close scrutiny. That does not necessarily mean splitting the body, but it may mean splitting the functions and changing the way in which it does business.

I reiterate that the Alliance Party is not in a position to endorse the DUP paper, but we would not want it to be set to one side. We should discuss the paper, as it raises some key principles. For instance, in recent times, rewarding bad behaviour has worked both ways. A move from that to the predication of decisions upon the reward of good behaviour would have a positive impact on the parades scenario.

The Chairman (Mr Wells): Are you suggesting, in the event of Mr Poots's motion falling, a proposal to give the paper further consideration?

Mrs Long: Yes.

The Chairman (Mr Wells): Well, we will keep that proposal on the stocks per chance Mr Poots is not successful.

Mr Poots: It is Lord Morrow's proposal.

Mr Ferguson: With the greatest respect, sometimes Naomi presumes that the defence of individual rights will protect group rights. This is clearly one of the cases in which it does not.

Mrs Long: Will you take a point of information?

Mr Ferguson: Yes.

Mrs Long: I have never argued in favour of the protection of group rights. My only interest is the protection of individual rights. The protection of group rights leaves gaps, because individuals are not protected. The protection of individual rights protects all people. If they wish to associate in groups, to claim and exercise those rights, that is a matter for the individual.

Mr Ferguson: As I said, with the greatest respect, Naomi often confuses individual rights with group rights and somehow thinks that group rights undermine individual rights. I reiterate that because —

Mrs Long: Reiteration will not make it fact, Michael.

Mr Ferguson: No, but it makes me feel good, OK?

Mrs Long: I do not deny you your right to feel good.

Mr Ferguson: OK. However, we are not talking about the denial of an individual's right to walk down the Springfield, Garvaghy or Ormeau Roads. Individuals can walk down those roads at any given time. We are talking about parades through those areas, without the community's consent, and where it is offensive. Parades cannot be divorced from the way in which communities experience them. It is a mistake to suggest that stopping those parades would diminish individuals' rights.

Dermot and Maurice are right: we have had direct rule since 1971. Due to the paraphernalia of discrimination and inequality that has been institutionalised since partition, we are sitting around a table talking about human rights and equality. We are dealing with institutionalised discrimination and a situation in

which Catholics are twice as likely to be unemployed as Protestants —

Lord Morrow: So, nothing ever changes?

Mr Ferguson: Maurice, if we did not think that there was an issue, we would not be here discussing human rights and equality agendas and trying to improve matters to ensure that everybody is treated equally. Unionists have a responsibility —

Mrs Foster: That is right.

Mr Ferguson: To be honest, my colleague across the table who interrupted me is all the more responsible because she is not prepared to go into Government and do what needs to be done —

Mrs Foster: You are right.

Mr Ferguson: While she is not prepared to do that, direct rule British Ministers are eroding the education and health systems.

Mrs Foster: Martin McGuinness did a good enough job of ruining the education system while he was the Minister.

Mr Ferguson: I think Martin did us a favour by eradicating academic selection; the majority of communities suffer from that.

Setting that aside, we cannot airbrush history just because my colleagues across the table want to take a revisionist view of it, or want to ignore, for example, the fact that if you were a Catholic, you could not necessarily get a job or a house.

Mrs Foster: Are we talking about parading, or are we talking about jobs?

Mr Ferguson: The statistics reinforce that to this day.

Lord Morrow: So, you never move on.

Mr Ferguson: Quite the opposite, Maurice.

Mr Copeland and I and other people who work in interface areas have demonstrated that we can move on.

If individuals want to march down the Springfield Road, that is fine, but let us not have sectarian banners belonging to murder gangs, and let us not play offensive tunes with sectarian connotations. It is time for local residents to bring that to an end, agree accommodation and move forward. Let us put the institutions back in place so that we can get on with the bigger issues that will support stability.

The Chairman (Mr Wells): I am conscious of the fact that Mr McCarthy has played a blinder today — he has not spoken once.

Mr McCarthy: Do you want me to start?

Mrs Long: He has been biting his tongue.

The Chairman (Mr Wells): He has not had a chance to say anything.

Mr McCarthy: I am happy to listen. Naomi is doing a good job, as is everyone else. I am looking at the clock in the hope that we will finish by 4.00 pm.

The Chairman (Mr Wells): It has been a faultless performance, Mr McCarthy.

Mr Copeland: Mr Ferguson and I represent two different constituencies that are, broadly speaking, similar. Each has a substantial population, with a diversity of people. They are similar in every way, except in their religious beliefs and, perhaps, political opinions. Surely, the time has come for tolerance, where we can appreciate the exercising of a freedom by someone with whom we disagree, as a reinforcement of our own freedoms in society.

There may be misconceptions of my perceptions of what an orange parade is about. Mr Ferguson's views on those have been placed upon him by history, but we are where we are. The Orange Institution, the Apprentice Boys of Derry and the Royal Black Preceptory will not go away, nor will the organisations or cultural exhibitions or outworkings of the section of the community to which Mr Ferguson belongs.

We must examine a way forward whereby the people who can solve those serious issues are not permitted to hide in the smoke of quangos and legislation. One can enforce views from the top down, but, unless there is broad acceptance and toleration, the police will be brought into conflict with more people.

The Chairman (Mr Wells): Mr Nesbitt will be the final member to speak. This must be the last word on the matter.

Mr Nesbitt: Is that it, at 2.40 pm?

The Chairman (Mr Wells): We will then vote on the two proposals.

Mr Nesbitt: Will it take an hour and twenty minutes to vote?

The Chairman (Mr Wells): No, but I have not heard anything new for a while.

Mr Poots: For about 30 years.

Mr Copeland: For about 300 years.

Mr Nesbitt: Thank you for your words of support and encouragement.

Naomi is correct. She is not complicating the matter between individual rights and group rights. International human rights law does not recognise group rights, but individual rights. I shall give an analogy: if a person decides to play for a soccer team, that is an individual choice, but that team acts as a group and plays as a team.

Therefore, individual rights do not preclude the accommodation of the rights of individuals who have chosen to act as a group. That is Naomi's point, and it is correct.

I am sad that Mr Ferguson has forgotten nothing and learnt nothing. That may sound patronising, but it is not meant to be. I am serious. He said that Catholics are more likely to be unemployed than Protestants, and that the unemployment rate of Catholics to Protestants is 2:1, but that is statistically invalid. I will not go into that today, but I want Mr Ferguson to show me where it says that he, as a Catholic, is more likely to be unemployed. It is quite the reverse: unemployment is due to other factors.

The chances of getting a job are determined by three factors: discrimination, educational attainment, and population change. Ian Shuttleworth's book entitled 'Fair Employment in Northern Ireland: A Generation On' stated that the larger the family, the less chance of its children receiving a grammar school education and gaining qualifications. There is a correlation between family size, population increase and one section of this community.

Statistics show that, over many years, the Derry City Council area has seen one of the highest employment growth rates in the UK; yet, in the past, it also experienced one of the highest unemployment rates because the number of people entering the workforce was disproportionate to the number of jobs being created. There is an imbalance in the proportion of Catholics and Protestants entering the workforce, which skews unemployment statistics. However, there is no evidence, from statistics produced since the establishment of fair employment law in 1989, that discrimination is the cause. Rather, structural and population factors are the cause.

Nothing has been learnt and nothing has been forgotten. We will return to the issue next week — this is merely a warm-up.

Mr Chairman (Mr Wells): First, I wish to take the DUP's proposal. Members have received a copy of the proposal. The proposal is to split the Parades Commission's functions to create a mediation body and a determination body.

Do we have consensus?

Mr McFarland: Mr Copeland and Mrs Long said that the proposal has merit, but, as parties have only received a copy of the proposal today, it would be sensible for parties to discuss the proposal and revisit it in the Committee. The parties have stated that we will not reach consensus. However, it would be unfortunate if the proposal were ditched now without an opportunity to examine it. The proposal could raise its head again later in the year, and it would be sensible to try to refine it. Therefore, if the proposal does raise its head again, there will be a greater level of consensus, as members will have had an opportunity to examine it.

Lord Morrow: I agree.

The Chairman (Mr Wells): We will not put the DUP proposal today. I will put Mrs Long's proposal, which is that we give the DUP's document further consideration.

I encourage parties to bring documents on any issue to the table for consideration. Although I do not want to influence decisions, it would set a difficult precedent if we began to ditch documents without considering them in detail.

Do members agree?

Members indicated assent.

The Chairman (Mr Wells): We have reached consensus three times in a row — that is extraordinary.

Are there other parades issues or do parties feel that they have aired their views?

Mr McFarland: There are cross-cutting issues. Naomi mentioned the conduct of protests and parades and how that impinges on good relations. I have no doubt that this issue will raise its head again in discussions on equality, sectarianism and all the other issues that come under the banner of a "shared future". Indeed, I suspect that, on several occasions over the next weeks, we will debate issues that wander all over the place.

2.45 pm

Mrs Long: That is a valid point. One issue was the impact of the rule of law, and how that specifically impacts on parading. Clearly, removing the threat of violence from a situation changes the context for all discussions on parades. Related issues are bound to arise in other discussions.

The Chairman (Mr Wells): It is now 2.45 pm. We have finished our discussion on rights and safeguards. We could move on to discuss equality and shared future issues.

Mr Nesbitt: Mr Chairman, I said that it would take you an hour and 20 minutes to organise the vote, so congratulations to you on completing it in five minutes.

The Chairman (Mr Wells): Do members wish to continue our discussions? I am available all afternoon, so there is no problem. I have already lost many brownie points at home.

Mrs Foster: I suggest that we return next week to discuss equality and shared future issues.

Mrs Lewsley: I second that.

Mr Poots: Consensus has been achieved again, Mr Chairman.

The Chairman (Mr Wells): Yes. That is four times in one meeting on parades and human rights.

There are some housekeeping issues. Item 4 on the agenda is the revised Committee work programme. Again, this keeps changing, but the programme gives

members an idea of when the Committee will meet, the likely subjects for discussion, and who will chair the meetings. It allows members to keep their diaries free and to plan ahead. There is not much for the Committee to decide — we are basically stuck with this programme for the next few weeks.

Mr McFarland: The actual content of Committee meetings varies week by week because it is related directly to how well the Committee progresses. Apart from needing to know who will chair the meetings and the make-up of the party teams, we will just have to deal with the issues on a meeting-by-meeting basis. We may get two days' work completed in a day — not that I think that we will — but the content of each meeting will have to be monitored.

Discussions on parades could have lasted into next week, but they did not. As we have finished those discussions slightly early, we know that the Committee will discuss equality next week. I do not see a way around taking a day-by-day approach.

The Chairman (Mr Wells): Next week, members will be prepared with their contributions on those issues. Up to now, proceedings have gone extremely well. Folk have kept to the point, and to time, and have obviously put a bit of effort into the meetings, which is appreciated.

The next meeting to discuss institutional issues will be on 14 August 2006 at 10.00 am. Mr Molloy will be in the Chair. The next meeting on rights, safeguards and equality is on Friday 18 August 2006. Again, it will be an all-day meeting, which should last until 4.00 pm.

Adjourned at 2.49 pm.

**Subgroup on the
Economic Challenges facing
Northern Ireland**

SUBGROUP ON THE ECONOMIC CHALLENGES FACING NORTHERN IRELAND

Thursday 20 July 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Francie Molloy
Dr Esmond Birnie
Dr Seán Farren
Mr David Ford
Ms Michelle Gildernew
Mr Barry McElduff
Mr David McNarry
Mr Sean Neeson
Mr Ian Paisley Jnr
Ms Margaret Ritchie
Mr Peter Weir

The Committee met at 10.05 am.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): Proceedings will now be covered by Hansard.

Mr McNarry: If we are meeting on Tuesdays and Thursdays, how difficult will it be for Hansard to produce a transcript of a meeting on a Tuesday by the Thursday?

The Chairman (Mr Molloy): It probably will be difficult. It will depend on the evidence sessions and the length of our meetings. Many of the evidence sessions will include presentations, which may shorten the production time. There has been some pressure on Hansard to turn the transcripts round in 48 hours. More staff are required to deal with the other subgroups. The big problem is staff holiday leave.

Mr McNarry: I do not want to be picky, but members are present, and a number of people, on this subgroup and on the Preparation for Government Committee, have rearranged their holidays. I am at a loss to know why Hansard has this problem. May I make a request that every effort be made for a record taken on a Tuesday to be available on a Thursday?

The Chairman (Mr Molloy): I agree that it is important that members can correct the transcript of one meeting before any subsequent meeting.

Ms Gildernew: I appreciate the difficulties and the time constraints in trying to facilitate everyone, especially as Hansard is trying hard to get it right. People need their holidays, and three months ago, no one thought that we would be meeting throughout the summer. People cannot easily rearrange pre-booked

holidays. It is difficult when children are involved. I suggest that witnesses prepare presentations. Obviously, that will not be possible for question-and-answer sessions. If witnesses came with presentations, it would help Hansard.

The Chairman (Mr Molloy): Yes. That is important.

I will deal with the declaration of interests. Assembly Standing Order 20(d) states:

“Before taking part in any debate or proceeding of the Assembly, a Member shall declare any interest, financial or otherwise, which is relevant to that debate or proceeding, where such interest is held by the Member or an immediate relative.”

Members should have already received a copy of ‘The Code of Conduct’, together with ‘The Guide to the Rules Relating to the Conduct of Members’, which advises on the registration and declaration of Members’ interests. Those are included in today’s papers.

We have dealt with the issue of privilege in the Preparation for Government Committee. There is limited privilege.

The Committee Clerk: Schedule 1, paragraph 6 of the Northern Ireland Act 2006 states:

“A written or oral statement made by a member in or for the purposes of the Assembly is to be privileged from action for defamation unless it is proved to have been made with malice.”

I do not know how that would be proved, but that is the ruling. This privilege also extends to meetings of Committees, subgroups, or whatever. Members should note, however, that privilege does not extend to press conferences or statements made to the press. That is our legal advice.

Ms Gildernew: Do you have a copy of that?

The Committee Clerk: I will get a copy for you.

The Chairman (Mr Molloy): If members have any interests, could they declare them now? Otherwise, hold thy peace.

Mr McElduff: I am a former corner forward for Carrickmore Seniors. *[Laughter.]*

The Chairman (Mr Molloy): Dr Peter Gilleece, senior researcher, will give a research presentation.

Dr Gilleece: There is a copy of the paper in the pack. I will briefly run through the main points of the paper — it will only take five minutes. On the surface, it would appear that levels of unemployment in Northern Ireland are at a record low of 4% and that there is continuing economic growth. There is a consensus view that Northern Ireland needs a significant additional policy boost to rebalance the economy. Progress is considered to be insufficient to catch up with other regions based on the GB average.

In terms of developing a more sustainable and balanced economy, and for the public and private sector mix to achieve the UK average, the private sector gross value added needs to treble in size. It is the view of the Confederation of British Industry (CBI) in Northern Ireland that something radical needs to be done.

University of Ulster economist Mike Smyth thinks that if one accepts the argument that the current structure of the Northern Ireland economy is the result of a unique set of circumstances over the past 38 years, it can be argued that what is required to return the economy to a more normal growth trajectory is an equally unique or abnormal set of policies.

What might those policy options be? Mike Smyth has identified four policy options. First, there is the status quo — that Northern Ireland continues to depend on public sector expenditure to maintain living standards. Secondly, there could be enhanced capital allowances and research and development (R&D) tax credits. For example, Amgen, which is one of the world's leading independent biotechnology firms, recently located a global R&D centre in Cork because it was not feasible to consider Northern Ireland as a location. However, a 300% tax credit might have changed the position.

The third option is a corporation tax concession to match that in the Republic of Ireland. Mike Smyth's fourth option is high-level North/South industrial development co-ordination to capture some of the positive economic spillovers from the very rapid growth of the economy in the Republic of Ireland. To illustrate those examples, he points to the fact that 20 of the Fortune 100 companies are located in the Republic of Ireland and 50 of the Fortune 500 companies are in the Republic of Ireland. None are located in Northern Ireland.

Both the Industrial Task Force and the Northern Ireland Business Alliance have proposed actions including significant fiscal incentives to attract foreign direct investment that would encourage various higher levels of indigenous investment. They believe that, although Government strategies on skills and innovation are welcome, only by combining indigenous growth with high quality foreign direct investment can we meet the projected employment deficit.

Economist John Simpson believes that Northern Ireland needs a radical series of initiatives to build more successful outcomes and to start to catch up with other competitive knowledge-based regions.

The debate about the size of the public sector versus the private sector in Northern Ireland continues. The Republic of Ireland's public sector is 33% larger than it was in 1988. Economist Mike Smyth believes that the task for economic policy development in Northern Ireland for the foreseeable future is to achieve private

sector growth, and not necessarily to cut the size of the public sector per se.

Philip McDonagh, chief economist with PricewaterhouseCoopers, believes that the picture is far from bleak, as long as existing levels of public expenditure are sustained. With the £14.7 billion infrastructure programme commencing, and Northern Ireland having one of the few growing workforces in the EU, there should be a continued boost to investment and no shortage of labour to deliver it. That situation will become even brighter if there is a managed transition from the public sector domination in the economy to it becoming one that is private-sector-led.

Entrepreneurship and innovation are now firmly established on the public and private sector agendas as priorities for economic growth. It has been three years since the launch of the strategic documents designed to embed entrepreneurship in Northern Ireland in the form of an accelerating entrepreneurship strategy, and the innovation strategy entitled 'think/create/innovate'.

Since then, in respect of entrepreneurship performance, Northern Ireland remains ninth out of the 12 UK regions in its level of entrepreneurial activity. The most recent data on innovation activity places Northern Ireland tenth out of the 12 UK regions, a drop from sixth place in 2000.

A key determinant of innovation activity is investment in R&D. The spend on R&D by businesses as a proportion of value added is 0.8% compared to the UK average of 1.4%.

Levels of university/business collaboration, a key objective of the innovation strategy, remain low. Only 2.2% of R&D spend in Northern Ireland universities is derived from UK business, compared to 5.5% across the UK.

10.15 am

Relative to investment in R&D, universities in Northern Ireland are the least efficient of the 12 UK regions, in terms of patent applications and non-software licences granted and their intellectual property income from large commercial organisations. Universities perform slightly better in terms of income from small and medium-sized enterprises (SMEs) and the number of spin-outs.

In conclusion, the challenge for economic policy in Northern Ireland is to assist the transition to a higher performance economy. The challenge is considerable. A low-growth, low-productivity, low-innovation economy has powerful self-reinforcing barriers to change. There appears to be general agreement among business leaders that we need to concentrate on the crucial areas of building skills and supporting innovation.

Leslie Morrison, the chief executive of Invest Northern Ireland (INI), offers a more optimistic view. He believes that Northern Ireland must play to its strengths: a young, well-educated and adaptable workforce; a high-quality research base in the universities; a telecommunications infrastructure that offers 100% broadband access; our near-shore locations for North America and Europe and our world time-zone centrality; our excellent system of commercial law and protection of intellectual property; and an environment that is supportive of, and responsive to, the needs of business.

The Chairman (Mr Molloy): I thank Dr Gilleece for his presentation.

Mr Paisley Jnr: Dr Gilleece's paper is an exceptional piece of work, and it will serve as a useful template for the subgroup when it draws up its report. The paper highlighted several points that need to be reflected in our briefing paper and in our terms of reference.

One issue that emerged from Dr Gilleece's paper, which has also emerged from other studies, is how the entrepreneurial spirit is a driver to economic success in other economies. The low levels of entrepreneurial activity in Northern Ireland and the impediments to such activity rank fairly low in our briefing paper, but the matter of how we encourage entrepreneurial activity should be brought to the fore, and we should try to focus on that. Although issues such as infrastructure and poor literacy and numeracy skills are important, many things have been thrown into this just to tick boxes. If we are to talk turkey, the issue of lack of encouragement for entrepreneurial activity must be placed up front and addressed quickly, and I am glad that Dr Gilleece identified that in his paper.

Another important issue on which we must focus is the unique circumstances that Northern Ireland finds itself in as a result of a generation of the troubles and IRA violence. From the 1970s on, Gerry Adams directed a campaign against economic targets, and the bombing of our economic targets has obviously been a long-term impediment to our economic success. We must consider putting up front a special measure — such as investment or additional resources from Government — that takes account of the terrorism war and recognises that Northern Ireland needs extra-special help in emerging from a terrorism campaign. Getting those additional resources from the Government should be high on our agenda.

The paper also implies that, while there are successful economies and individuals elsewhere, Northern Ireland has its fair share of successful individuals who have demonstrated entrepreneurial drive. Many of us could point to very successful individual businesses throughout Northern Ireland — not in the public sector, but in the private sector — that have done extremely well, in spite of terrorism and all the impediments. That will

probably affect our list of potential witnesses because that list relies very heavily on the public sector. We should be asking private companies that are successful, innovative and entrepreneurial, such as Wrightbus Ltd and Moy Park, to come here and tell us how they have done it.

Let us consider things that could help us to draw up a report and make recommendations, as there are people who have been successful through thick and thin. Let us find out how they have done that and learn from them, as opposed to trying to learn from organisations that are teachers, not doers. Let us talk to the doers in life as opposed to the teachers.

Ms Gildernew: I too thank Dr Gilleece for a comprehensive paper, and I welcome the fact that, in his opening remarks, he acknowledged that a quarter of Northern Ireland's children live in poverty. As elected representatives, we must take that seriously.

There have been various economic challenges for the private sector here, not least partition. The border has created huge problems for businesses to grow, and when communities are socially and economically cut off from their hinterland, that has a huge impact. There has been a lack of investment in infrastructure, particularly west of the Bann. It is also widely recognised that the private sector is not big enough and needs to grow. However, one of the barriers to that is that there have been years of political instability here, and we still do not know whether there will be an Assembly in November.

The business community constantly reminds us that we need to do our job in order for them to do theirs. As Peter Hain pointed out last year, the North is a failed entity from an economic point of view, as well as, I believe, from a political point of view. The Six Counties cannot exist alone economically. We must seriously consider the harmonisation of tax regimes. Corporation tax, in particular, has a big impact on my constituency of Fermanagh and South Tyrone, where people can look at investment opportunities a few miles across the border in Monaghan or Leitrim that are not available to them in Fermanagh and Tyrone. The comparisons between the Twenty-six Counties and the Six Counties must be considered and the fact that we must step up to the mark.

I welcome Mike Smyth's comments that something unique or abnormal will be needed. We are consistently tied to the common theme of keeping this place in line with the UK. It was also a constant theme in previous Committees that we needed to keep our policies close to those of the UK. We have much more stacked against us with high energy costs, high transportation costs, lack of infrastructure, and the investment and development that must take place in the border corridor. We cannot tie ourselves to Britain; we must

look seriously at harmonising the regime across the island and working as an all-Ireland entity. InterTradeIreland and INI are doing what they can, but they have their hands tied behind their backs, as they are unable to work with the bodies across the border.

There is much more potential here for tourism, but it saddened everyone to hear the news last week that tourists were unable to find anywhere open to get a bite to eat. We have to consider seriously the whole July scenario and the orange parades, as we are again cutting off our noses to spite our faces. If we cannot attract people to visit here, we have less chance of attracting them to invest in this place. We face serious challenges, and a great deal of work must be done to bring the private sector up to the necessary level.

Mr Weir: That contribution could have been a set speech from any stage over the past 70 or 80 years. We need to look forward, but there has been some degree of progress. I welcome the previous member's commitment for us to build on the Twelfth of July as a major European cultural festival. That shift in thinking at least shows that there is a realisation of the importance of the Twelfth as a key event in our calendar and that there is a need to build on its obvious tourist potential. I welcome those remarks and hope that they can be built upon.

I do not accept the broad concept outlined by the previous member who spoke and also, unfortunately, by the Secretary of State. If he is trying to sell Northern Ireland abroad, it is highly counterproductive for him to refer to Northern Ireland as an economically failed enterprise. I do not accept that as a notion.

There are many things that we need to do. We must focus on the broader picture and look more outwardly rather than simply look down South. The notion of moving towards a much wider market will not be helped by the idea of detaching ourselves economically from a larger market and tying ourselves much more closely into a smaller market that is less than one-tenth the size.

We must be open in our co-operation across any border or boundary. We should be careful about tying ourselves in with the Republic of Ireland. We should be looking at the global market because we have seen the effect that globalisation is having in our constituencies. There is a realisation that there is no point in fighting particular battles. For instance my area, like many others, had a strong textile industry. Apart from concentrating on certain specialisms, the Northern Ireland textile industry will be a thing of the past because, with the best will in the world, we will not be able to compete with north Africa or China. The only way that some of those markets can be sustained is by moving into the high-value-added side and specialisms that cannot be supplied by way of the same level of cheap commodities elsewhere.

I welcome the paper as it provides a useful steer for the subgroup. The long list of issues under tab 8 is useful because we should not rule out any options at this stage. The paper identifies options involving research and development and corporation tax. There is clearly a range of issues to be explored, such as industrial derating and high energy costs, which are identified elsewhere.

The subgroup ought to concentrate its efforts on the private sector and considering a role for Government in removing obstacles to the private sector. If the subgroup gets into too much of an argument about the balancing effect of the public and private sectors, the danger will be that we will be making a rod for our own backs. If rebalancing is required, the Government reaction will be to reduce the size of the public sector — and that will not be particularly helpful to Northern Ireland. We need to look at indicators that will help the private sector to grow.

The subgroup's thoughts and solutions on reducing obstacles are likely to be in the form of a cocktail of measures. As with most things in life, there is no magic bullet or single measure that will solve all our economic problems. There must be a wider context. As Ian Paisley Jnr said, we must increase the entrepreneurial spirit because — whether it has been a reaction to a range of things, be it economic circumstances or the troubles — many of our brightest students from Queen's University or the University of Ulster are heading towards the professions.

I am as much a victim — or perpetrator — of that as anyone. I considered being a lawyer or an accountant and I am sure that many others did the same. Some even went down the route of lecturing, and I should perhaps refer to Ian Jnr's remarks about addressing this not as much to the teachers, but to the practitioners. I am sorry; I did not mean that in any particularly bad way.

People of my generation and from my background automatically assume that having a good job means being a lawyer, a doctor, an accountant or a teacher. We must consider how to encourage people to become entrepreneurs. Our society has been somewhat lacking in entrepreneurship.

10.30 am

Finally, I reinforce Ian Paisley Jnr's point that we need to talk to business practitioners. A criticism that has run through a number of issues is that there is almost too much of a Soviet-style command economy. We should consider how to remove barriers to allow entrepreneurs to flourish.

It is useful to hear from those in Government who deal with investment and are trying to bring in overseas investors. However, I want to hear the real problems and the real solutions. Therefore, I most want to hear from the horse's mouth, from people who have

been at the coalface and have succeeded and delivered. It may also be instructive — although it may be more difficult to arrange this — to hear from those who have tried to compete in the economic world and have not succeeded; perhaps they can tell us the pitfalls. Sometimes one can learn from other people's mistakes as much as from their successes.

Mr McNarry: I add my thanks to Dr Gilleece and to those involved in preparing his presentation. I am sure that we all concur that the package was well put together and very helpful.

This meeting was OK at the start and then went downhill. At the start of a meeting of the Subgroup on the Economic Challenges facing Northern Ireland, Sinn Féin regrettably introduced political nuances. Perhaps Sinn Féin has now got that off its chest, and I hope that we will be spared that in future meetings.

I take issue with an earlier comment. I do not agree that Northern Ireland is a failed economic entity. I was saddened by the Secretary of State's choosing to say such a thing, as it has given succour to the remark being repeated. Perhaps the Secretary of State is a somewhat failed political entity in Northern Ireland and needs to be careful.

I listened intently to Ian Paisley Jnr, and I agree that it is time to hear from those who have succeeded. Perhaps we do not need to hear the full elixir of their success, but rather how they got there, what they thought, where they got their ideas and how they were helped or not helped. Listening to some of their practical experiences may help others.

No member of the Government knows where my constituency of Strangford is. Anyone who lands in either of the Belfast airports is directed to other parts of Northern Ireland. The Government have brought no new industry to Newtownards for 37 years, despite the large population of that town.

I am sure that we all have particular grievances in our constituencies. I do not want to personalise this, but my constituency has a business centre whose record on start-up companies is highly successful. Having proved their success and wanting to expand, those companies must move outside the Strangford constituency because there are no facilities for them there. Invariably, they move into another constituency, which has a knock-on effect on the workforce. Local people are trained, and companies move elsewhere.

I reiterate that I want to hear from successful entrepreneurs, if they will come to speak to us. I also want to put down a couple of markers to identify, where possible, which of the potential witnesses can and will attend.

People involved in the economy must tell us exactly what educational standards are required, and we must

educate our young people to fill those jobs and meet future economic demands.

Young people are gaining qualifications that prove that they certainly have ability, but those qualifications bear no resemblance whatsoever to their jobs. We need an indication of what jobs will be required in Northern Ireland over the next 10 to 15 years, what schools will be required and then find out whether we are teaching young people to go in that direction.

It may be mentioned somewhere in the report, but we must raise the level of the cost of power in industry. We need to see the damage and effect that has on us in competition terms. If it were possible, the subgroup might agree to speak to some young people — not to give evidence, but to hear their futures being discussed.

We are concerned about, and have highlighted, the brain drain. However, it is not just about that, it is about poverty — as Michelle said. It has been shown that young children in poorer areas are not coming forward into full employment, and we want to find out what we can do for them. It may be a task for some young people to come to the subgroup, but there are competent young people in Northern Ireland, and I am very proud of them. It would be helpful to know what they are looking for. It would also be good if we were able to tell the business community what young people want.

Ms Ritchie: I thank Dr Gilleece for his paper and the members of the secretariat for the documents presented in advance of the meeting, which were useful.

We must identify all the economic challenges facing the people of Northern Ireland — including the impediments — and ensure that whatever Government we have knows how to meet those challenges. That includes the business and economic world, the trade unions and any competitor involved. We are trying to achieve a better way of living and better wealth for the people in the North of Ireland. We must also ensure that there is a fair distribution of wealth and that all the population has a fair and equal opportunity to benefit.

In looking at Dr Gilleece's paper, I was taken by the views of Mike Smyth. The Secretary of State is anxious to chide us that we have invested too much in the public sector. However, we have always had a small private sector, and to displace the public sector with the private sector is not necessarily the answer. The private sector is mobile, and it could move investment out of the North of Ireland — and even the island of Ireland — to other countries with low-cost economies and put people here at a disadvantage.

We must realise that agriculture and fishing are no longer the principal industries: they have been put in second place, and we must ensure that the people in those industries are given all the opportunities available.

We must consider issues in a North/South context. Political stability is related to economic stability, but, over the past 35 to 40 years, there were many reasons that we did not have economic stability, not least of which were paramilitary and state violence, which cannot be discounted. We need more pragmatic North/South co-operation. We must examine the options so that opportunities are available for everyone.

Recently, the International Centre for Local and Regional Development, which has links to Harvard University, published a study into the two spatial planning strategies on the island: the regional development strategy in the North, 'Shaping our Future', which is currently under a five-year review; and the National Spatial Strategy in the South. The subgroup could tap into that study. Perhaps we should take evidence from Dr Driscoll and others who are involved in that collaborative research, because they might be able to tell us how we can work together to achieve economic opportunities not only in border areas that were impacted on because their natural economic hinterlands were cut off, but on issues of social interaction. That should be looked at as well.

In the North, we depend heavily on the roads network. Most freight is carried on roads that are, of course, also used for domestic travel. The subgroup should examine the North/South railway infrastructure and the Derry-Belfast line to ensure that business can be conducted more efficiently and effectively. We need proper investment in the roads infrastructure. We must ensure that the downturn in the structural roads maintenance budget does not turn an asset into something that requires reconstruction; we could be robbing Peter to pay Paul. We must ensure that that does not happen. The North of Ireland needs a well-developed and internationally competitive physical infrastructure that meets the needs of existing businesses and attracts inward investment.

Mr Paisley Jnr: That is a good point. Business people from outside Northern Ireland are amazed that cargo and freight cannot be carried on the Belfast-Dublin train. Freight must be carried on the roads network, or an alternative network must be used. In Northern Ireland, certain commodities must be distributed via the roads network. That is absolutely crazy. This issue merits examination, so that we can find out if cargo can be carried on trains.

Ms Ritchie: I thank Mr Paisley Jnr for his comments. The subgroup could take evidence from representatives from the freight and haulage industry, who contribute to the economy. From their experience, they could tell us about any impediments or challenges that need to be overcome. We need to develop the roads and the public transport infrastructure.

The Planning Service should be more sympathetic and friendly to the business world. Something simple like a planning application for a business project or a factory takes a long time to process. That issue should be examined, so perhaps we should take evidence from the Planning Service as well as the Economic Development Forum. We should not be restrictive about whom we invite to give evidence. We must examine all the opportunities, and, most importantly, we must move on. If we continue to look to the past, we will miss opportunities. We must avail ourselves of all opportunities.

We also need to look at examples in the European Union, because we may be able to take evidence from the academic perspective in the directorate and from practitioners too.

10.45 am

Dr Birnie: I have a number of points, and I will respond to some things previous members have said. Entrepreneurship, which Ian and others stressed, is critical, and we need to look at that, because there is a danger that we could focus so much on promoting inward investment and the development of companies whose ownership lies outside the Province that we neglect indigenous or locally controlled manufacturers and service companies.

That would be a mistake because there is abundant evidence from our experience in other parts of the world that locally owned firms have a greater tie-in with the local economy. They are less likely to be mobile and, as previous members have said, up sticks with their capital and hop to other jurisdictions when markets or tax conditions change.

Although I am happy to acknowledge the considerable achievement of the so-called Celtic tiger economy South of the border, particularly since 1990, when annual economic growth in the Republic has been in excess of 5%, and, in some years 10%, many experts in Dublin concede that the outstanding weakness in the Southern economy is the heavy dependence on foreign direct investment. It is working at the moment, but there is no guarantee that it will continue to work. We need to learn that lesson from the Southern experience. We should not only look at promoting external firms; we should also look at the promotion of the local business sector.

The cost of the troubles was emphasised by other members, particularly Ian Paisley Jnr. This is an unusual feature of our economy and has been one of the impediments to economic progress over the past 30 to 40 years. We cannot say that the cost no longer exists. The recent Northern Ireland Affairs Committee report on organised crime gave considerable evidence about how paramilitary and other organised crime groups have almost set themselves up as medium-sized businesses leeching off the legitimate sector of the economy.

Being a multi-hundred-million-pound enterprise — although not the sort of one we are keen to encourage — it is sucking the lifeblood out of the economy.

Experts feel that this is just one of the causes of our economic predicament rather than the only one. It is not even the biggest cause. Our experience since the mid-1990s suggests that, while being a necessary condition for economic dynamism, the achievement of greater peace and stability, and ultimately a stable and workable form of devolved Government here, is not a sufficient condition for it — we need to look at other things.

There is the issue about what might be called economies of scale. Michelle made a point about this: the old adage about Northern Ireland being a failed entity, going back to Mr Haughey and other commentators. Obviously, Northern Ireland has a small economy, and in many cases it is sensible for us to seek economies of scale by linking with outside markets. However, we need to be pragmatic about that. I have no objection in principle to greater co-operation with the Southern economy provided that it is on the basis of mutual benefit — that is the rubric within the 1998 agreement.

Of course, ours is also a UK and European Union regional economy. Therefore, as Dr Gilleece said, in a sense we should not narrow our horizons, as successful businesses seek profitable expansion opportunities anywhere in the world.

I thank Dr Gilleece and all the staff for their background notes for today's meeting. The point was raised in Dr Gilleece's paper, and our deliberations will have to dig into this crucial question, that Mike Smyth has given the economy a number of options. We could reduce the headline rate of corporation tax, perhaps to the Southern rate of 12.5% or lower, as was suggested, or, we could increase tax allowances. The crucial point is that we have a choice. Lobbying from business community groups such as, on the one hand, the Industrial Task Force, which is headed by Sir George Quigley, and the Northern Ireland Business Alliance on the other, has given me the impression that there are strongly differing views about which of those routes we should go down. We need to be very careful to ensure that we get into that question in some detail, because there are good arguments for both strategies.

One could say that, on the surface, both those routes increase the net or post-tax profits of a company and that they are mathematically equivalent, but that lowering the tax rate or increasing the allowance is another matter. Business experts seem to feel that there are arguments for and against both routes, and we will have to get a handle on that.

I should perhaps declare an interest as a former academic economist and say that in seeking witnesses

to give evidence to the subgroup, there is a strong case for us to hear from groups such as the Economic Research Institute of Northern Ireland (ERINI), which is the successor to the Northern Ireland Economic Council (NIEC) and the Northern Ireland Economic Research Centre (NIERC). Prof Richard Harris has done some fundamental research in that area, so we should consider that.

We should also question officials from the Department of Enterprise, Trade and Investment and other Departments. Northern Ireland should have had its regional economic strategy in place; indeed, it was scheduled to be so in autumn last year. We are nearly past the middle of summer 2006, so something in the official policy-making process has clearly slowed down. That is a concern.

Dr Farren: I welcome the opportunity that this subgroup has given us to look at economic challenges. I hope that in doing so we will shed our almost innate tendencies. On the one hand, whenever the South is mentioned, we say: "Ah, but" and talk of dark clouds on the horizon and that we should not go down that road in case those clouds cover us. On the other hand, there is another almost innate tendency to say that the North is such a basket case that the only place from which we can start is in the context a united Ireland.

The Good Friday Agreement set down the framework within which we must operate, and, given that we have such a short time at our disposal, our initial report should concentrate on the opportunities that we can identify — beyond August, this subgroup may have further work to do.

I say to Esmond Birnie that a strategy, the Economic Development Forum, is in place.

Dr Birnie: My understanding is that that is contained in 'Economic Vision for Northern Ireland'. There is to be a response from Departments, with regard to existing policies, by the autumn.

Dr Farren: I imagine that, essentially, the Department will adopt the main thrust of that report. From the discussions that I have been involved in over the last two or three years, and from observing the situation generally, I am satisfied that a clear consensus has emerged with respect to the economic vision that people share and believe that we should aim for. That vision concerns the adjustment from an economy that is overly dependent on the public sector to one in which wealth creation is a much greater contributor to overall economic development. Within that vision, there are a considerable number of identifiable targets that need to be aimed for and worked towards, including some matters that have been raised this morning.

We are not without a great deal of work on entrepreneurship. I endorse Ian's suggestion that we should talk to successful entrepreneurs, many of whom

have succeeded in spite of what might have been done — with the best of motives — by the Government. Many started off on the shop floor with little or no third-level education. Although a few may have attended courses on how to succeed as an entrepreneur, they have all become successful because they saw opportunities and had the guts to go for them.

That tends, however, to be rare. We will not be able to reproduce Tony O'Reilly or Willie Wright and his family just by listening to them and then tapping whatever juices they have and squirting them into other people in order to make new Tony O'Reillys, Willie Wrights or Tony Ryans. That is not the way that it will happen; we will have to create and provide the opportunities.

Notwithstanding the high-flyers, there still needs to be a network of support systems in place to help people lower down the chain — and I say that without any pejorative suggestion — of entrepreneurial activity. We are not without a great deal of that already. On our journeys here this morning, even though it is a holiday period, we will all have overtaken, or been overtaken by, large trucks carrying goods to and from Northern Ireland, either South or across the Irish Sea to Britain and further, so do not imagine that we are starting from scratch.

There is a great deal that we can enhance in the support systems that are already out there, and we can draw on the examples of what has happened down South. Having been brought up there and having received my primary, secondary and third-level education there, I was told often by my mother to make sure that I got a job in the Civil Service as it would be permanent and pensionable.

Mr Paisley Jnr: You should have listened to her. Honour your father and mother.

Dr Farren: Perhaps I should have taken her advice.

My point is that advice was given to everyone in my class at school to move in that direction or become a teacher — and teachers are getting a bit of a battering around here. Nevertheless, that is the road I chose to follow.

11.00 am

Going into business was not even mentioned. It is mentioned now, and all around us we can see good examples of people taking up business opportunities. Michelle Gildernew can see the Sean Quinns of this world — not all of his business is located in the South. Fermanagh depends considerably on the employment he offers north of the border, as well as south.

Let us hear from successful people and from those who have already been involved in developing the strategy. I am a firm believer in the importance of a social partnership, and I point to the Southern experience

of that as a clear example of the success that we should try to follow, where successful social partnerships have worked to underpin the economic strategies adopted by the Government over the past 10 to 15 years.

The Economic Development Forum provides us with a rather unwieldy, but nonetheless similar, opportunity for such a partnership to be created and developed here. We should hear from it because it represents the leading players who contribute to economic strategies as regards education, the business world, Government and — at the other side of industry — the trades unions, which are missing from our list but which should be consulted.

We may not have time in the next few weeks to consult individually, so it might be worth starting with the Economic Development Forum, given that it has produced a document that covers all the issues. It may not provide all the answers, nor answers with which we might agree; however, it would be a useful starting point in hearing from the outside world. Moving on from that, there are the Northern Ireland Business Alliance (NIBA), agencies such as InterTradeIreland, and Invest Northern Ireland itself.

Over the next few weeks, let us identify a set of achievable objectives to compile an initial report and see then where we are as regards further work.

Mr McElduff: The briefing papers are good material to reflect upon. There is no escaping the political impediments, and we should listen to civic society and the business community. The Northern Ireland Business Alliance came to this Building on 16 May, talked of economic challenges, and highlighted the requirement that the Assembly and the political institutions must function without delay. As elected representatives, that responsibility is ours and we can do something about it. Page 10 of the NIBA presentation refers to the need for a stable Government and a stable society.

The NIBA clarified what that meant when it gave its presentation.

I do not apologise for emphasising, as Michelle Gildernew did, that the cost of partition to our economy must be factored in strongly. The fact that there are two separate economic systems has resulted in great inefficiency and heavy duplication of spending, and we are certainly not making the most of our finite resources. That is in view of the fact that this island has a population of fewer than six million people. I welcome the fact that Mike Smith highlighted the difference in corporation tax between the two states; that is definitely a major impediment.

During the past couple of days, I have engaged with the man and woman in the street about our economic challenges. Yesterday, I asked a gentleman in Omagh what he thought the economic challenges were. The two issues that kept being mentioned were investment

in infrastructure and corporation tax. I did the same vox pop in a shop in Pomeroy on my way here today, and the shopkeeper in Pomeroy gave the same answer. It is fascinating that the people in the street have firm views about the difference in corporation tax between the two states and the need for infrastructure. If we want to create balanced regional development for our economy, we should also emphasise the west of the Bann and the greater north-west of the island of Ireland.

Some years ago, at a Question Time, I asked the then Minister for Regional Development what were the number of dual carriageway and motorway miles in Counties Tyrone, Fermanagh and Donegal. I think that the answer was in single figures. There is also a total absence of rail infrastructure in those areas. A map of Ireland shows that the north-west has no rail infrastructure provision whatsoever. The state of the A5/N2 road from Derry and Donegal to Dublin is also an issue. The road is of poor quality, coupled with the fact that there is no rail option.

Common sense tells us, and the people are telling us, that proper, functioning, democratic institutions are needed to give confidence and stability to our economy. People are also saying that investment in infrastructure, balanced regional development and the difference in corporation tax are the issues that need to be addressed.

There is an emerging consensus that the subgroup should hear from successful practitioners — perhaps those who have experienced hurdles and barriers to success and who might want to share those. That could happen in evidence sessions, although, as Séan Farren said, our immediate challenge is probably time-limited. Briefing papers could also be provided to the subgroup. I would like a briefing paper on the contribution that the education system in the South has made to an education and skills strategy for its economy.

Chairman, you represent the Mid-Ulster constituency. Four of those dual carriageway miles that I mentioned earlier are between Cookstown and Moneymore, for whatever reason.

Mr McNarry: You are not doing your job.

Mr McElduff: You need to get back to your constituency, Mr Chairman.

The Chairman (Mr Molloy): I thank Dr Gilleece for his presentation.

The first decision for the subgroup is whether its evidence sessions are open or closed. That decision can be made now, or when each meeting takes place. Can we make a decision one way or the other?

Mr Weir: Mr Chairman, there should be a general presumption that evidence sessions should be open. Certainly, any meetings with Government officials should be open.

If, say, an industrialist wants a closed session, we should accommodate that, but as a general rule we should sit in open session.

Mr McElduff: I agree with that. The presumption should be in favour of openness.

The Chairman (Mr Molloy): That is grand. On top of that, we have a list, but it is not complete; members may propose other names for that list. As I listened, I thought of the Northern Ireland Manufacturing Focus Group (NIMFG), as it deals with issues related to industrial derating. It is important to remember that evidence reports can be very longsome. We do not have sufficient time at this stage to produce such a report.

Mr Paisley Jnr: Margaret Ritchie pointed out, and I fully agree, that we should have someone here from the Planning Service. David Ferguson, Chief Executive of the service might helpfully be put on notice.

The Chairman (Mr Molloy): Yes. With the handout is an outline timetable of evidence sessions — two a week. Changes can be made to that, but if we want to hear evidence from Ministers, departmental officials and businesspeople, we should give adequate notification.

The Committee Clerk: I have pre-warned certain witnesses that they may be called for next Tuesday's evidence session. I will call them back after this meeting to tell them the times we have arranged. In my view it is important that we should have NIBA and the Federation of Small Businesses (FSB) up first. They can tell us what they believe is wrong before we bring departmental witnesses. That might give members food for thought about what they wish to ask Departments.

Liam Nellis, Chief Executive of InterTradeIreland, is off next week. We had also intended to call the Minister, Maria Eagle, and officials from DETI.

As for timings, we planned to give everyone roughly an hour: NIBA from 10.00 am to 11.00 am; FSB from 11.00 am to 12.00 noon; Liam Nellis from 12.00 noon to 1.00pm; a break for lunch from 1.00 pm to 2.00 pm; and Maria Eagle from 2.00 pm to 3.00 pm or later. On Thursday we were intending to call David Hanson and hoped that the Chief Executive of the Strategic Investment Board (SIB) would also come. Leslie Morrison is in Canada at the moment so we planned to slot him in on Thursday also.

We are aware that we need to hear many more witnesses. Esmond Birnie mentioned ERINI, and we envisage hearing them the following week, as well as the Northern Ireland Council for Voluntary Action (NICVA).

As for economists in general, we should decide whether we want to hear Mike Smyth and John Simpson, for example. I have made a list of some

people members have mentioned. Margaret Ritchie mentioned Dr Driscoll.

Ms Ritchie: He is based in Harvard at the International Centre for Learning. I could give you his address.

The Committee Clerk: He probably would not come, but we might get written evidence from him.

Ms Ritchie: Yes, we could get written evidence from him, and also from the officials involved in the co-ordination of both spatial strategies. They are available in the Department for Regional Development. Officials worked with colleagues in the South who were working on the National Spatial Strategy there. Dr Driscoll led the project, highlighted the issues for them and brought it all together.

11.15 am

Dr Farren: The EDF is a very representative body. I am concerned about the time available to us. The EDF has brought together thinking from a lot of the separate bodies that are being proposed around this table, and we need to consider it at some point. Since that thinking is available in the form of 'Working Together for a Stronger Economy', whether we start off with that or finish with it, we ourselves should be confident with the document's contents. Perhaps we should invite a representative panel, which might include some of the people mentioned on the list, to take a different approach. I suggest that we contact the EDF and ask it how it would like to play it.

You have suggested that the Minister should appear next week. Would that be in the first session?

The Chairman (Mr Molloy): Yes.

Dr Farren: That decision may have been made because she is not available later on.

However, I would like to bounce the ideas that we obtain in the course of further discussion off the Minister later on, rather than early on, because she is one of the policy-makers.

Mr Weir: I have no problem with asking some officials from DETI to give a general overview, but I agree that the Minister should be scheduled a good deal later. That may mean that we take two bites of the cherry on the Government side. We could take an initial view of matters from DETI officials, and schedule the Minister for a later date.

The Chairman (Mr Molloy): We would need to check on that.

Mr Weir: Yes; we need to check up on that. It is a common theme of my party, but we should not see ourselves as hammered too heavily by deadlines.

It is important that we have an initial draft report according to the timetable that has been laid out for us. That is fair enough and no one would disagree. Given

the number of issues and the number of people that have been identified around this table, it is important that we do not rush this matter. Whatever initial work is done between now and the middle of August — which is the first deadline — to some extent, we will get only a little bit into it. Irrespective of what the future holds, there could be enough work for us to meet every week between now and November, and I am not even saying which year.

There is clearly much work in that. We can bank what we have got by the middle of August, but it is important that we see that as part of a longer continuum. August is a staging post.

It is also important that we line up a number of people to speak to us. We have a relatively packed agenda for next Tuesday's meeting. We have mentioned William Wright, for example.

Mr Paisley Jnr: Perhaps Trevor Campbell.

Mr Weir: It may be useful if each of the parties contact the Clerk with names of potential witnesses. I am wary of shooting from the hip on that matter. We cannot just throw out a few names now and be definitive. There may be many important people that we have forgotten about, whose names have not occurred to us at this stage.

The Chairman (Mr Molloy): It would be helpful if Members submit names to the Committee Clerk.

Mr Weir: Yes. We must give a degree of thought to that and try to schedule those people.

Mr McNarry: It is important that we are charged to report to the PFG by that date. If that report is significant, work would continue, if the PFG consented. I hope that there will be a debate in the Assembly on that report, in which all parties around this table would participate. More issues will arise when our colleagues get their teeth into that report. We could put all of the names of potential witnesses in a hat and draw them out, because we are not going to get them all. We know most of the views of those people; we have heard them before, and they all have an agenda.

It is important that we do not hear their agenda, but that we hear what they can contribute. It is also important, therefore, that the staff relate that. I do not want to be lobbied in this subgroup. I have gone through all that and heard it and I am interested in it, but I want to hear what they think they can contribute, on the broader base as well as on the individual one.

The renewables sector seems to be growing in importance. I do not know how we can address the economy without looking at that, nor am I sure how to find out about it, because it is highly commercial. Nevertheless, we should have something on that.

I agree that the Ministers perhaps should be left towards the end.

Mr Paisley Jnr: Are you suggesting Ministers and the private sector in week four?

Mr McNarry: Yes.

Mr Paisley Jnr: That is a good idea.

Ms Gildernew: I am glad to see that NICVA is included, given the number of jobs in the community and voluntary sector. The Irish Congress of Trade Unions (ICTU) should be represented in the light of the changes to the public sector.

It is also obvious that a perspective on the rural economy is missing. Perhaps Martin McDonald of the Rural Development Council should be asked to give an overview of the challenges it faces, because we must not forget that jobs in the rural community should be maintained and sustained.

Mr McElduff: I support Michelle's point that the trade union perspective needs to be heard. I am intrigued to hear from the North/South Ministerial Council's joint secretariat about the experience of the economic round table, in which George Quigley and others are involved. I would like to get some perspective from there as well.

Ms Ritchie: I agree with other members about our discussions concerning the public sector and the role of Ministers. We need to hear from other sectors in order to be able to ask the Ministers about issues that may arise.

In my first submission, I mentioned the need to take evidence from the road haulage and freight industries, because they make a major contribution to the economy, not only in Northern Ireland, but on the whole island of Ireland, in an east-west direction and in Europe. We should talk to them about current challenges and future opportunities.

The quarry products industry is a major one. Dr Farren referred earlier to the important contribution of Sean Quinn to that industry. It is represented by the Quarry Products Organisation and the Construction Federation.

Mr McNarry: Where do we end this list? I could throw in agriculture, fisheries —

Mr McElduff: Perhaps we should have a mix of briefing papers and evidence sessions.

Ms Ritchie: I take Mr McNarry's view on board, but perhaps, when we have identified the issues in the earlier weeks, there may be work to be done at a later stage, when we could take evidence from those people. The other issue is whether those groups will be submitting evidence in advance so that we can study them before coming to the meetings and be well briefed.

The Chairman (Mr Molloy): That will be important. However, as David McNarry has said, they should be asked to speak within this subgroup's terms of reference, which have already been set in relation to the PFG. That gives us a guideline and ensures that they are not just coming in to lobby on their own issues, or even on the issues within the subgroup itself.

Mr Paisley Jnr: There is an issue around duplication in the groups. It is important to get on top of that. If we brought in the Ulster Farmers' Union and the Federation of Small Businesses and took the muck and the metal out of it, the issues that we are going to hear about are red tape, bureaucracy, duplication, form-filling and all of those things.

It would be useful if the subgroup could get the briefing papers as far in advance as possible so that we could tell the witnesses that we would like them to talk about the intriguing points.

The Chairman (Mr Molloy): If we want to get the briefing papers in advance, we must notify the witnesses as soon as possible. The earlier we can put together the list, the better our response will be.

Mr McNarry: I agree with Ian's point. If the organisations can be identified and their briefing papers forwarded to the subgroup, they can be alerted that they may be required to address one or two points from their submissions.

Dr Farren: The work of this subgroup is meant to be strategic. As David McNarry said earlier, its purpose is not to hear organisations rehearse their own perspectives, legitimate as those may be. It is right that we ask a range of different organisations to appear so that they can focus on how they see the strategic issues that are related to the economy's development. It is not a matter of what we can do for them, but of what they think needs to be done for the benefit of the whole economy into which they and many other organisations fit. Otherwise, we will end up with lots of different papers, none of which meets at the top. We are trying to stitch everything together in a very short time. Our time is fairly limited, regardless of whether the subgroup meets beyond August, and the expertise that is available is not infinite. We must keep focused.

This may be separate to the current discussion, but many parties have frequently referred to financial packages, peace dividends and so on; I think that Ian Paisley Jnr mentioned that earlier. We must ask ourselves what any economic or financial package or dividend will be used for. It is all very well calling for £100 million or £10 billion or whatever, but we must have a clear idea of what we want to use it for.

Mr McNarry: It is important — certainly to the Ulster Unionist Party — that this subgroup does not try to negotiate wish lists and requests. Members may recall that a figure of £10 billion was mentioned at the

PFG Committee. Dr Farren, you did not want to state a figure when I asked you what you thought, but it is important that we differentiate between the margins of negotiation with regard to a peace dividend and where we go with that. I agree with you to a point, but we must reach a stage whereby we can refer the matter to the PFG Committee. It is for that Committee rather than this subgroup to take it forward. I see that as a hand-over exercise.

Dr Farren: Speaking through the Chair, I hear the rhetoric about peace dividends all the time, but I have never heard what it means. We have not revealed to each other what we mean, and if at some point we want to pursue them, we at least need to know what it might mean. Whether we agree on how they might be applied is a different matter — that is where the negotiations come in. It is important that we know what it means, rather than simply putting £10 million or £10 billion on the table and then deciding what we will do with it — it will not happen that way.

Ms Gildernew: It is hugely important that we discuss a peace dividend and what is needed. We must face facts: there has been huge underinvestment in the infrastructure here throughout my lifetime. We must seriously examine where the deficits are and what needs to be done to have an impact on them.

What I have heard is no surprise to me. With respect, Mr McNarry and Dr Farren represent constituencies that are closer to Belfast than mine. If they knew the difficulties that face constituencies such as West Tyrone and Fermanagh and South Tyrone, they would realise that there are huge issues there.

Mr Paisley Jnr: Newcastle is not close to Belfast.

Ms Gildernew: I did not interrupt you when you were speaking.

There are huge issues that need to be addressed. We are not simply throwing out figures. The figure that Sinn Féin put forward is based on clear research and evidence from the Business Alliance and others. It is not merely a figure that we have dreamed up and thrown out there. There is a solid basis behind it.

11.30 am

Dr Farren: With all due respect, I was not denigrating the idea of a peace dividend. I was simply saying that we would need to know what people mean by it.

Mr McNarry: I do not think that anyone is knocking the issue. I was merely wondering how far the subgroup could take it.

When I was growing up, Belfast was sometimes referred to as Beirut, and the streets resembled what is going on in Beirut now, but here we are now. I have been listening to entrepreneurs, business people and

the Government on the news, and they have been saying how devastated they are because they had only begun to put Beirut back together and, in particular, the economic infrastructure of Lebanon, but now it is all up in the air because of the violence.

People from your side perhaps have a different perspective on a peace dividend than those on my side. I do not see the peace yet.

The Chairman (Mr Molloy): We need to get back to discussing the economy. Dr Farren's point was that it would be beneficial to know how the money would be used; for example, how it would deal with the infrastructural neglect and other issues.

Dr Birnie: I agree with Ms Gildernew about the Northern Ireland Committee of the Irish Congress of Trade Unions (NICITU) attending as witnesses. If I remember rightly, NICITU has produced an interesting paper on the economy, so it would be worth considering inviting it, given that we should also have a trade union perspective.

The list is very impressive, and I agree that the Business Alliance should attend at an early stage. However, I go back to my earlier point. It may be a misperception on my part, but I do not think so. The Business Alliance has taken a particular view on the question of allowances versus corporation tax. It seems to argue for allowances on the grounds of practicality and what will work with HM Treasury. The Business Alliance seems to downplay corporation tax, and perhaps it is right about that, but maybe not.

However, for balance, we need to hear the other view from the industrial taskforce, which we have all heard about through the 'Belfast Telegraph' and other parts of the media, Sir George Quigley and so forth. Someone mentioned that there is no magic bullet, and that is probably right. However, the other view seems to be that bringing the headline rate down to the southern rate, or close to it, would unlock many of the so-called impediments.

The Chairman (Mr Molloy): Are you suggesting that we should examine those two perspectives rather than having the Minister's attendance?

Dr Birnie: Yes.

Mr Paisley Jnr: It would be useful if the witnesses could see a copy of this discussion in Hansard prior to attending the meeting of the subgroup, so that they would have an idea of the type of things that we would like to know. For example, we could ask witnesses how they would apply a dividend to best effect. Then, if we are attracted by their proposals, we could put them to the Ministers in week four. It would be good to get into those issues at an early stage.

The Chairman (Mr Molloy): Is there agreement that we should circulate Hansard, or a synopsis of it, to

witnesses to give them an idea of the type of thing that the subgroup is looking for?

Ms Gildernew: Is that doable? Is it practical, as dozens of people have been mentioned during this morning's presentation? I think that witnesses only need a copy of the part that we have been talking about.

The Chairman (Mr Molloy): The witnesses need to know what evidence we want them to provide. We do not want them to lobby on various issues. Witnesses could potentially come here and talk for two hours without suggesting any ideas for a peace dividend.

The Committee Clerk: Their invitation letter will contain a copy of our terms of reference and tell them that they can speak only on those three points and nothing else.

The Chairman (Mr Molloy): Perhaps that would be a better way of doing it.

Mr McNarry: I come from a business background, and it is about profit and loss. I have noticed, through the period of direct rule and more recently, the emphasis with which business has introduced itself to politics and given itself a political voice. It has been highly critical of many MLAs and of what they do. What we seek from businesses is their advice and guidance. We want to hear what they would do with the changes in the current education system, and what they would do with a peace dividend.

All of those things are important, but it is right that we question them and seek their advice and co-operation. We want that; there is no point in sitting with a businessman for an hour, and he walks away thinking: "They're a bunch of flipping dozos, that lot!"

[Laughter.]

OK, a couple of dozos.

You have to give him the confidence that he is actually going to divulge things, co-operate and give help.

Mr Paisley Jnr: For the benefit of Hansard, there are two "p"s in "flipping".

Ms Gildernew: I do not think that there are any "p"s in the word that he used.

The Chairman (Mr Molloy): Let us deal with the work in hand. Our first task is to send out the invitations for next Tuesday. Could we finalise that?

The Committee Clerk: Could we agree the timetable? Are you happy to hear the Northern Ireland Business Alliance from 10.00 am to 11.00 am?

Members indicated assent.

Are you content to hear the Federation of Small Businesses from 11.00 am until 12.00 noon?

Members indicated assent.

Are you content to have Liam Nellis from InterTradeIreland from 12.00 noon until 1.00 pm?

Members indicated assent.

Do you want the Department of Enterprise, Trade and Investment officials, without Maria Eagle, on Tuesday?

The Chairman (Mr Molloy): What about the task force?

The Committee Clerk: Or do you want the Economic Development Forum or the Industrial Task Force?

Dr Farren: We will need both at some stage.

The Committee Clerk: We could put one in place of the officials on Tuesday, and put the other in on Thursday, if we can get them.

The Chairman (Mr Molloy): We need some flexibility as regards who is available.

The Committee Clerk: Do you want the officials from DETI to tell you what they are doing about their economic strategy?

Ms Ritchie: Could you not bring them with the Minister?

The Chairman (Mr Molloy): I do not think that we would get them separately. We are looking to get all the others, and then the Minister and her officials at a later stage.

Mr McNarry: They will be reading Hansard; that is for sure.

The Committee Clerk: So we will not have the officials at all at this stage? Is that agreed?

Dr Farren: We could see after next week's meeting.

The Committee Clerk: We will leave it until then. We will have EDF on Tuesday, or the Industrial Task Force, whatever way availability works out.

Mr Weir: Could I ask for clarity on something? We are making a substitution on Tuesday, from 2.00 pm until 3.00 pm. With regard to timing on Thursday, we have agreed a third speaker.

The Committee Clerk: Yes, from 12.00 noon until 1.00 pm. We have the Business Alliance, FSB, Liam Nellis and either EDF or the Industrial Task Force. Shall we keep it to 2.00 pm to 3.00 pm for Tuesday's meeting to give an hour's break for lunch? Are you content?

Members indicated assent.

On Thursday, we will not have David Hanson, but will we still have officials from the Strategic Investment Board?

The Chairman (Mr Molloy): That would be important.

The Committee Clerk: And Leslie Morrison from Invest Northern Ireland?

The Chairman (Mr Molloy): Yes.

The Committee Clerk: The other will be one of EDF or the Industrial Task Force. Thursday's meeting should conclude at 1.00 pm. We must have a quick chat, either before 10.00 am or after 1.00 pm, about the list of potential witnesses. What way do members wish to do that? Do members want us to invite them to give written evidence? Do members want to do that before 10.00 am or after 1.00 pm?

The Chairman (Mr Molloy): We could wait to see how Tuesday's meeting goes.

The Committee Clerk: There may be some time between witnesses if a presentation perhaps lasts only 45 minutes. For the following week, from Tuesday 1 August 2006, the list of potential witnesses includes NICVA and the Economic Research Institute of Northern Ireland, with a question mark over inviting an economist as a witness; Michelle also mentioned NICICTU. Other people were mentioned, including Martin McDonald from the Rural Development Council and representatives from the road haulage and freight industry. Do members want to leave all that and make a decision on Tuesday, which would leave a week?

Dr Farren: Could we put them on notice that they may be asked to make a submission and may be called as witnesses?

The Committee Clerk: Do you mean that NICICTU should be put on notice?

Dr Farren: NICICTU should attend, but perhaps the more sectoral areas, such as an economist being called as a witness, could be put on notice.

The Committee Clerk: I have a list of potential witnesses. Do members want David Ferguson from the Planning Service to make a presentation or a submission?

Ms Ritchie: A submission.

Mr Paisley Jnr: A submission, but with a view that he may be called as a witness later.

The Committee Clerk: Should that also apply to Martin McDonald from the RDC? I shall write to the organisation that represents the road haulage and freight industry to request a submission. Quarry products are also on the list, and young people were mentioned. Should we write to the Northern Ireland Youth Forum?

Mr McNarry: Yes, if that was what was agreed.

Dr Farren: The Youth Council for Northern Ireland would be the correct channel, would it not?

Mr McNarry: If there were time, and if Maria Eagle is willing and the subgroup agrees, can she

double up on education? We need to discuss certain issues with her.

The Chairman (Mr Molloy): It is important to give Ministers some notice, because the August holidays mean that availability will be an issue.

The Committee Clerk: Do you want Maria Eagle to double up and discuss both education and DETI?

Mr Weir: She holds the brief for DETI too.

Mr McElduff: I feel strongly that education, skills and experience in the South should be factored in.

The Committee Clerk: Perhaps Peter Gilleece will write a paper on that for us.

Dr Farren: May I suggest another organisation because of its overarching responsibilities? Reference has been made to the tourism industry. It may be worth hearing from Tourism Ireland and the NITB because tourism touches on the constituencies of most members. Tourism Ireland is a North/South all-island body that came from the Good Friday Agreement.

Mr Paisley Jnr: Adding to what Seán has said, I think that we should put the Planning Service and the NITB on notice that they may be required to give evidence. Although we will receive their submissions, we would probably like to hear from them as well. We could extract strategic ideas from them. Perhaps they should be called on week four? I read an article in the 'Belfast Telegraph' about sick leave and holiday leave, and some of those officials may take long holidays.

The Chairman (Mr Molloy): The Planning Service impacts across the spectrum. Tourism, agriculture and every aspect of life have planning issues.

Mr Weir: In relation to scheduling, I appreciate that we may be looking for specific people in some organisations. However, the NITB and the Planning Service are more insulated from holiday issues and will be able to provide witnesses because they have more staff.

However, if we want to hear from specific individuals, such as Maria Eagle, we should ask them to check their timetables urgently. If she is on holiday, that will have an impact on the timetable.

The Committee Clerk: What are we agreeing to do? Shall we put the Planning Service and the NITB on notice?

Mr Weir: Perhaps we should discuss that issue next week. However, if we identify specific people, we need to chase them up quickly.

That could be done now, particularly as, at some stage, we will want to ask Maria Eagle to attend. We need to contact her office as soon as possible to find out her timetable.

The Committee Clerk: David mentioned renewable energy. The Enterprise, Trade and Investment Committee of the previous Assembly held an inquiry into energy, and Brian Norton from the University of Ulster at Jordanstown, who is an expert on that subject, attended. Should we ask him for a submission?

Dr Farren: Brian is now president of the Dublin Institute of Technology and may not be available. However, there is an umbrella group for the renewables industry, but I do not know its title. The wind farms and such like are members of it. The Department will know.

11.45 am

The Chairman (Mr Molloy): We will move on to other business. We discussed issuing a press release about the subgroup's first meeting.

The Committee Clerk: We have drafted a press release, and if members want it sent out, we can do that.

The Chairman (Mr Molloy): A press release would be useful for organisations that might want to make presentations to the subgroup.

The Committee Clerk: Anyone who clicks on the Committee on the Preparation for Government's page on the Assembly website will be directed to the subgroups. The minutes of proceedings, the press release — if issued — and Hansard will all be available to the general public.

Ms Gildernew: The statement to the press is grand and factual, but it does not cover the work that has been done. The chart shows that we are hitting the ground running and that we intend to dedicate ourselves to this matter over the coming weeks and get good work done. It would help if people could see that we are serious about the subgroup and the work involved.

Mr Weir: Can I suggest two things? First, I appreciate the point made about the draft work programme. Reference should be made to the fact that the subgroup has agreed to meet twice a week. A complication arises because some people have not yet been contacted, and therefore I do not think that it can be released.

Ms Gildernew: I am not suggesting that.

Mr Weir: I was not suggesting that you were. We need to make specific reference to the fact that the subgroup will meet twice a week and will continue its work throughout the summer. The press release would also be useful as it would save any confusion by having the press state that all parties were represented at the first meeting. There may appear to be a boycott by one party — I could say: "not the usual suspects".

The Chairman (Mr Molloy): That would be useful, and it would also underline that the subgroup will take evidence throughout the summer.

Dr Farren: Touché.

The Chairman (Mr Molloy): Are we all agreed on that?

Ms Ritchie: Should we not also specify the terms of reference of the subgroup and that we will be seeking evidence from other groups as well? We may benefit from the advice and expertise of groups not mentioned in the press release.

The Chairman (Mr Molloy): It might be worthwhile to invite other groups to make written submissions. They could then be called to give evidence if we thought it necessary.

Dr Farren: Will the contribution of higher and further education be captured in any of the submissions? Barry mentioned the Southern experience, but we need to hear what our Northern institutions are doing.

The Chairman (Mr Molloy): That would be important, particularly with the Minister's line.

Dr Farren: Shall we write to Queen's and the University of Ulster?

The Committee Clerk: We have suggested bringing in people from Queen's University.

Dr Farren: Yes, I see that. Is that just Queen's?

The Committee Clerk: No; that means people from Queen's and the University of Ulster at Jordanstown (UJU). It is a joint briefing.

The Chairman (Mr Molloy): Do they have some sort of a joint approach?

The Committee Clerk: There is a joint briefing between the Research and Regional Services directorate in Queen's and the Office of Innovation and Enterprise at the University of Ulster.

Dr Farren: OK. Is the further education sector involved through the Association of Northern Ireland Colleges (ANIC)? If so, that means that we would get them all.

The Committee Clerk: We will get a submission from that group as well.

The Chairman (Mr Molloy): We also had a letter for the Secretary of State.

The Committee Clerk: That is a courtesy letting him know that we intend to invite his officials.

Mr McNarry: Does the letter say: "Dear Peter, while you are lying on the beach sunning yourself"?

The Chairman (Mr Molloy): Are members content with that letter?

Members indicated assent.

The Committee Clerk: Are members content for us to make changes to the press notice and issue it.

Members indicated assent.

The Chairman (Mr Molloy): Is there any other business?

Mr McNarry: If the room is going to be as warm as it is now, will we get air conditioning?

Dr Farren: The heatwave may have passed.

The Committee Clerk: We could borrow an air conditioner that is used for some of the server rooms, but it can be noisy, so it may affect Hansard.

The Chairman (Mr Molloy): The next meeting is scheduled for Tuesday. To clarify, as happens in the Preparation for Government Committee (PFG), the Chairman who is observing will also sit in on the next meeting. That is so that the Chairmen can be continually involved.

Adjourned at 11.52 am.

SUBGROUP ON THE ECONOMIC CHALLENGES FACING NORTHERN IRELAND

Tuesday 25 July 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Francie Molloy
Dr Esmond Birnie
Mrs Diane Dodds
Dr Seán Farren
Mr David Ford
Ms Michelle Gildernew
Mr Mitchel McLaughlin
Mr David McNarry
Mr Sean Neeson
Mr Edwin Poots
Ms Margaret Ritchie

Witnesses:

Mr Frank Bryan	}	Northern Ireland Business Alliance
Mr Declan Billington		
Dr David Dobbin		
Mr Stephen Kingon		
Dr Michael Maguire		
Mr George Dorrian	}	Federation of Small Businesses
Mr John Friel		
Mr Glyn Roberts		
Mr Aidan Gough	}	InterTradeIreland
Mr Liam Nellis		

The subgroup met at 10.08 am.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): I welcome members and remind them to switch off their mobile phones. The session is being recorded for Hansard, and mobile phones interfere with the recording equipment.

The mother of Cathie White, the Committee Clerk at last week's meeting, died on Friday and was buried yesterday; there is a sympathy card circulating if members wish to sign it.

The Committee Clerk: We have received apologies from Alasdair McDonnell — Seán Farren will attend in his place — and from Ian Paisley Jnr and Peter Weir, who will be substituted by Diane Dodds, who will be slightly late, and Edwin Poots, who will be here in a moment or two, as will Michelle Gildernew, who is on her way back from Westminster.

The Chairman (Mr Molloy): Members will have copies of the draft minutes of the meeting held on 20 July. Can they be agreed?

Members indicated assent.

The Committee Clerk: Members should bear in mind that the minutes will appear on the website and will be available to the public.

The Chairman (Mr Molloy): The Economic Development Forum (EDF) was invited to attend this session but declined. As it is an overarching body, and as the subgroup will be taking evidence from a number of its constituent groups, it felt that its attendance would be inappropriate.

Mr McNarry: For the record, who are “Hutchinson, Graham” and “Lamb, Edel” who received a copy of the e-mail? This is an Assembly Committee, and this e-mail has been circulated to people that I do not know and those sitting at the top table do not know. Who are they and for what purpose have they been circulated the e-mail?

The Committee Clerk: I have just arrived back, David, so if you pass me a copy of the e-mail I will check it out.

Mr McNarry: It is on the file.

Dr Farren: I recognise one of the names: Graham Hutchinson is associated with the EDF.

The Committee Clerk: I think that they are all associated with the EDF.

Dr Farren: It would be appropriate for them to be informed, since the EDF was invited. They are the civil servants who service the forum.

The Committee Clerk: That is the explanation.

Mr McNarry: If that is the case, fine. I am not sure that I would expect them to be circulated on this issue.

You could infer from the EDF communication that as it claims to represent the majority of key players, perhaps we should dispense with inviting the key players and just ask the EDF. It has a dual role. However, I do not want that interpretation because the EDF is presumptuous in its communication. It is important that the EDF attend as a representative, stand-alone group.

This subgroup is an offshoot from the Preparation for Government Committee, to which we are asked to report back. I cannot accept that, in making preparations for Government, it would be inappropriate to ask the people whose primary role is to provide advice for Ministers to share that advice with the subgroup. It is an important role, and I would like to know what advice the EDF is giving to Ministers.

Will the subgroup concur that we advise the EDF that we require a senior presence to co-operate with the subgroup?

Mr Neeson: I would not get so hot under the collar. All of the bodies that sit on the Economic Development

Forum are coming to give evidence. Members of the subgroup have attended meetings of the EDF on occasion. It would be duplicating the evidence given to us by the other bodies that have been invited.

Dr Farren: I agree more with what David McNarry said. The advice of the EDF is not given to Ministers in private. A publication — which is a distillation, I take it, and an agreed document — come from the consultations with the EDF. Since we will not be in a position to reinvent the wheel, and since we have a short time to make an initial report, it would be helpful to have a sense of how the EDF arrived at this consensual document. That does not mean that we agree with it or that all of the members represented on the forum agree with it. However, it would be helpful to hear some of the independent voices represented on the forum, as they may not all agree with everything. We can study what the EDF produces ourselves, but it would be helpful to hear from some of the key players in it and then arrive at our own decisions.

If this subgroup manages to produce even a single document, it will be one for which people have had to tuck and weave their own views and allow them to be meshed with those of others. All policy documents are compromise documents, based on the input of those involved.

I find the situation strange. Perhaps EDF could come before the subgroup at a later date because, of course, the Minister has been invited to attend later as, regrettably, she is not available until September.

10.15 am

Mr McLaughlin: My experience of EDF is that it comprises a disparate group of people and there are significant internal dynamics. Its published report — to which Seán referred — was based on a loose consensus, and I suspect that it would not be the most difficult task to get amongst them and discover that, at times, there are radical differences of opinion. The chronology that Seán suggested might allow this subgroup the opportunity to talk to EDF, but perhaps we should talk to its representatives at the end of the sequence, as the work of the subgroup is developed.

EDF may be reluctant to come forward because it does not feel that it has a position that is coherent and cohesive enough to withstand rigorous cross-examination. EDF processes its work by commissioning and discussing reports and, in my experience, they quite often disagree on their content. We could end up spending a lot of time exploring EDF's disagreements, rather than concentrating on issues that are salient and useful to the subgroup.

The Chairman (Mr Molloy): Yes; we could spend time refereeing. It seems that it would be more beneficial if EDF were to meet as a group and then

come before the subgroup. Seán's point about EDF coming here later is a possibility.

Dr Birnie: I will be brief, because I agree with David and Seán. It is relevant to us to know what advice EDF is giving the Secretary of State, and it would be a pity if its real reason for declining the subgroup's invitation was that it does not want the public — through the subgroup — to have access to that.

In a sense, EDF is the current substitute for the old Northern Ireland Economic Council (NIEC). If NIEC were still in existence, we would have had no difficulty in getting its representatives to come to give evidence. It indicates a regrettable change in how advice is given on economic policy-making here. It has become less transparent.

The Chairman (Mr Molloy): Are members happy for me to write to EDF to invite its representatives here and to make the point that the subgroup wishes to speak to them due to their experience in advising Ministers? The subgroup cannot compel a witness to come forward; it can request that it does so.

Mr McNarry: We said from the outset that we did not want lobby groups coming here to lobby us. We said also that we would facilitate those who did not want to make public statements but who would be content to give statements less publicly. It is important that EDF attend the subgroup, and I thank those who have supported that request. I know that we cannot compel EDF to attend, but I put on the record that even though it may be a ministerial decision, I will take a dim view if it refuses to attend. I see no reason for its refusing.

I do not wish to be pedantic about it. Sean Neeson is right to say that there is no need to get hot under the collar; I am not getting upset about it. However, its correspondence to the subgroup is a "go and get lost" letter, and I do not like those.

The Chairman (Mr Molloy): We will proceed, because there are evidence sessions this morning.

To deal with the issue of privilege, I restate that limited privilege arrangements apply to subgroup members, in the same way as in the Assembly. However, those arrangements do not extend to those who give evidence to the subgroup. Therefore, I will point that out to today's witnesses.

Members have copies of the list of potential witnesses. Also, I can advise members that we hope to receive the Hansard transcript of this meeting within 24 hours.

The Committee Clerk: Members should report any suggested amendments to the transcript to Colin Jones on Ext. 21767 within 24 hours. The 24-hour turnaround for suggested amendments will apply to witnesses also.

The Chairman (Mr Molloy): Therefore, if members have any comments to make or questions about the evidence, they should contact Colin Jones.

Alan will now take us through the revised programme of work.

The Committee Clerk: We did not receive many phone calls with additional suggestions for the transcript of last week's meeting. However, a lot of suggestions are contained in the transcript. We have listed those and circulated them to members. There are two lists, one of which shows confirmed evidence sessions. Members have also received the revised work programme, which includes the confirmed evidence sessions.

If the subgroup runs with the idea of three evidence sessions per meeting and two meetings per week, the revised work programme offers a minimum of eight slots to take evidence from witnesses. I suggest that three evidence sessions are as many as members would want to take in one meeting, as it would mean three hours of witnesses plus the other business of the subgroup.

In theory, members could invite three groups of witnesses on 10 August, but that would leave us with limited time in which to produce the subgroup's report. From speaking with Committee on the Preparation for Government staff, my understanding is that there may be a couple of day's leeway on the 18 August reporting date. Therefore, I have suggested that in week commencing 15 August the subgroup provide a draft report, outlining its recommendations and conclusions. If PFG agrees those, it would allow us to fill in the details. It is really the recommendations and conclusions on which we need to have absolute agreement and clarity.

If we run with that approach, the final draft report will be ready for members on 17 August, which is the day before the deadline. It is a tight timescale, particularly if members decide to include an extra evidence session on 10 August.

The list of confirmed evidence sessions has been circulated to members. The transcript of last week's meeting highlighted that there are a lot of other potential witnesses. Given that the subgroup has only a month to conclude its business, it is important that members focus strategically on hearing evidence from appropriate witnesses in order that the subgroup should meet its terms of reference.

There have been many cross-party suggestions that it would be useful to include the doers — those people who are successful practitioners — in the list of witnesses. We have listed those people among the potential witnesses. I suggest that members include some of those people and groups. However, it is for the subgroup to determine its priorities. There is a minimum of eight evidence slots, and a maximum of 11. It is for

members to decide whom it would like to invite, on top of those already invited.

The Chairman (Mr Molloy): Do members have any suggestions as to who would be a priority?

Dr Farren: Are the first sets of suggested witnesses included in the sessions identified so far?

The Committee Clerk: Yes.

Dr Farren: Therefore, we are moving through the additional proposals and highlighting any people or groups not there whom we think should be there.

The Committee Clerk: Yes. If the three Departments are taken separately, there are 12 groups, meaning that there is one witness more than the maximum number of evidence sessions. It may be that members would wish to invite just one of the economists. Mike Smyth was mentioned quite a lot during last week's meeting.

Dr Farren: Would it be possible when inviting the Mike Smyths of this world to have Mike Smyth and John Simpson together?

The Committee Clerk: That would be subject to their diaries.

Dr Farren: If that were the case, I suggest inviting John Bradley from the Economic and Social Research Institute (ESRI) in Dublin, who has been involved as a consultant to the former Northern Ireland Economic Research Centre. Esmond and others might be familiar with his work on the all-island perspective.

He contributed to a conference in Armagh not so long ago on this very subject. I would like to propose him, and I just wonder whether the three of them could be taken in one session. Perhaps it could be lengthened by half an hour, so that we would have both the local and wider perspectives, which are essential.

The Chairman (Mr Molloy): Are members content with that? We will bring in all three — depending on their availability, of course.

Ms Ritchie: I think we could then counterbalance that by hearing what practitioners have to say — such as the Quinn Group; William Wright's company, Wrightbus Ltd; and perhaps Moy Park.

Mr Neeson: I know through the Assembly Business Trust that Ivan McCabrey of Mivan has been very active with international success.

Dr Farren: Are all strategic interests represented? I suggested John Bradley not only to have another name but to have a strategic overview. Is there any other individual, a doer as it were, who could add to what the existing set of doers are going to say in a strategic sense? It is not personal stories that we want; it is what those personal stories can teach us about the strategic direction to be followed. That is important.

The Chairman (Mr Molloy): All of it has to be kept within the terms of reference of the subgroup. Are there any other names?

Mr Poots: Graham Gudgin is another name. He was involved with the last Executive and has considerable knowledge about people who are advisers.

Tourism is an area in which we anticipate significant growth, and we should be getting significant growth. I should like to see the tourism industry represented via written and oral submissions. Agriculture should also be represented, as is still the largest single industry in Northern Ireland's manufacturing economy. The freight haulage industry is an industry with particular problems, but it is of critical importance given Northern Ireland's peripheral location. It would be useful to get oral or written submissions from those three groups.

The Chairman (Mr Molloy): The Ulster Farmers' Union will link in agriculture when we come to hear from the trade unions.

The Committee Clerk: As mentioned last week, the witnesses on the list are all organisations and entrepreneurs. The subgroup may want to consider whether the Northern Ireland congress or whoever should be included as a key witness.

Dr Birnie: Chairman, the Northern Ireland Committee, Irish Congress of Trade Unions (NIC.ICTU) has produced a report on the economy.

Mr Poots: I do not think that the Ulster Farmers' Union is associated with the Irish Congress of Trade Unions. It is not a public-sector body; it represents a particular industry.

Mr McLaughlin: Perhaps we could consider inviting submissions from the three cross-border organisations. They represent a significant social and economic interest. I have done some work with these groups over the years, and I am aware that they have up-to-date material that would be relevant to the work of the subgroup. We should not crowd the calendar, but they would be glad of the opportunity to write to the subgroup and make a submission.

The Committee Clerk: In that case, we will ask them for it.

To recap for the benefit of members: if we work with a maximum of 11 including the meeting on 10 August, we have more than three per session at this stage, and 13 if we include NIC.ICTU and the Ulster Farmers' Union as oral submissions. Then there is Mivan and Ivan McCabrey, so you have got 14 at the moment.

Therefore, members can choose to prune the list of potential witnesses, or we can invite the full list and organise an additional meeting.

The Chairman (Mr Molloy): It may be that some of the potential witnesses will be unable to attend within the time available to the subgroup.

10.30 am

Mr Ford: Seán Farren made a good point a few minutes ago. We need to see how witnesses might fit together. For example, Moy Park might fit into one neat section with the Ulster Farmers' Union. Hearing witnesses such as those together would provide us with different aspects of the one basic protest.

The Chairman (Mr Molloy): Yes. They might tell also of associated problems.

We will leave that at this stage to let the clerks try to piece our discussions together.

The Committee Clerk: To give people the opportunity to meet with others if they have to, and to make written submissions, we need to issue the invitations today.

Dr Birnie: Chairman, Seán suggested John Bradley in addition to Mike Smyth and John Simpson. If any of them are not available, I suggest you look to the Economic Research Institute of Northern Ireland (ERINI), and possibly, in that context, to Prof Richard Harris, who has done some studies on investment incentives.

The Chairman (Mr Molloy): OK, representatives from the Northern Ireland Business Alliance will make the first presentation. We will ask them to complete their presentation and take members' questions. We are trying to tie it down to one hour.

The Committee Clerk: Once we start, the red button will be pressed, meaning that the session will be transmitted across the Building. Members should bear that in mind when deciding what to say.

Dr Birnie: I have always done that.

Mr McNarry: No four-letter words, Esmond.
[Laughter.]

Dr Birnie: You keep me in order, then.

Mr McNarry: I will.

Dr Birnie: Don't let me get too excited.

The Committee Clerk: The button has been pressed.

Dr David Dobbin (Northern Ireland Business Alliance): Good morning.

The Chairman (Mr Molloy): Gentlemen, you are very welcome. Sorry for keeping you a little late. We have been trying to finalise the other witnesses that we wish to invite to give evidence to the subgroup. Hansard is recording this session, and its transcript will be available to you within 24 hours to allow you to make any corrections or amendments that you might want. Although members have limited privilege in this

subgroup, unfortunately, those giving evidence do not have any privilege whatsoever. *[Laughter.]*

I am sure that will not make any difference to you. Would you like to introduce your team and make your presentation?

Dr Dobbin: Before we start, may I check the timing? As we are starting late, what is our target?

The Chairman (Mr Molloy): One hour.

Dr Dobbin: Thank you. Our delegation is slightly depleted due to holidays. The Northern Ireland Business Alliance represents the Confederation of British Industry (CBI); the Institute of Directors (IOD); the Northern Ireland Chamber of Commerce; and the Centre for Competitiveness. I am David Dobbin and I am a past chairman of the CBI.

My colleagues and I plan to speak for 10 or 15 minutes, leaving most of the hour for discussion with, and questions from, the subgroup. I hope that many of you attended our presentation to the Assembly on 16 May. Today's submission builds on that presentation. I understand that you have copies of it.

There is widespread consensus between business, Government and the various economic commentators that the apparently strong performance of the local economy conceals underlying weaknesses and problems that must be addressed. Those issues are: an over-dependence on the public sector and public expenditure; an underdeveloped private sector that is relatively unsophisticated; low levels of business start-up and spending on research and development and innovation; and low levels of labour market participation or economic activity, as it is known.

That is also characterised by relatively high levels of long-term unemployment and, indeed, some areas of the Province where there are low levels of growth and economic activity.

Finally, we believe that, under current UK Exchequer pressure, the subvention that we rely on to maintain our economy at current levels is under threat. Projections carried out by economists working for the Economic Development Forum show that if we maintain current Government policies, we will not be able to close the prosperity gap between Northern Ireland and the rest of the UK or Southern Ireland.

We contend that radical policy changes are required if we are to change the trajectory of the local economy. When we met the Assembly, we talked about creating 140,000 quality private-sector jobs and about trying to grow the economy at a rate of 5%. There has been a great deal of debate between economists since then about whether those figures are correct. We suggest that the Assembly must confirm the challenges ahead with regard to targets for job creation and economic growth and establish how the proposals from various

groups would address those. Some form of study or work must be done to ensure that the future policy of a devolved Executive is driven by evidence and fact as opposed to opinion.

The challenge ahead is to close the gap that exists in economic activity, wages and gross value added per person; to reduce long-term unemployment; and to ensure that there are sufficient quality jobs to employ the many young people that have to leave Northern Ireland each year to find work in the rest of the UK and beyond.

We believe that the gap can be best closed only in the context of devolution. That is because we have unique problems that are quite different from those in other regions of the UK. We have a land border with Southern Ireland and the legacy of civil unrest. We need a tailored strategy for this region. We do not believe that Northern Ireland Office and direct rule Ministers applying national policies will do any better than achieve a similar level of growth to that in the rest of the UK. We need to grow faster to close the gap.

Furthermore, to re-balance the economy we must encourage private-sector activity so that we are less dependent on the public sector and public expenditure. Over the next five minutes we will focus on how we can achieve that.

There are no silver bullets; there is no quick fix. Whatever we do to address this problem is part of a long-term process. We believe that that would be best achieved by some form of social partnership between the public and private sectors, business and elected representatives, and trades unions and the voluntary sector.

A business-friendly environment must be created that supports the conditions for growth and is attractive to international investors, who must be persuaded that we have a stable and safe investment location. To do that, we need political stability and an end to paramilitary activity, sectarianism, criminality, disorder and unrest. We must normalise this society so that it is as welcoming as any other part of Europe to businesses, visitors and people coming to live here.

If we are going to move from a public- to a private-sector-led economy in an increasingly competitive world and create the growth and jobs that we have talked about, we must do a number of things. This is the core of what we are saying. We need to promote proactively investment in business formation and growth. We need a flexible and competitive fiscal environment. A skills strategy and action plan that matches the future, rather than the past, needs of the community and the economy, is necessary. We need a sustained investment in infrastructure. We must increase the levels of innovation and technology transfer, and ensure that the changes that take place in

the public sector support the transition to a private-sector-led economy.

Finally, we must ensure that we have flexibility and responsiveness in regulation and planning.

We must ensure that we exploit the opportunities that exist on the island for all-island markets and an all-island economy. My colleague Stephen Kingon, who is chairman of the Northern Ireland Centre for Competitiveness, will now deal with the fiscal issues.

Mr Stephen Kingon (Northern Ireland Business Alliance): As David has said, one of the problems that we face is increased global competition in a competitive fiscal environment. Northern Ireland has some financial incentives, but we have a fiscal regime that is not as competitive as any elsewhere. Puerto Rico has a corporate tax rate of 1·5%, and approximately 30 countries have reduced their tax rates in the past 18 months. Even the emerging eastern European states are trying to compete on tax rates.

David said that, although it is fundamental that we are attractive to inward investment, we must encourage investment through our indigenous business. Obviously, a competitive tax rate is one way in which to do that. Issues arise such as EU competitiveness and how the sovereign tax rate can be changed, but there are other ways in which to create an effective tax regime.

As a developed country, we must play up the value chain, so in the key areas of innovation, skills technology and export orientation, tax credits can be used to encourage investment by businesses and to promote Northern Ireland as an attractive centre of excellence for inward investment.

The Chancellor has previously allowed accelerated capital allowances in Northern Ireland. That he has differentiated at a sub-regional level means that a precedent has been set. To encourage business investment, the re-introduction of accelerated capital allowances would assist us. There should be some fiscal flexibility in some of the indirect taxes to allow for, as David mentioned, anomalies that arise on the island because of the land border and the tax regime. We should look at how we effect some of the indirect taxes. Moreover, other areas of flexibility could be covered by looking at, among other things, the old enterprise zone requirements.

Dr Dobbin: Declan will now comment on infrastructure and innovation.

Mr Declan Billington (Northern Ireland Business Alliance): I want to focus on competitive infrastructure — how infrastructure can help us to become globally competitive, how it can help economic growth and possibly even employees' economic participation.

We are an island that is next to an island that is next to Europe, and that puts business at a disadvantage

when competing in a global economy. Moreover, versus Asian and eastern European markets, we are not a low-cost economy, so we must concentrate on value. Value is about the supply chain as well as about the product. If we think about the supply chain, Northern Ireland focuses on service. For Northern Ireland to move up the value-added chain — competing in Europe and globally — it must be in a position to enter time-sensitive markets, in which the customer is prepared to pay a premium for the service.

Taking international air routes from Northern Ireland as an example, any business that exports services and consultancy, or even technical support for products, must be able to support those through prompt delivery of skills to the customer anywhere in the world. Where businesses operate off regional hubs, time is added. When time is added, cost is added. The fact that our international air-route structure is not as well developed as others elsewhere disadvantages us in the market, and that must be rectified.

The supply chain is very important to manufacturing locations that export to Europe. Businesses do not want to risk running off an infrastructure that may create problems for them in getting their products to ports for export. Missing a connection out of Belfast could add two days to the time it takes to deliver products to continental Europe — seven days as opposed to five days. Therefore, if we want to grow the economy of Northern Ireland, infrastructure will play a critical part.

10.45 am

If we want to address employment and move industry deeper into the Province, we will have to improve our roads infrastructure to encourage businesses to move further afield — poor infrastructure puts our businesses at a competitive disadvantage. Poor infrastructure also means that our businesses may not be able to locate in rural areas in order to create employment there, because people measure travel to work by time rather than by distance. Building a good infrastructure gives people more opportunities for employment outside their communities. They would also bring greater wages into their communities, which, in turn, would stimulate local service jobs — restaurants and supermarkets — which might involve more local participation in the community. That is why infrastructure plays an important part in competition and in addressing the problems of unemployment black spots.

We have talked about the physical infrastructure, but the knowledge infrastructure — not just the bricks and mortar of the universities — is also important. If they want to compete on the international stage, they need to have critical mass and be adequately resourced. That is not just a question of facilities but also of third- and fourth-level education and of the support available

for research and development posts. Multinationals that want to invest in research and development will want to know that there is a critical mass of graduates and postgraduates to support it. My colleagues will pick up on the issues surrounding skills and education.

Dr Dobbin: I stress that we need a world-class infrastructure with electronic connectivity, and we are starting to see that locally in good measure. As Declan said, we need the necessary hardware in our roads, ports and airports. One of the key elements in our presentation is that public-sector behaviour can have a big influence on how we develop the private sector. I would like to ask Frank to comment briefly on public-sector reform and how we can refocus the public sector to help to drive the economy.

Mr Frank Bryan (Northern Ireland Business Alliance): Thanks, David. I will touch briefly on where we are at the moment. There is consensus that, as we move into the twenty-first century, what we have is simply not good enough. There is also consensus that it is not healthy for an economy to be over-dependent on the public sector: at the moment, more than 60% of our gross domestic product depends on the public sector. That has many spin-off effects on how we operate as an economy.

The original narrow remit of the Review of Public Administration did not make sense. The figures show that the review accounts for only 5% of the public spend that currently goes through the councils, although that percentage might rise to 10% through the Review of Public Administration. If we are serious about making changes, we need a complete overview of how the public sector in Northern Ireland is run. From a business perspective, we welcomed recent comments that a debate can start that will go to the heart of the Civil Service here.

There are opportunities for designing public-service delivery around the citizen. In order to manage change — and we take into account the very difficult transition that would be required — it would be necessary to tie into private-sector expertise. We see an opportunity to use the reform agenda to drive an economic agenda. That agenda may take many shapes and forms, but if some service delivery could be outsourced — for example, shared services among the various Departments — we could develop the necessary expertise here in Northern Ireland. As the same process evolves across the water, we might be able to tender for such outsourced service delivery, and that would provide the opportunity to develop our economic growth and employment.

Dr Dobbin: Finally, for the last piece of our oral submission I am going to ask Michael Maguire, the past Chair of the Institute of Directors, to make some comments about skills.

Dr Michael Maguire (Northern Ireland Business Alliance): The Business Alliance has been working with the Economic Development Forum for a number of years on moving forward on several dimensions of the economy. My interest is in skills and education.

Our starting point is the skills strategy document from the Department for Employment and Learning. The strategy aims to ensure that individuals have the skills to enhance their employability; that employers have access to the necessary skills to develop their businesses successfully within the context, as we have already heard, of foreign direct investment, increasing the strong entrepreneurial base, SME growth and literacy and numeracy.

We support the skills strategy. We believe that the four themes are important in trying to push forward the skills and education agenda: first, understanding what skills are required for the development of the economy both in the short and long term; secondly, improving the skill levels of the workforce; thirdly, improving the quality and relevance of education and training provision; and, fourthly, tackling the skills barriers to employment. Anyone who thinks about the skills debate could not challenge that these are the right things to do in relation to the skills agenda.

However, there are issues about implementing the skills strategy, we would like to bring those to the subgroup's attention. First, we need a responsive education and training infrastructure to meet existing employer needs. For example, large employers are currently looking for individuals with software development skills sets. Secondly, we need to think about the longer-term needs of the economy, whether it is in the life sciences, technology or nano-technology. Work is being undertaken to think about the future skills needs of the economy, and we would reinforce the importance of that work. We need to set out our stall and say: "This is the space we are in, and this is what we want to do in relation to training and education."

It was of some concern to the Economic Development Forum, and the subgroup of which I am Chairman, that roughly 97% of the skills strategy expenditure focuses on one theme: improving the quality and relevance of education and training. There are two issues. First, it means that three of the themes are accounted for by 3% of the expenditure, and we need to ensure that in the education and training budget the right moneys are being placed in developing the skills and training infrastructure. Secondly, the 97% expenditure is largely accounted for by universities and further education provision.

The business community believes that there is a need for a responsive education system. There needs to be a direct alignment — and a much stronger link —

between the strategic intent of Northern Ireland's economic development needs and what is happening within further education colleges and the university environment. A responsive training and education system is important.

I would also reinforce the importance of literacy and numeracy in supporting the economic growth objectives of the local economy. For us, it is a critical factor in building the generic skills base required to meet business needs both now and in the future. My final point relates to that context and to what I have said already. I would like to emphasize the importance of vocational skills in meeting the immediate and longer-term needs of the economy.

Dr Birnie: Gentlemen, your preference seems to be for tax credits, as Dr Dobbin termed it, as opposed to a corporation tax headline change. If that is so, why is that your preference? What evidence is there as to how elastic the supply of local investment and foreign direct investment (FDI) would be to such changes?

In other words, if we can boost net profits by 1%, what percentage growth would we see in the level of investment in Northern Ireland?

Mr Kingon: If we were able to achieve a very competitive rate of corporation tax — whatever that may be — that would be the option to go for. For several reasons, we have concerns about the current tax rate. The Internal Revenue Service (IRS) in the United States is taking a test case against Apple Computers, basically stating that if the intellectual property of products rests in the States, it does not matter which low-tax regime one goes to. If that case is successful, putting all one's eggs in the rate basket will lead to difficulties.

So far, there has been no allowance at the EU Competitiveness Council for a sub-regional rate; the sovereign tax rate must be changed. As a practicality, given that Northern Ireland's corporate tax take is £500 million versus £49 billion in the UK as a whole, the Treasury is unlikely to reduce the overall rate. We are being pragmatic and practical. If we could get it, a zero tax rate would be fine.

Existing tax credits are not flexible enough, and their definitions are too narrow. We must broaden and enlarge the areas to which tax credits apply. We have said that innovation is very important. There is an R&D tax credit, but most businesses do not claim it. The definition is too narrow, and half of the costs are excluded. We are seeking a redefinition of that credit so that more companies will claim it and so that it will be more beneficial.

We mentioned the need to examine matters such as skills strategies. We need companies to invest in training and development, particularly our smaller SME businesses. To encourage them to do that, we

would seek some incentives through tax credits. The benefit of the tax credits is that they encourage people to invest and spend in the areas that are required to move the economy on. If you do not spend, you do not get. If we simply have a go at the tax rate, we will not encourage those expenditures. We are being pragmatic. However, if someone said that there was a 1% or a 0% tax rate —

Mr Billington: I would add that corporation tax is generally associated with FDI (foreign direct investment), and the Chancellor Gordon Brown stated that we did a very good job in creating 85,000 jobs over the last 10 years. While there is some discussion, the Business Alliance reckons that 140,000 new jobs will be needed over the next 10 years. To achieve that, we must basically buy in business, which means FDI, and fiscal incentives could help with that. We should not narrow ourselves to just one tool: corporation tax.

The Assembly noted fuel duty as an option. There are a number of fiscal tools available. We must decide on which one is the best fit for bringing business in; which one is the best fit for taking small businesses and growing them rapidly; and which one is the best fit for helping businesses at a certain critical point to make the next step.

Rather than coming up with a solution without understanding the problem, it is important that work is done to identify the best tool to create growth by sector and by size of business. That is the package of incentives for which we should be arguing. That includes a corporation tax that is deliverable and capital allowances to get the same result in a different way. We should keep this discussion broader than just focusing on corporation tax.

Dr Birnie: What is the evidence that tax credits work?

Dr Dobbin: It is a matter of the whole tax regime. There is the headline rate of tax, but with tax credits the actual rate could be much lower. It is clear that if we wish to achieve revenue-generating businesses, the tax issue and the fiscal issues are very important. We have seen that with all of the FDI. From talking to our international clients, I know that financial control rests with the vice presidents of finance, who are heavily involved in the fiscal and tax regimes. That is a critical factor in decision-making. It is not the only factor; there are others, such as the skills base, university support, infrastructure and other aspects that we mentioned. However, there is no doubt that that fiscal regime is more important than even financial incentives.

11.00 am

Dr Farren: Thank you for the opportunity — at long last — to meet you and the others who will appear before the subgroup over the next few weeks.

Let us assume that we have an attractive and competitive package to attract additional investment from whatever source, be it foreign or indigenous. A target of 140,000 new jobs over 10 years has been set. To clarify, I assume that those jobs will not all be in the private sector?

Mr Kingon: No, that is the total employment target.

Dr Farren: Where can growth in the private sector be expected? In other words, what sectors will you target? Do you aim to make the best possible pitch to the widest possible range of investors, be they, as I said, indigenous or foreign, and hope that the wind will blow in a sufficient number of jobs and the investment to produce those jobs? Or, do you have a reasonably clear idea of the sectors to which investment is most likely to be attracted? With that knowledge, we can speak confidently to skills and education providers to ensure that there is a good supply of the skills and qualifications necessary to fulfil those jobs.

As you know, we are in a globally competitive market, and our package may not bring all that we need. I am anxious to know where you see the balance between indigenous and foreign investment and what sectors are most likely to see the best returns from such investment.

Mr Kingon: We said earlier that, as a developed country, Northern Ireland must move up the value chain. Currently, we need to concentrate on the back-office and financial services sectors. Software is a still a key growth area. That is also linked to innovation, particularly to universities, and including life sciences and medical devices. Those sectors are important. There is also a reasonable cluster of investment in advanced electronics.

Those are the sectors in which we can compete, because we are not playing at the low-cost end of the market; however, technology and knowledge transfers also play a role. There is already a base in some of those sectors, albeit not to the full critical mass that one would like. That is where we see the need, although, as Michael said, that is linked to the skills strategy, as we need to put more resources into some of those key sectors.

There are obviously spin-offs from that, because sectors such as tourism and retail will also provide jobs. The tourist sector needs investment in training and development, in addition to the infrastructure spend that we mentioned. Less than 2% of Northern Ireland's gross domestic product (GDP) comes from tourism vis-à-vis Scotland and the Republic of Ireland, where the figures are 7% and 9% respectively. Northern Ireland has much the same climate and physical infrastructure as those countries, so we should be able to raise that contribution to the GDP. Investment in

infrastructure in the tourist sector is necessary, but investment in people is also required.

Dr Dobbin: It is important that we do not get too restrictive. Government economic development agencies did not always get it right in the past whenever they selected the stars for the future, and the market is quite dynamic. When we consider innovation, there is an opinion that even some of our traditional sectors can transform themselves. For example, our very large agrifood industry is the biggest indigenous manufacturing and exporting sector. We need to examine how we can rescue—or maintain—rural and processing activity in that sector.

When we look at that sector, there are specific opportunities to get into functional foods and fresh foods. Products that have a short shelf life cannot be supplied from China or further afield, only from nearby. Functional foods are foods that have health benefits or are perceived to be more natural.

There are also opportunities in engineering and in some traditional industries, including textiles, to get into high-fashion design. Product turnover is fast in those areas, and there is a constant flow of new products and ideas. It is difficult for long supply chains in the Far East to match that.

Stephen Kingon is right that Invest NI's vision has identified five key technology areas, including food and life science. We need to encourage all business to be more outward-looking, more ambitious and more innovative. There is no reason to write off a sector, particularly agrifood, in which we see growth even though all the pundits said that it should have died and given up several years back. We need to be careful that we do not write off an industry only to discover that there was a way of transforming it.

Dr Farren: I stressed the need for indigenous as well as foreign investment. In the light of what Michael Maguire was saying, where are the skill-provision and higher-level-qualification gaps that need to be filled? Without the already existing significant levels of migration and assuming that the investment packages are achieving their goals by attracting investors, can we reasonably expect to have a workforce that will meet the challenges? Investors do not find that the skilled labour force—at whatever level—is here to meet their needs.

Dr Maguire: That is the right question. When we talk about the need for a responsive education and training system, the question arises: "Responsive to what?" We have in some cases a very good, but very elaborate, training infrastructure that is demand-driven: it is driven by the needs of the students and the needs of local employers who are developing what they do in a very small area.

If you are asking where we need to be, this is work in progress. One of the things that we — David, others and myself — have been pushing within the EDF is thinking about the skills that will be required in industry in Northern Ireland. We need to think about where the gaps are and what we need to develop a more responsive structure to.

The answer is probably on two levels, but I am not sure where the balance is exactly. On one level, you need to develop the generic problem-solving, team-based, well-educated, literate and numerate workforce that is a rising tide for everyone, and you have to look to the primary and secondary schools, vocational further education colleges and universities to deliver on that.

At the same time, we need to take a top-down view and consider whether Northern Ireland needs more engineers, for example. We need to be able to push those ideas through a responsive education system that considers its job to be one of helping to develop the economy of Northern Ireland, rather than considering its job in a narrow way — and I am overcharacterising here — as being purely educationalist based. I am unsure of the answer, but I am convinced that we need to ask questions in those two areas to try to get an answer.

Mr Neeson: The challenges that lie ahead are huge and growing by the day, particularly with the development of the global economy. I am aware of one local entrepreneur who has invested in China. A great deal of Northern Ireland money is being invested outside Northern Ireland. Why is that happening?

Dr Maguire did not mention the impact of high-energy prices. Like most members, I welcome the development of the all-island energy market. If the Secretary of State takes us down the line of green energy, that will mean higher energy prices. How do we compete in the global market with issues such as high energy prices? Dr Maguire has dealt with my other question regarding responsive education systems. The development of skills is critical if we are to compete in the growing global market.

Dr Dobbin: In response to Mr Neeson's first question regarding businesses relocating to China, Estonia and Poland, the cost base is lower and they can get access to cheaper raw materials. We operate in a marketplace. When we go shopping at the weekend, we like to get value for money and good deals. If products are price sensitive or cost sensitive, businesses will move to countries with the lowest production costs. In China, where I worked for four years, there is a vast labour market, and labour costs are about one tenth of what they are here. One does not have to go to China; one could go to eastern Europe for low labour costs.

If the economies of the past were built around labour and ports, etc, the commentators say that future

economies will be built around skills, innovation and universities. We have two fantastic universities here, but, unfortunately, many students who leave Northern Ireland to study in GB do not come back. It is not that there are insufficient university places; there are not enough good graduate employment opportunities. We must try to encourage the formation of businesses that tap into that talent, as it is earning money for itself, and for the companies that it is working for, elsewhere. Everyone should consider how we could use our universities better to drive the economy. Both universities are aware of that, but there is no formal strategy in place for exploiting the knowledge that we have in our universities, and the talent coming out of them, to better advantage. I have spoken to both vice-chancellors, and they agree that there is a gap. The Department for Employment and Learning should consider that issue. We are putting a great deal of public money into universities; let us ensure that we get a return.

Seán Farren touched on the issue of choosing the products and areas that we should go into. The reality will be a mixture of where we are already and whether we can sustain those industries and encourage some new ones. Dr Maguire touched on the skills issue. Nanotechnology and bioscience are seen as areas of emerging technology, and our universities have expertise in those areas.

Stephen Kingon would say that the British Government target the financial services industry. That is because there is a history of strength in the UK, particularly in London. However, Dublin also has a history of strength, and businesses are running out of affordable office space and people in the South. If we had a centre for financial services, perhaps in an enterprise zone, we could create a seedbed that could await the overflow from the South.

The Southern economy is definitely overheating in areas where it cannot get the skills, and yet we are seeing a brain drain. We need to find some clever way to tap into that overspill, and the overspill from other parts of Europe, in back offices and financial services. We need fiscal flexibility: not just a lower tax regime, but one that targets the people we want — those that can give something back into the economy. It should not apply to everybody.

11.15 am

Mr Billington: In relation to the question of where local businesses outsource, it is either evolve or die. If our cost base in Northern Ireland continues to rise so that local businesses cannot compete, they will outsource the lower-value-added work and retain the design and marketing work. Those businesses evolve to outsource the low-value-added work and concentrate on the high-value-added end of the business. That is evolution. The more our cost base rises, the more that evolution will

move across our indigenous businesses. That is the challenge. There is always equilibrium. As the cost base rises, a new equilibrium reaches a new point where more is outsourced.

You are quite right in that the high cost of energy is putting businesses under stress. Combined with that, there is a stranded cost that has still not been addressed, which means that whatever happens in the UK, we will be worse off by that extra slice of cost, and that must be addressed.

However, moving forward, the key issue is that businesses evolve, and that is not necessarily a bad thing: they either die or evolve, but that rate of evolution or change will be determined by the cost base in Northern Ireland. Managing the cost base here could be under the control of the devolved Assembly.

Dr Dobbin: A major problem is the cost of transporting our products. The UK, for its own reasons and because of climate change, has imposed a tax on fuel higher than that in almost any country in the world, while Southern Ireland has a more modest tax rate. That has led to two things. First, the transport industry is moving its base to the South where it can source cheaper fuel, and, secondly, fuel smuggling as a result of the tax difference has led to more criminality. We reckon that last year the British Government lost £300 million in tax revenue because of fuel smuggling. That is one area where a reduction in excise duty would increase the tax take for Government, reduce criminality and make businesses more competitive.

The duty on fuel should be looked at. There are examples where Britain has varied the rate of duty here. A similar problem arose on the aggregates tax, and the Exchequer changed the tax because of the distortion on an island economy, and that should be looked at. It would help small and large businesses, it would stop criminality and it would probably increase the tax take to the Exchequer. Energy could be made more affordable, and at the same time it would benefit the Exchequer, and we would see the benefits for law and order and criminality.

Mr Bryan: The central message that should come through is the speed of response. Fundamentally, the greatest gift that this subgroup can give is a stable, local Government that will allow businesses the freedom to sell and invest in the future. All the messages coming through, whether that be investments overseas or whatever, reflect that times are moving on at a pace that neither you nor I can control. We cannot try to turn back the tide. We must act now, even though it may be long overdue. The central message from the business community is that we must knuckle down and get on with it.

Mr Poots: I want to deal with the practical issue of how the Government can implement changes, particularly

in the light of the current planning policies in Northern Ireland. Land values for housing are now around £1 million per acre, and for business development around £400,000 per acre. Most of that money goes into the pockets of the individual selling the land.

What can the Government do, first to make land more affordable, and secondly to draw more money back into the central economy in terms of development gain, thus ensuring that developers provide more roads, sewerage and general infrastructure so that the public sector does not have to pick up that tab and has more money to spend on other areas?

With regard to education and training, Northern Ireland has many people at the higher end of the education bracket and many at the lower end. That has created some problems, because those at the higher end tended to go to the top universities in the UK — which were outside Northern Ireland — and those in the lower end found difficulty getting jobs. There are huge challenges for those in employment who have low numeracy and literacy skills. How do you see the universities rising to that challenge?

There is an issue about the number of available university places and the courses that are being taken at universities in Northern Ireland. Many young people are coming out of university, going to work in Tesco for six months or a year and then taking up a job that is completely unrelated to their degree. What practical university degrees do you see coming forward that can be used in the workforce? Should we be looking at the possibility of creating more polytechnics again? There used to be a polytechnic in Jordanstown, but that transferred to university status. Should some of our further education colleges go down the route of becoming polytechnics, and should we create more training opportunities for the jobs that are coming about?

How do you see the R&D tax breaks tying together with the employment and training opportunities? Northern Ireland universities have many degree courses available in medicine and biosciences. I see that as one of the greatest opportunities for quality employment growth. It is also an area where R&D tax breaks could attract significant foreign direct investment. How would you tie the training of people for the biosciences and nanotechnology with the introduction of the R&D tax breaks?

Dr Dobbin: I will answer the question relating to planning and land, and my colleagues will answer some of the others.

At present, the planning response is a major barrier to development of almost every kind, whether it is private housing — of which there is a shortage in Northern Ireland due to difficulties in obtaining planning permission — retail, commercial development, or business development. That was reviewed recently

by the EDF, and there are several reasons why the Planning Service is not keeping up. The biggest one identified is that its sister agency, the Environment and Heritage Service, which is part of the DOE, is not responding on statutory consultation fast enough, and it is woefully behind its targets. That is a major barrier to the granting of a fast and speedy planning decision. Something must be done, and the Government recognise that. However, no one seems to be able to get the Environment and Heritage Service to respond within the deadlines set in planning. That is the biggest obstacle to a speedy planning decision that has been identified.

Any developer will tell you that the price of land is artificially high. Land with planning permission is at a premium here because it has got through the net. If the planning procedure was speeded up and the Planning Service's regional plans were completed we might see, if not a fall in land prices, then a steadying of them. We need to build more houses, and that alone will create economic activity. Property developers are investing in Great Britain and elsewhere because they can get planning decisions faster and they can turn their money over faster. So there is definitely an issue to ponder there.

I have spoken to both vice-chancellors about the skills issue and the cap on university places. There is a cap on university places here that does not exist in other regions. Scotland provides more graduate places than it generates in terms of student demand, and Northern Ireland has fewer graduate places than it needs. Both Northern Ireland universities are cautious about expanding at present because of the slump coming through the education system: the baby boomers are slowing down and there is a rapid fall in enrolments.

There is a fear that if further and higher education provision were expanded, falling enrolment numbers in primary and secondary schools could, in five or ten years' time, hit the further and higher education sector and affect its student numbers. Therefore, there is nervousness about a potential stop-start situation.

Before I hand over to Dr Maguire and the others, I have one final point. The comments about the technical colleges were well made. There is a strong view in business that an option must be created for those young people who are not particularly academically oriented but would make good technicians or show good vocational skills. The further education sector is being restructured, and the new technical colleges or the polytechnics even offer degree subjects. We must ensure that we get it right in those areas.

Some within the business community believe that there should be a return to secondary technical colleges, which worked very well in the 1960s and 1970s. Attending such colleges enabled those who did not get through the then selection system to follow a worthy

career path. There is a demand for those skilled workers; there is a shortage of technicians, plumbers and builders in Northern Ireland. The Strategic Investment Board, of which I am a member, cannot get contractors in sufficient quantities to meet some of the infrastructural demands.

Dr Maguire: Dr Dobbin has covered my points. There must be a greater emphasis on the development of vocational technical skills. I am not of the view that we should simply create another dimension to the training and education infrastructure. We have a good network of further education colleges.

We must approach this issue on two levels. First, we must move away from the mindset that believes that the purpose of education is to create lawyers, doctors or accountants. Secondly, we must celebrate the excellence that exists in our vocational and technical skills. A BTEC is the equivalent of three A levels, and gaining that qualification allows a student to take a step further in the education process if he or she wishes to do so. Too often we take the view that there is only one education system, which celebrates academic education. That system is good, and we want to keep it, but, as Dr Dobbin said, we must consider also the importance of vocational technical skills and moving the further and higher education colleges forward.

The Department of Employment and Learning spent £163 million on the further education system. Work needs to be done to provide a business focus to the work of further education colleges, and the "Further Education Means Business" strategy should be encouraged and reinforced. However, we must keep the pressure on. We must ensure that the further education sector provides what young people and businesses need to match candidates to jobs.

To answer the question directly, we should not create another layer in the education hierarchy to meet those needs. We should try to get the maximum results from the structures that are already in place.

The Chairman (Mr Molloy): I remind members that we are running out of time.

Ms Ritchie: I noted Mr Billington's earlier comment that there is a direct correlation between a good infrastructure and the development of a sound economy, and that we need a good infrastructure for the prompt delivery of skills, goods and services. In particular, he mentioned the lack of development of air routes and the lack of availability of certain routes for the prompt delivery of those good and services.

First, has the Northern Ireland Business Alliance (NIBA) undertaken any analysis of that issue? What discussions has it had with air carriers and airport owners, and has it considered the all-Ireland regime and the possibility of using airports in the South, such as Dublin and Shannon?

Secondly, we are overly dependent on our roads infrastructure. It is our only sound land infrastructure, as the railways are underdeveloped, although, for too long, the improvement of the roads infrastructure has been concentrated in certain areas. Has NIBA assessed the need to improve the roads infrastructure, not solely at the main hubs, but across a wider area, to ensure that the requirements of the Regional Development Strategy are met? Does NIBA consider that the five-year review of the strategy, which is currently subject to consultation, would be a good mechanism for that assessment?

Thirdly, for the prompt delivery of goods and services, we have the east-west route. How could railway infrastructure be used to bring our goods and services to ports on that route? What discussions has NIBA held with Translink and Iarnród Éireann to improve the delivery and transportation of freight on the Belfast-Dublin route?

Mr Billington: NIBA does not do air route analysis. It relies on studies from other bodies. However, having worked for a multinational, I can tell members anecdotally that the number of man-hours spent travelling to and from Europe and America means that businesses carry more people to cover the same amount of work. Any travel time that you save means that you can be more competitive and give your customers a more prompt response. Two or three years ago, Invest Northern Ireland engaged with various air companies. Indeed, Stephen will outline the work that has been done and work that is ongoing on growing air routes.

11.30 am

Mr Kingon: One of the big problems was getting direct flights out of Belfast. Air Route Development (NI) Ltd was set up to negotiate with the airlines, with the result that a few more direct routes have been opened up. There are some issues to be resolved. There is a big uptake of people leaving Northern Ireland, but the number of returning passengers is a problem. Those routes will continue to be marginal until we build a track record.

More needs to be done to develop other direct routes. There is a need for further funding and investment through pump-priming. There have been one or two failures because people went too quickly into a marketing campaign to get some of the stuff off the ground. Generally, accessibility has been an issue. The very fact that we have some direct routes now does help.

Dr Dobbin: The point about Dublin airport was well made. We need to ensure that we complement it. The market will find its own balance, but for certain routes, there is not enough demand in Northern Ireland to justify a flight. In those cases, the rapidly improving road system allows access to Dublin airport should you need it.

There has been a significant study made of railway infrastructure. NIBA was party to it, and I was personally involved through the Strategic Investment Board. With rail, the problem is one of viability, the number of people here and population density. I could almost declare myself to be an anorak. I am a railway fan. When I joined the Strategic Investment Board, I was keen to see, for example, improved railway connections to Derry. The line between Derry and Coleraine is dreadful and needs to be upgraded. However, when the cost of that is considered, it would almost be cheaper to build a main dual carriageway with a bus or tram system. It would cost less to operate and be more flexible at either end.

Either way, however, the point about Dublin airport was well made. We need better east-west connectivity, as well as improved routes between Dublin and Belfast. We need to consider the routes from Belfast to Derry, Belfast to Armagh and out to the west. The average speed on our strategic road network is well below where it should be. It is just in the early forties. We need to get it up to 50 or 60 miles per hour, and we need to make bus routes faster as well.

Mr Billington referred to commuting. It works both ways. If we could create, for example, a carriageway or motorway beyond Dungannon, it is my gut feeling that it would do two things: improve labour mobility and create business in those areas. If it were easier for businesses to connect, it would be easier for customers to reach them.

My gut feeling is that investment in transport would help rural development more than anything else that we could do — more even than allocating grants — because people would not feel as isolated. Businesses would be easier to get to for customers, investors and commuters.

I am not so sure that every region could have its own economic heartland. That is perhaps a planning issue. There is no doubt, however, that we need a strategic road structure. Rail has its place, particularly on the Belfast-Dublin route. I would like to see much-improved Belfast-Derry or Belfast-Coleraine-Derry systems.

However, the feedback and figures that we are getting suggest that it would be cheaper to build roads and have a good bus system than it would be to put huge investment into rail. To build a new high-speed track between Belfast and Derry would cost around £0.5 billion, but only the Belfast to Dublin route would have the traffic to justify that sort of investment.

Mr McNarry: As I listen, things come back to mind. Society has not recognised the debt it owes to those in business — in commercial retailing, financial services or whatever — who stuck with us through the duration

of our troubles. Therefore your responses here carry more weight than politicians sometimes give them.

I have three questions. First, what advice would you give to a cross-section of 15-year-olds with regard to their employment aspirations, given the need to create the 140,000 jobs that you talked about?

Secondly, I know that Stephen has a romantic view of these things. I would love to help him create his commercial Utopia — a permanent happy hour for all those incentives, wherever he wants to site it. I listened to what was said about the enterprise zones. It would be interesting to find out how many businesses, having taken advantage of those zones, vacated them once the happy hour was over. We have to factor that into things.

Thirdly, can we escape from a “buy one, get one free” promotion mentality with regard to incentives? How confident are you of delivering stand-alone products and services — “the best in the world”, as the Secretary of State likes to call them? Somewhere along the line we are going to have to make a decision about parity, but which comes first? Our ability to deliver the best, and does it stand alone? Or must we attract by discounting and bringing people here?

Apart from the blip, we have had 30 years of direct rule. During that time, what representations did your sector make to the Government? I have followed your activities, but I have listened intently to you today and to references to the complications facing the EDF. What did you say to the Government? Were there any areas in which you felt that your representations contributed to a success? I share the views that you have expressed today. I wish that we could join you in establishing a coup tomorrow so that we could get rid of these bloody useless direct rulers. I think that that is what you are saying, though perhaps not as nicely as I put it.

What did you feel over 30 years? You said to the Government that it made a difference. In other words, why would you be listened to now by a Committee that is preparing to displace direct rule and, as elected people, to enter into Government and take all the flak that you are somewhat sheltered from? You do have a political voice, however. Was the growth of the public sector — which you are right to say got out of hand — and the dependence that we now have on it reflective of genuine difficulties, a failure to get through to the Government what they were doing, or was it that people chose to invest elsewhere? Stephen talked about stability, and he is right. Was it just that the climate was not good?

I hope that we enter an era of better prospects, a better climate, and the formation of a devolved Government. If we do not form this Government you have the right to kick every politician’s backside up and down the land because we will have failed you.

We want to take this forward positively, but some of what you have said frightens me.

The Chairman (Mr Molloy): David, I must ask for a reply, as we are running out of time.

Dr Dobbin: There are some deep issues there, some of which resonate with me. I am a product of that happy hour in the 60s and 70s when Government incentives, mainly in the form of capital grant and accelerated allowances, brought in a huge wave of UK, European and American manufacturing companies. We had a golden time. Companies around Carrick, Larne and Antrim benefited from an influx of massive multinationals. There were textile firms; I was with Rothman’s tobacco business; and all those businesses brought employment, skills and good years to their supply base. There is a risk that they are promiscuous, that when happy hour ends they move to the next bar and feed there. So multinationals move to China or Estonia to get a better deal.

We need to recognise that foreign investment can be mobile and will not stay if better conditions are offered elsewhere. However, it leaves a legacy, and you must hope that it is a good one. Very few multinationals in Northern Ireland are anchored here and do research here. In the South, however, the golden year or happy hour tax has brought in a lot of foreign investors, such that there is a critical mass in the economy that is leading to indigenous start-ups.

I am chief executive of an indigenous company. Realistically, it does not make sense for us to be in Northern Ireland. We are going to be here because our shareholders and head offices are here; I live here and am not going to move. If we can get indigenous companies and boardrooms that have their marketing, their R&D, their financial centres in Northern Ireland, they will be here for the duration. As Declan pointed out, they may outsource to China for some of their subcontracting etc. They must do that to stay alive and to remain committed. We could do with a happy hour; realistically, we could do with bringing in some of these heavy hitters, because they will help to fast-track skills, management training, supplier development etc. We need them, but we must be mindful of the fact that they are promiscuous and will move on to feast somewhere else if they find a better deal.

On your point about NIO and the direct rule period, Michael and I have just finished a tour of duty as chairs of respective business organisations. When the bun-fight is over, we ask ourselves, what have we achieved? We go to endless meetings, meetings like this. What is it all about? Ninety per cent of the time we are stopping the introduction of stupid policies as opposed to working on productive things. Ninety per cent of the time we are pointing out what does not

make sense, fine-tuning, changing policies and talking people out of the worst excesses of ideology.

If you get back into an Executive, there will be a lot of levers and buttons in front of you. You will push them and find nothing happens. The creation of a strong economy will be a long-term initiative. You will do a lot of things without knowing immediately whether they will work. There is a lot of luck to it; if the world economy booms, and you get a few inward investors who strike the right note, you could be really lucky. Equally, you could come in at a time when the world economy downturns, and you will reflect that downturn no matter what you do.

We have one salvation. Northern Ireland has only 1.75 million people. We do not have to bring in too many big inward investments to make a difference, nor have we too many mouths to feed. A few big investments would make a huge difference.

As for the Civil Service, there is no doubt that the British Government pursue the policy of creating stability in Northern Ireland by anchoring society with a large public sector. Without that, there probably would have been some very lean years at the height of the troubles. However, that anchor is now a millstone around our necks. We enjoyed that stability, but now in a new era we are faced with “the Department for Sales Prevention”.

The Civil Service is so good at maintaining stability that it cannot be agile; it cannot transform. We must almost break it up with a hammer, so that those who want to get on and do things are not prevented. Generally when you give our civil servants a problem they come up with nine reasons why you should not do it and perhaps one supportive idea. That is how they have been trained; that is how the system works.

The public sector was very valuable in the past. Now it must change, so that it becomes our servant rather than our master — as it is at present. When you come into power, you must change it or it will be your master. It will stop your best ideas coming forward, because it is designed to create stability and even out change.

11.45 am

Mr Billington: In terms of delivering the best expertise in-house versus effectively bringing it in from abroad, no matter what the ability of the people of Northern Ireland, for which I have high regard, there is no substitute for experience. Ability must be married with experience, and the best and quickest way of getting that experience is via exposure to multinationals.

As David said, he and I have been spun out of multinationals; we gained know-how in three to five

years that it would take 10 years to gain alone. That is available to local businesses.

That is one of the spin-offs. Multinationals may come and go, but we get the knowledge and the experience that is critical to making local businesses a success.

Dr Maguire: I would like to say to a cross-section of 15-year olds that, although we are locked in a cycle of generational unemployment, that does not mean that it will happen to them, because we have an education system that can tap into their individual skills and strengths. Those skills and strengths do not have to be academic; they can be vocational and technical. I would like to be able to say to 15-year olds that our education system can broaden the range of opportunities available to them to develop those skills that they need. I would also like to say to those who want to broaden their life experience by going to university outside of Northern Ireland to take that opportunity if we can bring them back to work in and contribute to the society that educated them.

However, I am not sure that I can say that to a cross-section of 15-year-olds at present, because our education system lacks the breadth to allow for those opportunities. We must acknowledge that there is not just one route to employment, but a number of routes. We must use what we have in place to help provide some of those opportunities.

Mr McLaughlin: I am conscious that we have run seriously over time, so I will ask one question and make a point on a specific issue.

How would you describe the profile of the economy in 10 years' time? That relates to David's first question.

We have discussed the transition process, and that discussion contained some fascinating detail. From listening to the questions and the responses, I believe that there is probably a significant amount of agreement on what has to be done to create this step-change scenario. We disagree in some instances, particularly on the public sector, but we are solidly behind the concept of growing the private sector.

A passing reference to Europe was made. In many ways, Europe provides a get-out clause for central Government in respect of state support, single-market requirements, or whatever. Do you see the need to develop a specific strategy to create the space in which Europe can support this society in transition in the same way as Europe supports the economies of other member states? Do we need a specific package from Europe that complements what we hope to achieve from the Treasury?

Dr Dobbin: If you were to go to almost any region in Europe, or, indeed, the world, Mitchel, there would probably be consensus on what regions can do to grow their economies. The difference between the successful

economies and the ones that fail almost comes down to how well they implement their ideas. They generally share the same views on education, innovation and infrastructure.

Those views will appear in almost every economic strategy around Europe, so how can we get things to happen here? We are small, so we should be easily connected and able to get consensus quickly, yet so often we find that very hard to achieve. There is a fragmentation, not just politically, but in numbers of bodies and Departments. Rather than just get on with it, there is incessant negotiation about getting things done. We have an issue with looking outward.

My ambition for this region in 10 years' time would be for it to look back on something similar to what Southern Ireland has seen in the past 10 to 15 years. We are on the same island, and our education system is just as good. Southern Ireland is stronger on the technical side, so we may have some work to do there, but we have a better infrastructure than it has, so why can we not mirror what it has done?

Its Government can form policies that suit the region; that, however, is missing in Northern Ireland because direct rule tends to impose UK solutions that do not fit our circumstances. It needs you guys and us to sit round a table like this to work out what we do tomorrow. However, we should not get too focused on policies; let us focus on action.

In 10 years' time we need to be where Southern Ireland is now. That is not a political comment. The South has experienced an economic miracle: it used to be a banana republic — with a huge debt — that almost had to be rescued by the International Monetary Fund. Now all its debt has been paid off, it has a surplus, high employment and much better wealth for all its citizens, and economic growth extends to all sectors in its part of the island. We need the same here.

Dr Maguire: I will pick up on the need to manage transition space. We have talked before about the relative merits of the public versus the private sector. Those are the issues that we need to talk about. There is a risk of taking a twin-track approach: growing the private sector while looking at the public sector in isolation. The public sector here spends more than £8 billion, and that will have a huge impact on how the private sector develops. Any management of transition from one to the other will involve difficult decisions, and you, as elected representatives, will need a wide variety of views and opinions to allow you to make difficult decisions. Part of managing transition space is about how we work together with stakeholders to allow such decisions to be taken without being kicked for doing so.

We can figure out what we would like to see in 10 years' time: difficult decisions will have been taken,

and the right kind of support will have been galvanised around the taking of them. Taking decisions that will benefit the economy will mean people having to move from the positions that they have adopted.

Mr Kingon: We would have to negotiate with Europe on a wider base on issues such as state aids; and the EU Competitiveness Council would have to tick the box on any suggestions that you make on the fiscal side. In negotiating a package with the Treasury, failure to include the European dimension could be a block.

The Chairman (Mr Molloy): Time has beaten us, although important questions were asked and answered. Thank you very much, Gentlemen, for taking time out of your busy schedules to speak to us. We hope that our joint efforts will be of benefit.

Dr Dobbin: Thank you, Mr Chairman. May I make a final point. In the next week to 10 days we will let you have a written submission containing what we said today, including our answers, so that the subgroup will have an expanded version of our arguments.

The Chairman (Mr Molloy): It might be interesting to know what exactly the package would contain and how it would be used. That might be an issue for the subgroup's terms of reference.

Informal break at 11.53 am.

On resuming —

11.55 am

The Chairman (Mr Molloy): Gentlemen, you are very welcome. I am sorry that the previous session overran, but I hope that some of the questions and answers were of benefit to you.

Mr John Friel (Federation of Small Businesses): Thank you, Mr Chairman and members of the subgroup, for allowing us to make a presentation today. My name is John Friel and I am Chairman of the Federation of Small Businesses (FSB) in Northern Ireland. My colleagues are parliamentary officer Glyn Roberts and deputy policy officer George Dorrian. George is with us in a supporting role.

I would like to apologise on behalf of Wilfred Mitchell who cannot be here due to prior engagements. I will be representing him today.

I will make a brief introduction to the presentation and will then hand over to Glyn, who will present the important details of some of our policy priorities. I believe the subgroup has been provided with a written copy of the presentation.

Northern Ireland is a small-business economy. Ninety-eight per cent of businesses are small and more than 89% employ fewer than 10 staff. The Federation of Small Businesses welcomes the establishment of this subgroup to develop all-party consensus on what needs to be done to address the problems and challenges that lie ahead and, hopefully, to form the basis for an the economic element of the Programme for Government for a future devolved Administration.

Much of our presentation gives practical policy suggestions. There is no doubt that having our own devolved Assembly with local and accountable Ministers is vital. Local Ministers can show real leadership and can reach a real understanding of what our economy needs to be sustainable and provide the future prosperity that Northern Ireland needs.

Developing our small-business sector is essential if Assembly Members are serious about growing our private sector. Developing a few indigenous small businesses that can use research and development (R&D) and export to new markets across the globe is the future of our economy.

We need a future Assembly Administration to hit the ground running with a radical economic programme, with ownership not just by the political parties in the Assembly, but by wider social partners in Northern Ireland.

My colleague, Glyn Roberts, will expand on our policy agenda and the subgroup's three terms of reference.

Mr Glyn Roberts (Federation of Small Businesses): Thank you, Mr Chairman, for the opportunity to make a presentation today. The subgroup has received a

detailed written presentation and I hope that there will be a number of questions, which we will try our best to answer.

I would like to touch on three or four main areas that we feel should be high on the subgroup's agenda, given its terms of reference.

As you have heard from previous contributors, there is a lack of investment in R&D, particularly in the small-business sector. At one point, we had one of the lowest R&D spends in the European Union.

Many small businesses do not have the resources, financial or otherwise, to invest in R&D. The Federation of Small Businesses has always maintained that we must use the tax system to encourage more small businesses to use R&D. Obviously, we have the credit system but — as was pointed out during the previous session — take-up by small businesses is very small and we must simplify the system whereby small businesses get tax breaks to invest in R&D.

This is not brain surgery; it is very simple. Invest Northern Ireland and the Department of Enterprise, Trade and Investment could use as champions local, indigenous small businesses, which have successfully used R&D to expand their businesses and which have exported to developing markets across the globe. If we had such champions, small businesses could identify with them and that key connection would be made with the typical, grassroots small-business owners who perhaps do not think that R&D is a matter for them.

That would help change the, perhaps, very parochial nature of some of our business community.

12.00 noon

To underline some of the points that were made earlier, we can grow as a region only if our infrastructure goes through a radical programme of modernisation. There is no doubt that underinvestment has penalised us in the past.

I wish to home in on the work of the Strategic Investment Board, which I believe the subgroup is examining. The board has a huge role. Charged with implementing the Northern Ireland investment strategy, the board has real potential to create opportunities for existing businesses. Our concern is that, for a variety of reasons, existing businesses in Northern Ireland are not able to take advantage of the contracts that the SIB is creating. We must reconsider procurement policies and ensure that local businesses are fit for purpose and can take advantage of those contracts.

We believe that the board of the SIB needs to be looked at again. There is nobody from a small-business background on the board. Our colleagues in the trades unions would also feel that they do not have a role on that board. The SIB must sit back and realise that ours is a small-business economy and that it, along with

Government Departments, has a role to ensure that business is able to step up to the mark.

We broadly support the Industrial Task Force's position on corporation tax. I understand that the subgroup will hear from that body fairly soon about the harmonisation of corporation tax with the Republic of Ireland. However, in the field of practical politics, there is obviously strong concern from the Treasury that that would have implications for the fiscal union and would set a precedent for other parts of the UK. However, given that we are the only part of the UK that has a land border with another member state of the European Union and, given the legacy of the troubles, some form of special status is absolutely essential.

If we look at other member states of the European Union, such as Latvia, which has an extremely low corporation tax rate — even lower now than the Republic — we see that we have a huge amount of catching up to do.

On rating, as many members may know, we favour a small-business rates relief scheme, such as is already in operation in Scotland and England. Indeed, the Department of Finance and Personnel has indicated that it is studying the operation of those schemes. We believe that that is the right way to proceed, and that we could come up with a model that would address the concerns that members have heard from the manufacturing sector and many other business that struggle with the problem of high rates.

We are currently consulting our members, principally, at this stage, those in manufacturing. We will then consult our broader membership on a model for Northern Ireland that would work and be appropriate, because it is important that we get the rates issue right. That issue has been kicking around for an immense number of years, and there is real concern about that. No small business should have to struggle with a rates bill, and we must ensure that we get that issue right and that small businesses have the capital to grow and expand.

We, along with colleagues in the Business Alliance, have been involved in various meetings on fiscal incentives with the Prime Minister, the Chancellor and, indeed, many people around this table. We have proposed that there must be an effective scoping study by the UK Government. Obviously, it is essential to hear the views of this subgroup on the options for additional fiscal powers for the Northern Ireland Assembly, looking at best practice in other parts of the UK, and other countries that have similar devolved structures.

Perhaps the big question that the subgroup is trying to tease out is what exactly an economic package and peace dividend should look like. It is important that we develop as much ownership of what that package should be — a consensus across the board, not just in

the business community, but across other sectors. Obviously, approaching the Treasury with a single voice on what a package should be is absolutely essential.

We have over 6,000 members throughout every section of the community in Northern Ireland, and we have begun to ask grass-roots business owners what they would like to see in an economic package. It is important to recognise that so much of what politicians do and how the systems of government work goes on behind closed doors. We need to get the grass-roots views.

Clearly, the infrastructure deficit, the high cost of doing business and how we effectively use our taxation and rating systems to kick-start the private sector will all be essential elements in the economic package. The more we develop a consensus on that approach, the better it will be when negotiating with the Treasury.

FSB is clear on the need to look at other regions around the world, not just the Republic of Ireland, to see best practice and where the gaps in the market lie to ensure that local business successfully exploits those opportunities. Our paper suggests establishing a joint Government and business task force, which would obviously include Invest Northern Ireland and various other agencies. Putting business people, along with Government, in the driving seat is essential.

That is a brief overview of some of the points in our presentation. Our report, 'Lifting the Barriers to Growth', is quoted throughout our written presentation. It is a survey conducted every two years of our members not just in Northern Ireland, but in the United Kingdom. We also have the complete list of Northern Ireland figures, which have not yet been released, but which we hope can aid the subgroup. I realise that the subgroup has quite a tight timetable in which to produce its report. If we can do anything to be of any further help, we will be only too happy to do so.

Ms Ritchie: I wish to expand on infrastructure, which I discussed with the Northern Ireland Business Alliance earlier. Mr Roberts said that the infrastructure deficit, the high cost of doing business, and how we effectively use our taxation and rating systems will be essential elements of any economic regeneration package. Everybody says that there is a deficit in our infrastructure; on what basis does your organisation make that judgement?

We are aware of the roads and water infrastructures. How do you see that contributing to the economy overall? What are the essential elements of an infrastructure package that would contribute to an improvement in the economy?

Mr Roberts: First, we must be clear on what an infrastructure deficit is. We have heard many things that it could be, such as a motorway from Belfast to Derry or a train line to Fermanagh. The members here represent different constituencies, and will all have pet

projects. We need to effectively scope what an infrastructure deficit is and reach a clear consensus on it. In relation to the price tag, we obviously need to be extremely clear about what we need to do.

How an infrastructure deficit is connected to economic development can be illustrated by Invest Northern Ireland's recent report on how much spend it gives to business start-ups. In places such as Strabane, and throughout many border areas, there is very low investment in business start-ups by Invest Northern Ireland. Much of that is market-led, but because of the infrastructure, with poor roads in some areas, access can be difficult. That is why investment figures for south and east Belfast are very good: the infrastructure is there. There are fairly good roads and a proximity to Belfast City Airport and various Government Departments that act in a supply role.

Mr Friel: For people in Fermanagh or the north-west, roads are essential. I travel to Belfast three days a week, and many other people also travel. The journey can vary from an hour and three-quarters to two and a half hours, depending on the time of day and the volume of traffic.

The roads infrastructure is just not good enough. Back in the 1960s, there was a good road-building programme. The plan was to link the M1 and M2 motorways through to Omagh and Derry and back, with arterial routes to Coleraine and Enniskillen. That all came to a halt when the troubles started. However, the troubles had nothing to do with business people — especially manufacturers like me. We did not support the trouble, but all the money was diverted to security.

The Government should call a moratorium for two reasons: first, to halt all the increases in charges that they are imposing; and secondly, to put into our infrastructure the money that they have spent in any 10 years during those 35 years. They can start where they left off in the 1960s and give us our roads. They could also hold the rates and the water charges for 10 years to give companies a chance to recover and get back to where they should have been 30 years ago.

Ms Ritchie: Did your organisation research the types of infrastructure that need to be improved in order to contribute to our economy and, moreover, contribute to those areas that have been the location for neither foreign direct investment nor indigenous business? How have you seen the improvement of cross-border roads infrastructure contribute to the growth of small businesses?

Mr Roberts: In our consultation, we are trying to find out our members' views, as their views as business owners will be essential. Obviously, when we get the data back, we will share it. I am not sure that we will have it back by 18 August, but we hope that it will be useful.

As Mr Friel said, roads and rail are essential. We also need a viable public transport network. We have always maintained that there will be difficulties unless the basics are right on roads and rail. Your point about the Republic of Ireland is well made. It used to be that we sniggered and looked down our noses at their roads, but now it is the other way around. We need to get real.

We are trying to listen to the grassroots, which are always an essential element of our policy making. We will listen to people from Fermanagh, Strabane, Antrim and Downpatrick — wherever people want to talk to us.

Mr McLaughlin: Public procurement is obviously a huge market in which there are significant opportunities for reform and savings and, perhaps, for more flexibility and innovation in the application of spending. However, you criticise the SIB's method of bundling the contracts into megacontracts. At what specific level should those contracts be pitched — locally or sectorally, with small businesses in a particular sector coming together to form joint venture bids? How exactly would you, as opposed to the SIB, approach that?

Mr Roberts: On one side of the coin, the skills gap here is such a problem that many businesses are unable to tender for a lot of work. However, as a basic rule of thumb, the SIB should always try to create as much local business as possible; that is its purpose. In a recent eight-point plan, we put forward simple ideas such as the SIB putting a small-business representative on its board. The SIB has a rather toothless advisory council, and we must ensure that it maintains investment in local businesses and makes the process as transparent as possible.

At the same time, the Department of Employment and Learning, the Department of Education and other providers must have an opportunity to ensure that businesses and their staff have the right skills to tender for these contracts.

12.15 pm

Mr Friel: The big companies in Northern Ireland are nowhere near as big as those on the continent. The fear is that big companies from the continent will come here, overlook our companies and bring subcontracting companies with them. The bigger companies here, such as Gilbert-Ash and Farrens, should get together to tender for contracts to ensure that the work is spread among the subcontractors here, or they will lose out completely. We have a lot of subcontractors and they are very competent.

Mr Neeson: The Federation of Small Businesses has interacted well with elected representatives over the years.

Mr Friel rightly says that the small business sector is the backbone of the Northern Ireland economy.

However, I wish to deal with the role of Invest Northern Ireland (INI) since the merger of IDB and LEDU. How does INI relate to the small business sector compared to LEDU? There is an urgent need for a review of the role of INI.

Mr Roberts: On a basic level, INI needs to communicate more effectively. There is still a misconception about what INI does. It needs to rationalise the services that it provides to new-start businesses and to indigenous businesses and how it can help them. There is great confusion about what INI does, judging from the volume of calls that our office receives from new-start businesses. So much of what INI must do comes down to simple communication. Many of our members were told that INI would have a honeymoon period, but that is long gone, and now we need results. There were concerns regarding the amount of start-up money that INI was giving to many border areas and other areas outside Belfast. For instance, south and east Belfast had more money than five or six constituencies put together along the border.

INI needs to connect with grassroots small businesses. The federation has put forward a policy proposal to INI for a small business touchstone group; active small business owners could form an advisory group to INI to ensure that its policies are user-friendly to existing and indigenous small businesses. There is no doubt that the “Go for It” campaign is welcome, but we need to see results. We need to find out how many of those businesses that signed up for the “Go For It” campaign are still there in years two, three and four.

The Chairman (Mr Molloy): I remind members and witnesses that mobile phones must be switched off, as they interfere with the sound system.

Mr Friel: There is not much difference between Invest Northern Ireland and LEDU. I never had any dealings with IDB, but I had a bad experience with LEDU. In 1988, it offered me £2,000 to employ two people, but I had to guarantee to keep them for two years. The amount of paperwork was unbelievable. After three weeks, the girl in the office asked me if it was all going to be worth it. She explained how many times she had to phone LEDU, and how many times the people whom we had employed also wanted to talk to LEDU. We would have had to pay tax on the grant that we would have received, so, after about three weeks, we decided to forget about it.

One of the problems that I have found in the intervening time is the lack of appropriate client executives. Most of them have no experience of business, and they do not know what we are talking about. They cannot relate to small businesses at all. In my experience, that has been the biggest problem. Others I talked to have had the same experience. As Mr Roberts said, the

honeymoon period for INI is long over, but no one has told them, and they think they are still on it.

Dr Birnie: The question on SIB procurement has already been asked, but in wider policy terms, can you identify areas where, when there is trade-off between external and indigenous companies, the policy has been to favour external companies? One example hitherto has been planning and out-of-town shopping centres.

Secondly, can you confirm that you support a degree of maintenance of manufacturing derating, but targeted on smaller firms? Thirdly, and this is in your written submission, would you say something about the impact of crime, particularly organised crime, as an impediment or barrier to growth?

Mr Roberts: I will deal with your last point first. We released crime statistics as part of the ‘Lifting the Barriers to Growth’ survey that showed that Northern Ireland has the highest level of business crime in the UK, and that upwards of 40% of business owners are not reporting crime to the police.

There is no doubt that crime is up alongside insurance and energy costs and is a significant barrier. We took a delegation recently to meet the deputy chief constable. A member of the delegation owns a newsagent’s in east Belfast that has been robbed half a dozen times in the past four years, and it has cost his business £12,000. He has reported everything to the police, but he is concerned by the fact that he has only got a crime number: he has not recouped his losses.

We put forward a number of suggestions in our written proposals, for instance, tax relief for businesses that invest in items such as CCTV, and how the police record crime. The police say that crime is dropping, but that refers to recorded crime; it does not include the 40% of businesses that do not report crime. The PSNI and the Policing Board need to look at that. We are meeting a representative from the Policing Board later this week to see how that can be advanced. We have put forward nine points that we hope the NIO, the Policing Board and the PSNI will look at.

We need to get rates sorted out across the board for all businesses. Mr Friel is a manufacturer and he can give a better example of what is happening on the ground. We need a small business rates relief scheme that is appropriate to Northern Ireland. Importing the Scottish and English model will not work because, obviously, big businesses pay more. We want to ensure that manufacturers are protected. Other businesses are struggling with rates and that is an issue. There are other organisations that can best articulate the situation as regards big businesses, but we are primarily concerned with small manufacturers — and always have been. We want to see a strong manufacturing sector. The manufacturing industry has a big role to play in developing our future economy.

Mr Friel: In a recent survey we conducted, I met people and I concentrated on areas outside those in which I work. I visited a few small engineering companies. Most of them are run by men who set them up when their places of work were closed down. I went to one company that employs eight people. The owner told me that by the time he pays the rent, rates, electricity and telephone bills, wages and taxes, he struggles to take home a week's pay. He maintains that he would be much better off working for someone else — if he could get a job within travelling distance of his home.

Our economy will not progress with that sort of company. There must be an incentive for such companies to progress, develop and expand. Providing incentives would increase employment and prevent other companies from closing down.

Dr Farren: My question follows on from two questions that were asked about procurement. If there is what might be described as the displacement of local businesses from the procurement process, I would like to see some hard evidence of that. The subgroup is going to hear from SIB, and it would be useful, therefore, to have any evidence that you can make available. SIB facilitates regular roadshows to ensure that local businesses are able to, either singly or in consortia of the kind that Mitchel McLaughlin referred to, come together to bid for a slice of some of the major contracts that SIB manages. Therefore, if there is evidence that local businesses are not availing of the opportunities that SIB is providing, SIB may have to fine-tune the opportunities for information to be made available.

Labour shortages in some major projects in the private sector — for which SIB has no responsibility — and to some extent in the public sector, have had to be met by recruiting overseas, particularly in eastern Europe. Businesses have to do that to ensure that projects can go ahead. However, if there is clear evidence that local firms are unable to bid for, or are precluded from bidding for, these contracts because of a lack of help, or that they are being sent a negative message, we must hear about that. To what extent are we engaged in hearsay, rather than actual evidence of the failure of local firms to avail of major contracts? The evidence would be critical, and if you could make it available, it would be of assistance to us. It would be important to hear that evidence.

Mr Roberts: One of my colleagues is working on that, and, hopefully, we will be able to share that information with the subgroup. We do not have it to hand today, as we did not have much notice of the meeting.

Dr Farren: I understand that.

Mr Roberts: The federation worked with SIB on a mini roadshow that was targeted particularly at the construction industry, and there was a fairly low turnout. When we analysed the turnout after the event,

we discovered that there is little awareness of what SIB is and what it does or does not do. That is something for SIB to consider, but the federation wants to talk to SIB about how it can raise its game and communicate more effectively.

There remains a wide perception that local businesses are not availing of all opportunities, but we will get the research to the subgroup when it is completed — if it is completed by 18 August, so much the better.

Dr Farren: I hear frequently from the federation about the costs that follow from statutory requirements such as rates, etc. Rates obviously contribute to the provision of local services. If the burden is shifted from one sector, then unless the level of service is reduced, that burden must be shifted to another sector. Thus, if the burden is removed from the business sector, there is nowhere else for it to go but the domestic sector.

I am very interested to know whether the burden can be spread as evenly and equitably as possible. Various sectors have pleaded for relief here and there without understanding that, if they get more relief, I, as a homeowner, may have to carry an extra burden.

Have you any advice, based on experience elsewhere, on how we can ensure that the business sector carries a due burden and that the overall tax system — rates are another form of taxation — is equitable? If we achieve that, we will not have to constantly address the pleadings for special relief from whomever, whether they are ratepayers, householders or business owners.

12.30 pm

Mr Roberts: I am not saying that businesses should not pay rates — of course they should; businesses make a contribution, use services and so on. We want a fair rates system. There is real concern not only among manufacturers but across all sectors that the rates system is not fair. We must ensure that the rates and tax systems in Northern Ireland can be used to stimulate new business and expand existing business to ensure that they have the capital to grow.

This issue must be considered in context: Northern Ireland has the highest insurance costs, highest crime figures, highest energy costs and major infrastructure problems. On top of that, we pay rates and, in the future, water charges. One of our concerns about water charges is that small business owners will be hit twice — at home and at their place of work. Considering all those problems together, it is fair to say that the rates and tax systems should be adjusted to stimulate business growth.

We strongly believe that if the rating system is right and businesses have more capital, the revenue from the rating system will increase, which will benefit general

service delivery. The Minister for Finance in the Republic, Brian Cowen, made a good point about corporation tax; he said that the Irish Exchequer brings in more money now that corporation tax is 12·5% than it ever did when the percentage was in the mid-twenties. That ensures that public services — education and health services and so on — continue to be funded. Given the problems faced by the business community and the high cost base here, the Government must ensure that the tax and rates systems do not push it over the edge. That is our concern.

Dr Farren: You are effectively saying that central Government should pick up more of the tab. Should we seek a 10-year rates relief package?

Mr Roberts: That is one option. As you know, we are consulting our members on what an economic package should entail, and that option has been outlined. How the system is used to stimulate economic growth is a key issue.

The high cost base here — as a result of the high insurance costs, energy costs and crime — is off-putting to small new-start businesses when they consider the huge amounts of money that they will pay in their first year. As a result of that high cost base, surviving to a second or third year could be a major problem.

I mentioned insurance, and there is no doubt that there is a degree of stability in the insurance market now.

Certainly, premiums are high, but there is stability. We have not seen the record increases of up to 500% that we saw a few years ago. That is still a problem to be resolved. Until we get a stable insurance market in Northern Ireland that provides cost-effective premiums to small business, in four or five years' time we are going to be back to these huge hikes. This is something that we have worked on extensively, both with the insurance industry and with the Treasury, ensuring that our own members can address issues like health and safety so that premiums are cost-effective. We must address this burden of the high cost of doing business. That is one of the elements that a package would do. It would take some of that burden off the business community so that it can grow, expand and provide the jobs and investment that Northern Ireland needs to see.

Ms Gildernew: I, too, welcome you and thank you for your presentation. In rural areas what is done in support of small business is even more important, since we do not have the foreign direct investment, Civil Service or health jobs that cities and towns have. I am also concerned about the lack of investment, not just in roads, railways and technology, but in, for instance, the Ulster Canal. Development of that is the missing link with the rest of the inland waterway structures in Ireland. We can develop the tourist potential there.

I worked with Leslie Morrison of Invest Northern Ireland in a recent case. A company in Enniskillen planned to double its workforce from 30 to 60. It was looking for bigger premises in and around Enniskillen and had an offer from Carrick-on-Shannon, not only for purpose-built premises, but for an economic package to go along with that as well. It was very tempting, considering industrial derating and other matters, for that company to relocate. We worked hard to ensure that it did not and that it got the help that it needed. However, I find that Invest Northern Ireland is often not agile enough, not fluid or quick enough to deal with these things as they come. We deal with an economy in the twenty-six counties that is much more aggressive and has had an impact on my constituency.

I should declare an interest, because my family is involved in the engineering sector and, John, I understand fully what you were talking about. I feel that industrial derating is going to hit us very hard. Double that with the corporation tax rates, and we are going to lose. Companies like Powerscreen International Distribution Ltd have generated lots of small engineering firms around Tyrone that are dependent on them for employment. If we go down the route envisaged by the Treasury, engineering will go the way of textiles and food-processing.

I know what you are doing with the further education sector and of the initiative that you have taken with the ANIC. The skills deficit is important. What do we need to know? What recommendations do we make to ensure that we get people skilled and educated for the jobs that we need to create, particularly for the new growth sectors such as renewable energy and recycling? What can we ask of that sector to create skills to build the new economies for sustainable long-term employment?

Mr Roberts: On your point about education and skills training, 25% of school leavers have poor numeracy and literacy skills. That is a major handicap for any wannabe successful economy. A recent Northern Ireland Audit Report showed that over £40 million has been spent, yet we have seen no real improvement in young people's numeracy and literacy skills. This is one of the main reasons why the Jobskills programme failed. Many of the Jobskills providers had to make up the gap because young people did not acquire those skills at school.

We work hard to build relationships with further education colleges. The scheme that we work on with the Association of Northern Ireland Colleges (ANIC) is a simple one. It is an awards scheme, but one that increases links, not just between further education lecturers and businesses in our five local branches, but also connects students with businesses and our branch members. We put our money where our mouth is with that relationship.

In respect of universities, we must be very clear. Looking at the whole gamut of education, we have a very academic focus in Northern Ireland. That obviously suits some people, but so much more must be done on the vocational side. We have to look at degrees to see whether they have a vocational element, or an opportunity for work placement. Many degrees do not have that. I occasionally lecture on the University of Ulster's communications, advertising and marketing courses, which now, in the first year of study, have an entrepreneurship module, enabling many graduating students to consider self-employment as a consultant. That brings us to the wider notion that careers advice must start selling self-employment as a realistic career option.

Universities and further education colleges must provide those basics. By comparison, further education colleges are in one respect ahead of universities. Most colleges now have some sort of liaison person who can connect with the local business community. I know that the University of Ulster has made such an appointment.

One of the difficulties that small businesses face, if they have a research and development idea connected to the universities, is where to start. Queen's University and the University of Ulster have huge departments. In response to the universities' seven-year review, we asked them to keep things simple. There should be one point of contact for a business approaching with an idea, so that they can be pointed in the right direction, encouraged and supported, rather than just looking at a mass of departments and wondering where to begin.

Perhaps John will say something about cross-border business.

Mr Friel: There is not much to say, but someone has already mentioned cross-border co-operation on education in general, which would be a good thing. Years ago, the South was lacking, and suffered by comparison. It was not so good, whether the subject was education or roads or whatever. Everything has turned around now. The education system is rated as one of the best in Europe.

Mr Roberts: One of the things that our barriers to growth survey discovered was that staff training in small businesses was difficult. When the Employment Bill went through the Assembly, and when we gave evidence to Dr Birnie when he was chair of the Committee for Employment and Learning in this very room, we pointed out that much of European employment law is based on big businesses with human resources departments and perhaps 200 or 300 employees. That does not help small businesses that do not have human resources departments and that are already overburdened with paperwork. It becomes more difficult to facilitate staff training.

It is fine if you have a business with 400 staff — you can be flexible. If you have a staff of four and one

of them is out, that cuts your workforce by a quarter. Businesses have to get their staff trained, but we need a training strategy that helps small businesses. One of the statistics about clearing barriers to growth revealed that 65% of our members are willing to undertake staff training if more funding and support were available. The will is there: it is how practically business owners can find the time and discover that training enhances their business rather than hinders it.

Ms Gildernew: I was on that Committee for a short while after the birth of my first son. While I fully appreciate the difficulties that maternity rights cause for small businesses, we must also look at the barriers to women entering the workforce, such as flexibility of maternity leave and family-friendly working hours.

To what extent do you feel that the lack of affordable, quality childcare, particularly in rural areas, prevents women from getting back into the workplace?

12.45 pm

Mr Roberts: It is not only a matter for employees, but for business owners as well. It is a problem across the board.

The key thing is that there is a different relationship between small-business owners and their employees and that of big-business owners and theirs. There is more one-to-one treatment. Often we feel that, rather than legislate for a family-friendly business environment, the small-business owner should sit down with the employee and find the best way to accommodate them, ensure that their job is protected and manage business needs too.

We are concerned that some employment legislation discourages employers from taking women of child-bearing age. No one wants that situation. We were leapt on by a former Member of the Assembly — who is now in a very distinguished position — who could not understand that we were not advocating that. Rather, we were warning that unscrupulous employers would see the legislation as a pretext to discriminate.

Mr McNarry: Thank you for reminding me; when I started up in business as a 26-year old it was with great gusto and entrepreneurial spirit, and it only became difficult when it became bigger. We are in danger of losing entrepreneurial spirit. It used to be big in Northern Ireland, and those who used it well left here but have now come back. Too many are in business in that sense but are self-employed, so they earn a wage like their employees but carry all the responsibility. When I read that 89% of businesses employ fewer than ten employees, I understand the implications of that. What is stopping small businesses from growing? That statistic is very high, but it represents a small number of employees. We might look at how to address obstacles to growth in the workforce.

What percentage of your members own their premises? That figure is crucial to any business analysis. Getting young people into work, and into sustainable employment in particular, is a key issue. It was highlighted by the first deputation. Government must wrestle with this, because it carries all sorts of implications for society.

What specific ideas do your members have which would encourage more apprentices? What field of apprenticeships could your members point to that look like having sustainable employment gains? I mean apprenticeships that do not result in being out of work in three or four years. If you are to encourage schools to promote them, and Government must back this up, you must be able to promise a good chance of sustainable employment. It is not a case of getting on your bike, as Tebbit said. It is too small a place to cycle anywhere to find the work that is needed.

Mr Friel: If people get on their bikes, no matter where they go, they will encounter the same situation. We return to the same old story: it is manageable for people in business on their own to employ six, seven or eight people, but if their business is offered good contracts and they attempt to expand, they must decide whether they can cope with those contracts and whether people are available for employment, and when those contracts have been fulfilled, whether there will still be a job for those people.

The same situation applies to apprentices. There is no point in small businesses taking on apprentices if they cannot guarantee that they will be in business in 12 months. Together with tax, rates and the cost of energy, as Glyn has pointed out, water charges are proposed and regulations are coming from Brussels and London.

In the past two years, I have laid off about five people, because we had to invest more in equipment than in people. That is just the way that it is; we could do nothing about that. It would be nice if I could say that I was going to employ five more people, but that will not happen unless something is done about the raft of regulations and unless proposed water charges are dropped and the rates left as they are. Much can be done. A hold can be put on their implementation for whatever period you as an Assembly can negotiate with the British Government, but we want to give businesses a chance, not only to progress but to stay put. There are many businesses that employ nine or 10 people who will not be here this time next year if they are burdened with all of those costs.

Mr McNarry: There must be a recce on the cost of unemployment as it relates to people employed by small businesses. We must discover many facts and figures. If 100 people are made unemployed, how much does that cost? Conversely, how much does it cost to

employ 100 people? It may be helpful, if you have the resources, to come up with those figures, because that is an argument that small businesses must make.

Having sat in your place, I know that there is a sense out there that you are always moaning, bellyaching and crying. You are bit like the farmers about whom people unfairly say: "Look at the four-wheel drives that they have." When that representation is made to people who are potentially preparing to go into government, you must turn things around so that, whatever your lobby is, it will help reach solutions for sustaining what you have. Where is the entrepreneurial spirit? Is it all to be found in Korea and Japan? Must we import everything? When we look back on our history, we see that we made things. We produced and designed them, and the world then took them and sold them. There is bound to be something of that still there, and I hope that you could show us a glimmer of hope for how we recover that.

Mr Roberts: First, we must address our high cost base. If we can address much of the broader policy issues that John mentioned — the regulations and red tape — there is absolutely no doubt that small businesses would take on more staff.

The problem lies in a perception that we hear about all the time. A large section of our membership is made up of people who are self-employed. They have enough resources and they prefer to stay at that point and not expand, because if they expand, they must take on more staff, and they see that as additional paperwork. We desperately need to get away from the situation in which small businesses think that it is better to cap the number of employees or not employ anyone at all.

We proposed a range of suggestions in our evidence to you today, but the only way that we can address the cost base issue is to place entrepreneurship on the education curriculum from whatever stage possible.

We need to move away from a solely academic focus. When the Federation of Small Businesses advertised basic administration jobs, a large number of the applicants for them had Masters degrees of every hue. That is unacceptable. No one who takes the time and trouble to go to university should have to apply for an administrative position. We have to ensure that we have jobs for graduates.

However, when steering graduates into career development we must let them know that self-employment is an option. We need to ensure that entrepreneurship is on the curriculum as early as possible and that all university courses have some vocational training and practical application. Some people come out of university with very little experience of the world of work, which can be a

problem for employers as they do not see university graduates having a grounding in workplace needs.

Mr Poots: The entrepreneurial spirit is alive and kicking in Northern Ireland, but perhaps it can be found more in those who go into traditional businesses: welders and joiners are setting up business because they have no other option. Those who go to university tend, perhaps, to take relatively well-paid jobs with a pension. Perhaps they are unwilling to take the risk of going into the market and establishing their own businesses.

You mentioned crime, and I see the article in your submission on fuel duty. Do you believe that now is an opportune time to challenge the Chancellor and the Government on fuel duty? There are three prongs to launching such a challenge. First, the Irish Republic has said that it will increase fuel duty in response to environmental concerns that the European Union raised. That may reduce the variation in the price of fuel between Northern Ireland and the Republic.

Secondly, a decrease in fuel duty would increase the revenue to the Northern Ireland tax budget, and Seán Farren raised that issue earlier. Many of the proposals that we are discussing would reduce tax revenue, but the proposal to reduce fuel tax would increase tax revenue for the Treasury.

Thirdly, there are people at this table who represent an organisation that is up to its eyeballs in fuel smuggling, and we will not achieve devolution in Northern Ireland while that goes on. If the Government are serious about delivering devolution in Northern Ireland, they have to deal with crime. Although the Assets Recovery Agency has gone after some people, many of the big hitters have not been touched.

The Government benefits three ways: environmentally, in increased tax revenue, and in the achieving of devolution.

Mr Roberts: Perhaps John can illustrate my point with a case study, but the federation has twice suggested to the Northern Ireland Select Affairs Committee that fuel duty in Northern Ireland should be equalised with that of the Republic. Prof Goldstock's report, which came by the Northern Ireland Office, came to the same conclusion. Until we deal with the difference in fuel duty, we will not solve the problem. We have to remove fuel smuggling by removing the smugglers' incentive.

Many filling station forecourts on this side of the border no longer exist — they cannot exist. The Northern Ireland Office has ducked and dived on this issue for too long, as has the Treasury. The work of the Organised Crime Task Force and the Assets Recovery Agency will amount to nothing while the difference in fuel duty exists on the island.

Mr Friel: I do not know the solution. I have a business across the border as well as one on this side of it. We had an account with two filling stations, one in Lifford and one in Strabane. The owner of the filling station in Strabane hung on for as long as he could — at one point we were his only customer — before he had to pack it in.

Twenty years ago, there were seven filling stations in Strabane. Three years ago they were down to just that particular one, which shows how many have gone. Twenty years ago petrol would have been much more expensive in the Republic, and people were coming in droves from Donegal, from Gweedore in busloads on Saturdays, and then it became cheap for them to come in cars and fill them up. That has turned around.

1.00 pm

There used to be three filling stations in Lifford, and now there is only one, and it almost closed too. The only people who supported it were the customs officers and guards who bought fuel there. When you go over there now you have to join a queue. It is open 24 hours a day. There is no talk about a filling station in Strabane, and there probably never will be one there again.

Mr Roberts: There is a double benefit. It is not just about the fuel duty, there is also the job creation that would happen as a result. You would be creating legitimate jobs as a result of which people would be paying taxes as opposed to having people behaving illegitimately in the black market.

Mr Friel: The small shops and car washes with filling stations have all gone.

The Chairman (Mr Molloy): Time is going against us. One thing I spoke to Invest Northern Ireland about was what stops a small family business from getting into the export market. Is there a mechanism whereby the Government guarantee assistance that could help small businesses to expand into the export market? Obviously, the risk factor would be high, and sometimes family businesses are quite content to operate at a certain level and be managed and controlled, as John said, at that level.

Mr Friel: There would have to be Government guarantees. Most people, when businesses reach a manageable level, are inclined to stay there. Although business and turnover might increase rapidly, the bottom line might stay the same at the end of the year. Therefore why take the chance and the hassle? There is not a lot of support from Invest Northern Ireland or the banks. Most banks will not work with the Government guarantee scheme, and that is the way things are. Differences between banks now as regards borrowing large sums of money are practically nil, and you would need a large sum of money, and a lot of help from Invest Northern Ireland, if you were going to go into the export business. That help is not forthcoming.

Mr Roberts: A lot of this is not necessarily about high-level trade delegations; it can be very simple. We have air links with places such as Prague — and the Czech Republic has a very similar economy to ours: small businesses and rural based. However, we have not used that air link effectively; we have not used it as a sort of economic corridor to bring entrepreneurs and small business owners from Prague and put them in a room with small business owners here. A lot of it is as simple as that. All small business owners are compulsive networkers, and much should be done at that basic level. The easier it is to facilitate that, the better.

There is no doubt that we need to find new markets and develop products that we can export. It is a big job, and we are acutely aware of it and have made a suggestion in our report to the subgroup.

The Chairman (Mr Molloy): Thank you for coming along. You have given us a lot of information. If you have any further information would you provide it to the subgroup within 10 days so that it can be processed by the Clerk? A copy of the Hansard report of this session will be available within 24 hours for you to check, and I would ask you to respond to the subgroup on that. We will break for 20 minutes. Sandwiches are available, and you are welcome to stay for those.

The subgroup was suspended at 1.04 pm.

On resuming —

1.32 pm

The Chairman (Mr Molloy): We shall let Mr Nellis begin.

Mr Liam Nellis (InterTradeIreland): First, I wish to thank members for giving me the opportunity to make a presentation. The subgroup is engaged in a very important piece of work, and it is important to everyone to get the Assembly system up and running again.

The subgroup is examining the economic challenges facing Northern Ireland. Owing to our remit, we in InterTradeIreland speak from a certain perspective. Our role and remit clearly come from legislation such as the British-Irish Agreement Act 1999. That role and remit are clearly all-island in nature, and I will talk from that perspective. However, first, we wish to identify the major impediments to the development of the Northern Ireland economy. That is what you have asked InterTradeIreland to do, as well as to consider other matters, including how a possible peace dividend and economic package might be delivered.

I will not go too far into the question of fiscal incentives, because that is really an issue for the UK Government. If members wish me to make personal comments on that, I can, but in an all-island context, it would not be right for me to talk about that.

InterTradeIreland's strategic remit puts us in a reasonable position to talk about issues facing businesses across the island. We have delivered value to more than 9,500 companies in the six years that we have been around.

The impediments that we have identified are not ours but come from examination of various sets of analyses. I am sure that, this morning, members will have heard many of the points that I will make. Members will hear those points again over the next few weeks as they meet other people.

It is quite clear that there is a set of impediments to the development of the Northern Ireland economy. Those impediments have been identified by the Department of Enterprise, Trade and Investment, by the Economic Development Forum, by the Business Alliance and by the Federation of Small Businesses. I will talk members through InterTradeIreland's analysis of those impediments, and then I hope to talk about how all-island collaboration can contribute to economic regeneration as part of the wider economic package.

To set the context, we believe that the Northern Ireland economy has been performing well in recent years. Wealth has increased — the statistics support that. Gross value added per capita more than doubled in Northern Ireland between 1990 and 2003. Job numbers have increased, mainly due to growth in the

services sector. Unemployment has quite clearly decreased. Those are very positive indicators.

However, that apparently strong performance masks long-term and imbedded structural weaknesses in the economy. There are two real core metrics of that, which will come as no surprise to anyone around the table. I could state the first one in two ways: the economy is overly dependent on the public sector; or the economy has a very small private-sector base. Public expenditure as a share of GDP is now 71.3%, compared to only 43% in the UK and 31% in Ireland. Northern Ireland's public sector share of employment is 32%, and the annual subvention from the UK Exchequer is approximately £6 billion.

That public-private imbalance has two main implications: first, an obvious vulnerability to public spending decisions that are largely taken at national Government level; secondly, the private sector lacks the critical mass to generate the step change in economic performance that we have all been discussing.

People seem to think that, by reducing the public sector, all of a sudden green shoots will grow and a very healthy private sector will fill that void. Obviously, I do not believe that, and I am sure that nobody here does either. Serious steps will need to be taken in order to help during that transition.

The second core metric is the persistent wealth gap between Northern Ireland and the rest of the UK. Per capita, the gross value added is 20% lower in Northern Ireland than in the rest of the UK, and very little progress has been made in closing that wealth gap.

A number of key challenges that we must all meet roll from those two main structural weaknesses. The first is to increase productivity — again, that is nothing new. Labour productivity has fallen by eight percentage points against the UK average. Northern Ireland productivity is the lowest in the UK.

Productivity can be boosted by increasing capital investment, growth in the labour force and other factors that affect total productivity, such as technological advances, better organisation of business, better redistribution of resources from low-productivity sectors into high-growth sectors and, importantly, institutional and political stability.

The challenges that I will refer to are all related to the achievement of higher productivity. Most have been identified by the Economic Development Forum and others under the objective of 'Economic Vision for Northern Ireland', with which you will all be familiar. That identifies innovation, entrepreneurship, skills and infrastructure as the key drivers of future economic competitiveness and wealth. We will focus on those areas.

We need to increase economic activity. The figures have already been mentioned: there are 289,000

economically inactive people in Northern Ireland, which equates to 27.4% of the working-age population. That is the highest level of any region in the UK.

Northern Ireland is ranked ninth out of 12 regions in the UK for entrepreneurship. Our rate of entrepreneurship is half that of the United States of America, and there are reasons for that. Another significant factor is that Northern Ireland has an unexpectedly low level of female entrepreneurship, and we must understand why.

We need to increase skills within the labour market through initial skilling, reskilling or upskilling. Some 24% of the working population have no qualifications. That lack of qualifications impacts on wealth creation, because higher-level educational achievement has a bearing on earning capacity.

The map we have provided shows that low-level educational achievement is a particular problem in border areas, especially to the west, which highlights an imbalance. It is also reflected in the next map, which illustrates lower earnings. The further away someone is from Belfast, the less money he is capable of earning.

Another big issue for us is the creation of R&D and science and technology innovation. Northern Ireland R&D expenditure continues to lag way behind that of the UK and Europe. Northern Ireland is sitting at 1.19% of gross value added; in the EU, it is 1.93% and even within the UK as a whole it is 1.86%. Clearly, we need to up our game if we want to be in any way competitive.

Before we move to questions, I will outline how we see all-island cross-border collaboration helping to contribute to economic regeneration. As the pace and intensity of global competitiveness increases, the search for competitive advantage becomes ever more complex and rigorous. In other parts of the world, greater economic co-operation between regions has been found to create gains in trade and investment.

Figures for cross-border trade in 2005 have just been released, and it is encouraging to know that cross-border trade is up by 5.5%, reflecting an almost 9% increase in North-to-South trade, as opposed to 3% South-to-North. At the moment, Northern Ireland is doing considerably better from North/South trade than the Republic. That makes sense, because the Southern market is more important to Northern Ireland than vice versa. Therefore, Northern Ireland gains more.

Greater economies of scale can be gained through the administrative pooling of resources, which delivers more efficient and effective services. Several people talked about infrastructure, and there are already positive signs with the Strategic Investment Board and its sister agency in the Republic, the National Development and Finance Agency (NDFA), which is

headed by Anne Counihan. Both agencies are already talking about collaborating on R&D infrastructure.

We recently published a report called 'Spatial Strategies on the Island of Ireland', which has come from the International Centre for Local and Regional Development. That document contains the analysis that was asked about; there is an analysis of spatial planning and the importance of a joined-up approach to it. That approach could address questions such as where domestic houses are built, where waste resources are sited and how roads are developed. It makes so much more sense for neighbours to work together than separately.

We can promote the wider economic benefits of knowledge transfer by using networks and clusters. Some people get hung up on that terminology, asking what is, and what is not, a cluster. The important thing is to get people collaborating to mutual benefit across the island. With that, everybody wins.

Early in InterTradeIreland's life we conducted a detailed analysis, with a roadshow that went to four locations on the island. We talked to 1,500 large, medium and small companies across the island. It was expected that people would talk about impediments such as the old traditional accepted truths about poor infrastructure and volatility of the currency, which, at that time, was the punt.

From that analysis, the biggest issues that emerged were the softer issues. Business relationships were lacking, and people did not know the players. To do business, trust is a prerequisite. If those relationships are not there, you do not do business. Therefore, much of our work goes into improving that area.

Lack of information is the other big issue. Many companies, particularly small ones, have told us that they can find information about gross domestic product (GDP), good manufacturing practice (GMP) and gross value added (GVA), but they have no idea who makes farm gates in County Cork, how many are made, what it costs and where raw materials are from. All that information was not available.

That has led us to direct much of our resources to creating new knowledge about the island economy, disseminating that and getting people to work together and build relationships. Those are every bit as critical as the hard infrastructure. We must get people plugged in together.

Enhanced co-operation can create a larger domestic market. In a global environment, it makes absolute sense for a market of one and a half million people and a market of three and a bit million people to form a market of over five million people. It is a no-brainer. Everybody gains, and we can create new business opportunities. We are not saying that it is an either/or situation; Northern Ireland's major market is clearly

still the rest of the UK. Nobody is saying that our attention should be deflected from that.

There is another way to look at it. You can have it both ways, and we should encourage businesses to develop the North/South all-island dimension every bit as energetically as they have east-west relationships. Again, everybody wins. Helping to create a large and more dynamic private sector is a key stage in helping to get that leap forward in economic performance.

During InterTradeIreland's initial years, we conducted tests and pilots to get some ideas and companies working together. However, we are now at the point where our programmes are mature enough and our thinking is evidence-based. We feel that the way to get more international attraction for this island is much closer collaboration between businesses across the island. That comes in so many different forms.

Our corporate plan stated that we wanted to develop all-island businesses and networks. In the first year of that plan, we established 19 such networks.

Some of them are sector-specific, particularly in the area of biotechnology. We brought together Bio Northern Ireland with the Irish Medical Devices Association and the Irish Bioindustry Association. They are all working well in the life science area.

InterTradeIreland is also working with information technology, with Momentum — the Northern trade association — and the Irish Software Association, which is affiliated to the Irish Business Employers' Confederation and ICT Ireland. It is not about getting together for a beer or playing a game of golf; it is about serious engagement. On the software side, InterTradeIreland has supported those organisations in developing a feasibility study to create an all-island wireless test bed. Many new wireless companies across the island have to test their products off the island, because there is insufficient scale on the island, but we have been working with those companies to provide that scale, as it makes more sense to develop the test bed on the island.

1.45 pm

InterTradeIreland has supported the North West Science and Technology Partnership. We work in what we call "communities of interest" with microenterprises, which are companies that fall below the radar of Invest Northern Ireland and Enterprise Ireland, as they have 10 employees or fewer. Quite often, those companies are too small to attract the attention of organisations with portfolios, but we have brought together the county enterprise boards and the city enterprise boards in the South with the local enterprise agencies in the North, and we regularly hold all-island events. Every county brings at least five or six companies to those events, so linkages and relationships develop across the island.

Some companies are involved in areas of excellence that InterTradeIreland has created. One area is benchmarking. We have set up the Irish Benchmarking Forum. When InterTradeIreland was set up, LEDU, IDB, Enterprise Ireland, Shannon Development and Foras na Gaeilge were all considering different ways of benchmarking their organisations. Some used the European business model, some used the CAM Benchmarking model, and some used the world-class cluster model. We got them all to agree a set of core metrics, and now they work together on an all-island basis, and everyone knows what each other is talking about.

InterTradeIreland is doing a lot of work on equity finance across the island. We have an all-island seedcorn competition, which encourages potentially high-growth businesses to get involved and to make their pitch for investment. Our approach is to get more active collaboration across a range of sectors and issues and move that forward.

Science, technology and innovation are key areas for InterTradeIreland, as are sales and marketing and business capability improvement. We are delivering a range of initiatives, but I will not go into detail as members have had a long morning. In science, technology and innovation, for example, the fusion technology transfer programme works effectively. The model is that we find a company in one jurisdiction that has a product or process development need, and match it up with a university or knowledge centre in the other jurisdiction that can help it. Then we put a graduate in between the two. We were supposed to do 20 projects in the pilot exercise. At that time, I reported directly to Sir Reg Empey and Mary Harney. They liked it so much that we did 63 projects in the pilot, and we have now rolled out another 120.

InterTradeIreland also has a collaborative programme called Innova, which supports R&D co-operation between companies North and South, and that is working well. We have an all-island research portal where researchers in any university on the island can publish a brief. More than £50 million of direct business development value has been created in the past three years through the various programmes that InterTradeIreland has been involved with.

Finally, all-Ireland collaboration is a potentially lucrative source of competitive advantage for Northern Ireland, and we strive to address the key structural impediments outlined. Such collaboration offers opportunities for the private sector to become more competitive and provides opportunities for the public sector to be more efficient and effective in delivering services. It should be an integral part of any future economic development strategy for Northern Ireland. The areas of science, technology and innovation offer the most scope for mutual beneficial collaboration, and we should invest any windfall coming from the peace

dividend in those areas, as they are critical for us all moving forward.

We need to move from being investment-driven to being innovation-led, and that comes from both economies. We need greater concentration on an all-island approach to labour market skills development. We need to be more joined up on infrastructure. The key vehicle for moving forward is all-island collaboration for everybody's benefit and all-island business networks.

Ms Gildernew: If the map on page 9 of InterTradeIreland's submission were superimposed on a map of Ireland that showed motorways and dual carriageways, it would be obvious that the high earners live near the best roads. The west will always be disadvantaged. My constituency, and those of West Tyrone and Foyle, do very badly. The border is an obvious impediment to economic growth and stability.

What more can be done? Mr Nellis has given us a very comprehensive description of the work in which he has been involved over the years, but what else must be done to turn things around? The lack of political stability has had a major impact on the Six Counties. It is mind-boggling. We must turn that around if we are to have any kind of future and if we are to ensure that people stay in areas such as Fermanagh and Tyrone.

Mr Nellis: We are not looking at either jurisdiction; we are looking at the island, and we are the first organisation to take that island view. The European programmes that involved INTERREG and the Peace programmes stopped at the border counties of the Republic and the six counties of Northern Ireland. The International Fund for Ireland did exactly the same. There is an imaginary line drawn across the island and nobody goes beyond that line. As a result, there has been a turning of the backs of the two economies over what some people say is 30 years. It is not; it is 80 years, or since partition.

The de Valera Governments imposed tariffs on trading with the North. The big slogan in Dublin business circles after partition was: "Burn anything British but their coal." The issue is much bigger than the past 30 years. We are trying to redress a structural fracture between the two economies that is much more deep-seated than that.

In answer to Michelle's question, we must move more from involvement and accept that there are advantages to be had by collaborating across the island to mutual benefit. We must engage seriously on issues and start building infrastructure together, rather than just talking about it. That is only one example. There are R&D funds in the North and South. Why not genuinely open up the R&D funds in the South to

companies from the North, and vice versa? I could provide many other examples.

The South stands to gain as much as the North over time. While the South is way up there now, it recognises that for it to keep pace and stay in that position it must be much more innovation-led. We would argue for much closer collaboration on innovation, R&D and competitiveness.

Mr Aidan Gough (InterTradeIreland): It is very clear that both Governments would benefit from collaboration on strategies to solve the issues pertaining to border areas. The north-west is a problem for the Irish Government, as it is for the Administration here. Every indicator shows that County Donegal is at the bottom of the table in the Irish Republic. Instead of the two Governments developing separate strategies for border regions, it would make sense for them to develop their strategies with a cohesive approach to spatial planning, economic development, education and health. Both sides of the border would benefit. The border will not be addressed within one context or the other, as there are economic problems in the border areas.

Dr Farren: I cannot help but make the political point that the party that so constantly reminds itself that it is the largest party in Northern Ireland is absent from this session. I find it difficult to believe that it could not provide participants, not least because its spokespersons so frequently throw cold water or scepticism over the issues and the way that they are addressed by bodies such as InterTradeIreland.

I trust that the submission will be read by the DUP's representatives on the Preparation for Government Committee, and that the lessons that we are trying to extract from the submission for the way forward will be obvious.

I do not expect either of our visitors to comment on those remarks.

Dr Birnie: You are being mischievous.

Mr McNarry: You just wanted to make them, Seán. Are you making them for Hansard?

Dr Farren: It is regrettable that the DUP is not able to participate and put its point of view to our colleagues from InterTradeIreland. I have a number of questions to ask, so I will have to restrict myself. Mr Nellis made a point about business being innovation-led. I have been a strong proponent of some kind of all-island research strategic alliance, which would involve the business sector, public sector and the centres where research is undertaken — mainly, of course, in the universities. I would like to see the establishment of new funds targeted at sectors in which economic growth could be expected and better use made of existing funds. The South has moved ahead with the all-island Science Foundation Ireland, and Northern universities

have access to UK sources of funding as well as some other specific sources.

We are in what could be described as a back-to-back situation, or one in which some bilateral arrangements — or maybe trilateral — on an ad hoc, project-by-project basis can emerge, but there is not the strategic overview that might drive a common approach. After listening to the remarks of InterTradeIreland's representatives, I would like to think that the establishment of an over-arching strategic alliance — such as that I have suggested — supported by, possibly, an allocation of existing funds or the creation of new funds, would contribute significantly. That does not preclude the involvement of institutions outside of Ireland, North and South. There is a clear imperative to do that, because while Northern universities gain access to UK funds and have their own, they are on the periphery and there is much interchange at other levels among the universities on these islands. There are only nine universities, plus the colleges — or the institutes of technology — where research takes place. Therefore, it is not a huge constituency.

I would have thought that with the prompting of InterTradeIreland, the two Administrations — together with the universities and other institutes where research is taking place — could come together with the private sector in the ways that I am trying to hint at. There would be considerable potential in that, with nobody being exposed politically.

Mr Nellis: I agree with you 100%, Seán. Some very good stuff is already happening in that area. I will give you two or three examples of those, but I am sure that there are more.

2.00 pm

We are involved in providing the secretariat for the United States-Ireland R&D Partnership, which started its journey in October 2002 at the United States-Ireland Business Summit in Washington. The Secretary of Health and Human Services in the United States, Tommy G. Thompson, became interested in a cancer oncology project that was then under way. Prof Paddy Johnston was involved in that, and he used his links in the National Institutes of Health and National Cancer Institute in the United States to bring in colleagues from the South and develop a tripartite approach to cancer research. That research is going strong to this day.

That model encouraged us to look at other areas, including R&D. It was excruciating: trying to get two jurisdictions to agree to something is difficult enough on a day-to-day basis, but getting three to agree was so hard that several times we almost gave up. However, the United States-Ireland R&D Partnership is now up and running. Researchers are working on multiple sclerosis, diabetes, avian flu, sensors and nanotechnology.

That means that there is active collaboration across the pond and on a North/South basis.

The partnership worked out how to release the funding. I was at the residence of the American Ambassador to Ireland for the partnership's recent launch, at which Aileen McGinley announced that additional money would be made available for the northern elements of the project. That is very encouraging.

The British-Irish Intergovernmental Conference is looking carefully at that development. It is meeting today, and it will consider, among other things, providing a new impetus to R&D collaboration. That could be achieved by perhaps getting the two Governments to work together, with an international partner, to access the European Union framework programmes on R&D. Those programmes provide lots of funding, which has been just sitting there. The funding is similar to penalty kicks that have been available for the taking for quite a long time but no one has gone near them. With a bit of imagination we could really get in there and score some big things for the island.

The nine universities in Ireland were mentioned. I sit on a panel of Universities Ireland, which brings together the nine university presidents, provosts and vice-chancellors. Again, that group is not just a talking shop. InterTradeIreland has been working with Universities Ireland on the collaborative commercialisation of university research. We gave the group a report on that, which it will adopt at next month's meeting.

A lot of good stuff is already happening. I am not saying that there is a vacuum, but a much more strategic and co-ordinated approach, with the pace set by the two Governments rather than bilaterally by two Departments, would move this to a level that will benefit everyone.

Mr McNarry: Chairman, I am not quite sure what Sean Neeson and Liam Nellis were having a cosy chat about.

Dr Farren: Seán Farren.

Mr McNarry: Seán Farren; I am sorry. What did I call you?

Dr Farren: Sean Neeson.

Mr Ford: Sean Neeson will not sue.

Mr McNarry: Perhaps they were hatching an economic R&D unitary state under some other guise, but we have been alerted to that and must keep a careful eye on it.

Dr Farren: I do not know what you are on about.

Mr McNarry: That is the problem. It is not for me to defend a certain party's absence from this meeting, but I share its cynicism, which I am not repudiating. Perhaps one should give cognisance to unionists'

feelings. However, had certain members participated in this discussion, they, like me, would have learnt from it. I found the meeting beneficial, and I am grateful for what I have heard up to now.

Continuing to be sceptical, I have three questions for Liam and Aidan. Is there a bias in cross-border trade? Do barriers remain to be broken? Do we still live with the nationalist preference for buying Irish and the unionist preference for buying British? Is that still noticeable not just in the marketing but in the purchasing of products?

The discussion on collaboration was very intriguing and interesting. There are bound to be red-tape complications with it, so will you explain a couple of them?

Are many businesses selling to or buying from each separate jurisdiction, whether that is manufacturing, retail or marketing?

Mr Nellis: I will answer your questions in the order in which they were asked. There are still barriers; some actual, some virtual, some psychological. There is still a chill factor that works both North/South and South/North. Fifteen years into the Celtic tiger, there is still a widely held perception among Northern businesses not to do business with those fellows down there, because they cannot get money out of them.

Mr McNarry: Is that not true? *[Laughter.]*

Mr Nellis: I do not know. My experience over the last five years is that that is not true.

Mr Gough: There is some basis in fact for that. Payment for debts in the North is typically 30 days, whereas it is 60 to 90 days in the South. It is just a difference in culture.

Mr Nellis: InterTradeIreland's Chairman, Martin Naughton, who deals with the business community in the South, says of some of the senior Dublin business community that their knuckles turn white when they pass Balbriggan. There are factors, and we are addressing them.

Any programme stands or falls on the demand for it. All our programmes are seriously oversubscribed, and we are much more selective now than we were at the outset. That is a very strong indicator. That is not to say that there are not inherent biases in some people's buying patterns. I have not done any analysis of that, but I have heard evidence from both sides.

Irish Breeze Limited, a Drogheda company that makes cosmetic products, said that found it difficult to penetrate the Northern market until its name was changed. I am responding to the question; it is an impressionistic response. We have done no detailed analysis, but it is something that we might consider.

I can give you any number of examples of collaboration and red tape. Exchequer money cannot

flow from one jurisdiction to the other. We cannot get researchers to collaborate on R&D — there is a barrier there. We are trying to set up an all-island business angels network; people with a few quid, high-wealth individuals to help, support, mentor and invest in other businesses.

Mr McNarry: Would they take on redundant MLAs in November? [*Laughter.*]

Mr Nellis: If you have the wealth.

Mr McNarry: We would be looking for the money.

Dr Farren: We could invest any pay-off that we get.

Mr Nellis: One of the big issues is that, under financial regulations both North and South, we cannot set up an all-island network of business angels. There must be a Southern network and a Northern network.

Mr McNarry: Quite right too.

Mr Nellis: There are structural, statutory and regulatory impediments all along the way. We have been trying to address some of those issues with telecom providers. We have pressured them in respect of all-island tariffs and roaming charges, and we have made progress on both those fronts.

That is not to say that there is not more to do. When we came on the scene, there was not one flight from Belfast to any other part of this island. We wrote a strong research paper that encouraged Aer Arann to try the Belfast to Cork route. That service now regularly runs at a load factor of 70%. There is now a flight service between Belfast and Galway.

People asked why we supported the Belfast to Cork route, when it was tried in 1972 by Dan-Air Services Ltd and did not work. However, we are now in a completely new dimension. Since peace has come our way over the last ten years, people are much more open to moving across the island. They do not have the same fears, and we need to capitalise on that changed mindset.

Mr McNarry: What about the buying?

Mr Nellis: Again, we have not done any detailed research. We are talking to the Chambers of Commerce, because they are seen as a neutral vehicle. However, we tend to subscribe to the school of thought that says that it is simply about finding the money to set up an all-island business brokerage service.

Many business professionals such as PricewaterhouseCoopers and Deloitte know of companies that want to sell, but they keep their arms around them because they are their own. We want to open up that market on an all-island basis and have genuine opportunities for people to find out what businesses are for sale and the surrounding issues.

Last week, I had a meeting with P Elliott & Co Ltd, property developers from County Cavan. The company is a big player and had a £400 million turnover last

year. It has never done business in the North, yet the owner lives less than a mile from the border. He has now made the decision to open a Belfast office. We hear about that sort of thing more and more. A man with whom I play golf is the managing director of a Belfast printing company, which has bought a printing company in Dublin. There is much more going on than what might first appear, but I do not have the detailed figures.

Ms Ritchie: Liam and Aidan, you are very welcome.

I would like to put on record my congratulations to InterTradeIreland for the work that it has done to break down the barriers between North/South trade and between thinking on the island of Ireland. I note that you commissioned the International Centre for Local and Regional Development, which has links with Harvard University, to undertake a joined-up study of spatial planning on the island. It not only examined problems in the border areas, but it examined problems on the entire island and how joined-up thinking could contribute to better economic regeneration and a better wealth economy for all. After all, we want to create a better way of life for everybody.

Does InterTradeIreland think that a collaborative approach on spatial planning, with all the economic opportunities that it presents, points the way to joined-up thinking on infrastructure?

What additional joined-up thinking on infrastructure is required? The Republic has Transport 21, but there is no evidence that we in the North are trying to dovetail with Transport 21 or to provide the required infrastructure to improve our roads and railways. Sectoral work has been done by Translink and Iarnród Éireann on the Belfast-Dublin railway, but I have not seen much further evidence of that.

How long do you think that it will take to implement the recommendations of that spatial planning collaborative approach?

Mr Nellis: The International Centre for Local and Regional Development is a collaboration of several universities on and off this island. It brings together the University of Ulster, the National University of Ireland at Maynooth and Harvard University. However, a key ingredient in developing that combined approach to thinking about spatial planning in an all-island context for the first time was the involvement of the Northern and Southern Environment Departments. That was a major step forward, and the spatial planning professionals recognised that it made sense.

We will do whatever we can to encourage that as it moves forward. Since the findings were published, I have spoken at a couple of major conferences. There was a conference on infrastructure in Dundalk about six months ago at which David Gavaghan, Lord Rooker and Dermot Ahern spoke about the importance of closer co-operation on North/South infrastructure.

Recently, I spoke at a conference in Omagh on infrastructure collaboration in the north-west. The National Roads Authority and the Department for Regional Development were talking the same language of collaboration.

2.15 pm

The principle has been accepted, but the political impetus that people such as you can bring to bear is required to make it happen and progress. Any work that we have been doing on this issue has been positive. The Enterprise rail service between Belfast and Dublin is supposed to be the flagship transport project on the island, but it pales into insignificance when one examines what is happening across the world. I go to Spain occasionally to play golf, and a 200-metre-high motorway has been built since I was last there six months ago; it takes us four and a half years to sort out the Westlink.

The Enterprise train is going downhill, so to speak. I have spoken to both Iarnród Éireann and Translink over the years, and I think they accept that. There was supposed to be significant investment from Brussels to speed up that track and provide new rolling stock; I do not see much evidence of it. I travel on it a lot because of my job, and quite often there is no coffee because no one has turned up to provide it.

Mr McLaughlin: Our trains do not turn up at all, and you are worried about coffee! *[Laughter.]*

Ms Ritchie: That gives us further food for thought. We could explore at a later stage how to push the transport organisations to plan in an all-island approach and maximise the contribution to the economy.

Mr Gough: To open up infrastructure is to open up new markets and new business opportunities. Liam mentioned air travel. Through our intervention and the research and reports that we wrote, there is now a direct flight between Belfast and Cork. That has a 70% load factor: business people travelling back and forth who would not previously have done so. I know that one company that has units in Belfast and Cork contemplated closing the Belfast unit because of travel difficulties before the flight was put on. Infrastructure opens business opportunities.

Mr McLaughlin: On page 4 you discuss the persistent wealth gap. I am interested in the statement that almost all progress made took place before 1997, a period that coincides with the negotiation of the Good Friday Agreement. What factors changed? Was it the haemorrhaging of manufacturing jobs, the increased profile of service jobs within employment? Are those the key determinants?

Mr Nellis: Can I talk to my economist colleague?

Mr McLaughlin: I will come back to it. It was an intriguing statement, because I would have thought

that if we were making progress, it really should have been in the period after the Good Friday Agreement.

InterTradeIreland has been a success story, and one of its successes is that it is much less controversial across the local political spectrum in that it has demonstrated the benefits of collaboration and creating critical mass and maximising potential and opportunity. I want to thank you for that, first of all.

As regards your progress, has InterTradeIreland identified to both Governments additional areas of potential? To what extent do the current care and maintenance arrangements impede progress? That has significance for both the so-called "Plan A" and "Plan B" scenarios.

To what extent are current budgetary and resource levels a limiting factor to the work that InterTradeIreland could do?

Mr Nellis: I will leave the detailed point that came up until the end, as I need to consult.

We have been working closely with both Governments. Over the last few months we have done a major piece of work. There was a joint statement by the Secretary of State and Dermot Ahern after the British-Irish Intergovernmental Conference (BIIGC) to call on officials to be much more imaginative and challenging on how they take forward North/South economic collaboration. They asked for a review of the whole territory: what was, was not, and could be done.

We have been providing the secretariat for that piece of work for a number of months now. The final shape of the paper is beginning to emerge, and it contains some significant ideas. I do not want to go into the detail of those today, because involved in the discussions are OFMDFM, the Taoiseach's office, the Department for Foreign Affairs, DETI etc. All those partners are crafting the paper.

However, they are saying: "Let's not have any more taboos", and they are asking: "What is good for everyone?" Joined-up trade missions make sense, which was proven when, earlier this year, the Taoiseach offered Northern Ireland companies the chance to go to India. Invest Northern Ireland and the Northern Ireland firms thought that that was a tremendous opportunity. The two Governments are now considering further joined-up trade missions.

We also concentrated on R&D. Massive funds are available for that, but it is very difficult to move Exchequer money from one jurisdiction to another. Aidan, is the budget of the Science Foundation Ireland €6 billion?

Mr Gough: No. There is a total investment of €9 billion for research and development to back the new strategy that has been launched in the Republic. That sum is double previous budgets.

Mr Nellis: There is no reason why, with a bit of imagination, that investment should not be open to Northern Ireland companies. All it takes is some political involvement; it is not rocket science.

Mr Gough: Centres of excellence are crucial for science and technology. Will there really be two world-class centres of excellence 60 miles apart? Universities and the Governments have opportunities to collaborate and create one genuine centre of excellence. Again, that requires more imaginative thinking about how funds cross borders.

Mr Nellis: The care and maintenance regime has now lasted for two and a half years, and we have just got on with it. Our remit was clearly set out before direct rule resumed in October 2003, and at that time we agreed a programme with Ministers. The two Governments approve our annual business plan. Since 2003 we have agreed our programme in writing through OFMDFM and the Department for Foreign Affairs in Dublin. That slows the process up a little, but it has not caused us much grief.

We have run into difficulty regarding the reappointment of board members. All organisations want a top-quality board, but they also want the board's membership to revolve sensibly so that everybody does not walk out the door one morning leaving no board the next. Current circumstances mean that no one has addressed the board membership of the cross-border bodies. As a result, all of our board members are likely to walk out in December. That is not a good way to run anything. Therefore some issues on the margins cause us concern.

However, we have remained focused on the business agenda. The remit that we have been given within the annexes of the legislation is quite broad, and all that we have been doing, from supply chain to equity, is included in that remit. Therefore the care and maintenance regime has not really got in the way.

As for budgetary and resource access, comments had been made that InterTradeIreland kept having to give back money because it could not spend it. I worked for the IDB until December 1999. In the middle of 1999 I was approached by Gerry Loughran, who was then head of the Civil Service. He said that there was talk about North/South bodies being set up under the Good Friday Agreement and that, if that happened, it would happen very quickly. He asked me whether I would be prepared to go out as interim chief executive to set up a trade body.

Since the suggestion was from Gerry Loughran, I knew that he was not asking me whether I was interested but rather telling me that I was the man. I went on holiday in December 1999 and came back to find that I had lost my nice office on the fifth floor of IDB House. I had an empty room across the road in

Londonderry House. I had no staff and £9 million to spend. Obviously, I gave money back in the first, second and third years while we built the organisation in a very controlled way. We had to move from secondees at the start to recruiting our own employees. Over five years we built the organisation to a point at which our capacity is such that we are more than able to spend our budget in a sensible, coherent way.

We also have inescapable commitments that run through our programme from one year to the next. Of our budget of £9 million, probably £6.5 million to £7 million is programme money, and of that, probably more than half is committed before we start the year in rollovers from one- to two-year programmes. Our room at the margins for getting involved in programmes is narrow; we have to make hard choices. Either we stop doing some programmes or change their shape so that they do not cost so much — or we get more money.

Something has to give along the way. We are at our full staff complement of 42 and new things come at us all the time. There is the question of infrastructure and there has been talk of our getting involved in an approach to waste management. That is another big infrastructure issue that nobody is dealing with. Such issues are constantly coming up, and we must be much more selective about what we take on. In the early days, we had enough money to do everything that we wanted to, but those days have passed.

Mr Ford: Thank you for your presentation, which was positive, at least in some parts. You have good news to tell us. However, I want to return to some of the earlier parts of your submission — the bad news bits.

You highlighted the fact that in the first half of the nineties there was a significant increase in gross value added per capita compared to the UK, yet gross value added per employee — productivity — is in long-term decline. I presume that that was simply because more people were got into what was possibly the wrong kind of employment. You also highlight service industries, retailing and call centres. Should we have learnt lessons from the way that the Republic developed its economy over a similar timescale? It appears that its definition of services was of higher-quality jobs than the services into which we put people.

Mr Nellis: You raise several issues. Much of the employment that was created was service-based, and, as you saw from some of the other analyses, such employment is often not well paid and therefore it creates less wealth in the local economy. However, we are where we are.

I worked in IDB in the 1990s and have been in the Civil Service for 34 years. The story was very different in Northern Ireland as regards going for mobile investment than it was in the South: we could not afford to be so choosy about the jobs that we brought

in. The South could, through the Celtic tiger, be much more selective and could even say to companies that they would get nothing for coming to Dublin; that they had to go to the border regions. The Northern Ireland system could not begin to do that. We still need to build a base of top-quality mobile investment in the knowledge-based sectors. The playing field is slightly different.

Northern Ireland has come up significantly, but it still does not enjoy the selectivity that the South enjoys. I still do not think that a company will get money for coming to Dublin.

Mr Ford: If we are to build on the knowledge-based sectors, should we target foreign direct investment (FDI) or should we develop indigenous businesses? We have talked about both at different stages, but we have not worked out where we need to target the major effort.

2.30 pm

Mr Nellis: I am not an economist, but analysis that I have seen shows that both North and South must move away from being investment-driven to being innovation-led. We need to grow our own.

Mr Gough: It is right to highlight the decline in productivity. If the performance of the economy is to change, it will have to be based on improvements in productivity. It is the key economic metric — I would usually defer to Dr Birnie on issues such as this — and has been identified by the Chancellor and by the Government in the South. Turning this decline around will require a host of factors. There is no one answer. To get capital investment right, you must identify the correct industries. It cannot be targeted at either FDI or indigenous; it must be directed at both because, as we have seen in the South, FDI can benefit growth in the indigenous sector.

There are many issues around driving up productivity, and our key message is that because the private sector in the North is so small, it lacks the critical mass to make a step change in performance. That is why we support the creation of networks, and not just with the South. With our remit, networks will be particularly important to the expansion of the resources that are available to the private sector in the North. Networks would help the private sector to grow and to make the necessary step change in economic performance.

Mr Ford: That leads to my other point. In your presentation, you said that the key points in partnerships concern softer issues rather than harder issues, such as fiscal matters, which we discussed for quite a while earlier. You referred to the areas for mutual collaborative action. A few minutes ago, you spoke about InterTradeIreland's budget. Short of recommending that your budget and staff numbers should be tripled, do you have any practical suggestions on how collaboration and networking could be developed? Is

there a role for more specific encouragement for universities or the private sector? How do we handle it, or do we have to rely on you?

Mr Nellis: No. I like to believe that InterTradeIreland is at the forefront of this. Our corporate plan is in its second year and is based on all-island collaborative networks. Since then, Enterprise Ireland and Invest Northern Ireland have published major policy papers that say that the answer is networks.

We are developing our range of networks; Invest Northern Ireland is involved in the development of some of its networks; and Enterprise Ireland is developing some of its networks. We are talking to both organisations, but it would make much more sense for all those who think that networks are a good thing to work together. We must move to that point and discuss the possibilities with our colleagues.

I thank Mr McLaughlin for the compliment that InterTradeIreland has, to some extent, proved its worth. From day one, it has been involved and has put its money where its mouth is. Everything it does is based on collaboration and partnership. The steering groups for each of its programmes include representatives from bodies such as Enterprise Ireland; Invest Northern Ireland; Forfás; the Irish Business Employers' Confederation; and the CBI.

InterTradeIreland brings people in and moves them along. It is not going to change the world; it consists of 42 people who are based in Newry and does not have the wherewithal to take on all the issues. However, InterTradeIreland is happy to help and facilitate other people. That is what it does best.

Mr McLaughlin: Would InterTradeIreland welcome the other organisations taking that concept and practicing it?

Mr Nellis: The fusion technology transfer programme is very costly. Why is InterTradeIreland taking the full hit on it? The consensus is that one of the critical elements of the development of an innovation-led economy, North and South, is technology transfer. How can technology be moved from universities to businesses? There is a perfect model, which has been proven to work. However, because of its budget, InterTradeIreland has had to be very selective about the number of projects that it puts on the fusion programme. Those are the sorts of things that must be considered.

Dr Birnie: I have three questions. First, does Northern Ireland continue to have a trade deficit with the Republic? You said that Northern Ireland's exports south of the border are growing more rapidly than its imports. What is the explanation for that?

Secondly, in practice, to what extent are the authorities in Dublin committed to many of those

issues? In 2003, the Department of Enterprise, Trade and Employment in the South commissioned an inquiry, and 'Ahead of the Curve: Ireland's Place in the Global Economy' was published in July 2004. That report is a business enterprise strategy for the Republic. It is over 100 pages long, and from memory, only two paragraphs deal with North/South linkages. I wondered why there was so little about that.

Mr Nellis: It deals with collaborative networks and infrastructure.

Dr Birnie: Thirdly, you list the areas for action at the end of your statement. Public procurement is not listed, but it might be important. After all, it generates billions of pounds both here and south of the border. To what extent is public procurement genuinely open to firms in either direction that bid for Government contracts?

Mr Nellis: I will take a lead on that and then let Aidan Gough come in.

These figures, which were compiled in our office, are hot off the press, and you are welcome to a copy of them. Cross-border trade in manufacturing from North to South in 2004 was €933 million; from South to North it was €1,125 million. The total was just over €2 billion. That grew a little in 2005 when it was €1,013 million North to South and €1,158 million South to North. However, the percentage change was 8.55% for North to South and 2.88% for South to North. At the moment, Northern Ireland is benefiting more from the trade relationship.

On the question of commitment, our organisation often has to walk on eggshells in many areas. When we came into this territory five or six years ago, there were many turf issues that were not political but territorial. People were asking who we were, what our job was, and similar questions. We can lobby and push and talk, but we have no sanction. You referred to Eoin O'Driscoll's report, 'Ahead of the Curve', and Aidan Gough and I were blue in the face when we were in consultation. We spent a full afternoon with Eoin O'Driscoll and his senior team. We met him several times, and we talked to the Department that was signing off the final report. Sometimes I think that the Department was not sure that there should not have been a much greater emphasis.

I do not think that that lack of co-ordination is in any way deliberate. Today I have sat through two presentations by senior business organisations in Northern Ireland. Perhaps I missed it, but there was little talk of North/South collaboration, or perhaps it is not their job to consider co-operation. It is certainly my job, and I have to examine it. Therefore, one has to remind people constantly, North and South, that there is a mutual benefit with collaboration. Sometimes the

North falls down a bit, sometimes the South falls down a bit, and nobody is a paragon.

Early on, we identified the fact that public procurement was a big issue for us. There is a €13 billion spend on public procurement on this island, North/South and South/North. We have addressed that in a number of ways. We have the 'Go Tender' initiative, which brings in 14 or 15 small and medium-sized enterprises (SMEs) from one jurisdiction and trains them on how to pitch into the other jurisdiction. It tells them about all the pitfalls and issues that are involved.

Procurement in the North and South operate quite differently: in the North, the central procurement directorate co-ordinates procurement, whereas in the South most utilities handle their own.

There are some tremendously successful examples. I do not want to break a confidence, but there is a company around south Derry, broadly involved in the Health Service, that had never done business in the South. Within months of learning how to tender in the South, it won a contract for nearly €1 million from the health service there — simply by opening its eyes to the opportunity.

To answer your question, Esmond, there is not as much openness and transparency from North to South as from South to North, but much of that is down to the fact that people do not even bother looking to the South.

InterTradeIreland has now moved away from granting trade and business awards. However, one of the companies that won an award was John Graham (Dromore) Ltd, a construction company that, until 10 years ago, had done little or no business in the South. Colin Graham, who is the third generation of the family, came out of university going to kill dead things. He started tramping the corridors around Dublin, and within a very short time, the company had constructed the Dunleer-Dundalk bypass and rebuilt Connolly station. The company is currently building the Department of Education headquarters in Dublin. The share of its business coming from the South grew from something like 2% to 40% within five years.

No one will hand business to companies, but if they look, it is possible to find it.

Dr Farren: My first question relates to the walking-on-eggshells image that you invoked a moment ago, Liam. Someone looking from without would say that Enterprise Ireland, the Industrial Development Agency, Invest Northern Ireland and InterTradeIreland are all similarly involved in growing business. I join Mitchel in complimenting InterTradeIreland, and I recall the early days when I enjoyed the privilege of holding a ministerial position and attended meetings at which the Fusion scheme, Acumen programme, etc, were being conceived.

In the light of your experience, is InterTradeIreland dovetailing satisfactorily with the other agencies? When it is said that InterTradeIreland must finance or provide other forms of support for any North/South business and that that is not a matter for INI or Enterprise Ireland or whatever, are you working on protocols to address satisfactorily the needs of those in business, so that if a company approaches one agency that cannot help, it will be pointed in the direction of another?

If I picked you up correctly, was there a sense of resentment that your budget was being pointed to as the source of finance when you thought that other budgets should also be contributing in particular circumstances? Looking at this strategically, how do we, as taxpayers, ensure that we get the best bang for our buck from the work of the different agencies?

It has been claimed that operating costs in the North are significantly higher in some respects. However, I get the impression that, leaving aside taxation, a number of operating costs in the South are rocketing, not least labour costs, property taxes and transport — notwithstanding the low fuel prices that Irish commuters pay.

Are you able to make sense of the different operating costs in a way that gives advantage, or would show people that there will be advantages by doing business in the North as opposed to the South, or in the South as opposed to the North?

2.45 pm

The Chairman (Mr Molloy): We do not have a quorum and have to close the meeting. Perhaps Mr Nellis will reply to that in writing.

The Committee Clerk: The next meeting will be on Thursday at the same time. I have drafted a press release. It is totally non-controversial: it simply states that we took evidence from various groups.

The Chairman (Mr Molloy): Thank you for coming along, Mr Nellis. I apologise for the sudden end.

Adjourned at 2.46 pm.

SUBGROUP ON THE ECONOMIC CHALLENGES FACING NORTHERN IRELAND

Thursday 27 July 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Jim Wells
Mr Roy Beggs
Ms Michelle Gildernew
Dr Alasdair McDonnell
Mr Mitchel McLaughlin
Mr David McNarry
Lord Morrow
Mr Sean Neeson
Ms Margaret Ritchie
Mr David Simpson

Witnesses:

Mr David Gavaghan	} Strategic Investment Board
Mr Martin Spollen	
Mr Damian McAuley	} Invest Northern Ireland
Mr Leslie Morrison	

The subgroup met at 10.04 am.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): Ladies and gentlemen, we shall proceed. Mr Ford will not be here, but he is happy for us to proceed in his absence. Mr Neeson may attend — I am sorry; he is here already. I am so used to the Alliance Party being at the top of the table in the Committee on the Preparation for Government. We have received apologies from Dr Birnie, for whom Mr Roy Beggs is deputising. Ian Paisley Jnr and Peter Weir are not here, but Mr Simpson and Lord Morrow are very able substitutes.

Apart from Mr Ford, who will not be here, are there any other apologies? Is Dr McDonnell expected?

Ms Ritchie: He is probably looking after four babies at the moment.

Mr McLaughlin: He is a busy man.

The Chairman (Mr Wells): There are no other apologies.

On a serious note, at the last meeting we recorded the sad death of Cathie White's mother. I must report that, very sadly, within a few days her father died. Cathie is going through an extremely difficult time. We suspect that because of this very sad situation Cathie may not be with us for some time. Members had already signed a condolence card for her mother. I want to tell

members of the Committee that the funeral of Cathie's father is at 9.30 am on Saturday at Roselawn, in case any members are available to attend.

I wish to report one issue that arose from the Committee on the Preparation for Government. The Committee decided that the Subgroup on the Economic Challenges facing Northern Ireland would have five Chairmen, including Mr Molloy and me and will inform the Secretary of State that there will also be Chairmen from the Ulster Unionist Party, the SDLP and the Alliance Party. The Secretary of State will contact those parties shortly to seek nominations. Therefore the subgroup's meetings will have a rotating chairmanship and I will be chairing only one meeting in five. The Preparation for Government (PFG) Committee will meet more regularly and Mr Molloy and I will be spending every Monday, Wednesday and Friday chairing the extra meetings.

I hope that members have seen the draft minutes of the meeting of 25 July that were circulated in their packs. Do members wish to make additions or corrections?

Mr Simpson: Is it in order that, under item 4, "Declaration of interests", I declare business interests?

The Chairman (Mr Wells): Yes. You raise an important point, Mr Simpson. This will be a moveable feast, as members deputise for one another on the subgroup. The nature of the subgroup means that members who have business interests should declare them. Can you inform the Committee Clerk of those interests?

Mr Simpson: Yes, of course.

The Committee Clerk: The standard practice is for a member to declare business interests at a Committee meeting.

Mr Simpson: They are general business interests; perhaps I can deal with them afterwards.

The Committee Clerk: That is fine.

The Chairman (Mr Wells): Do members who were not at the previous meeting have any pecuniary interests to declare?

I must remind members of the vexed issue of mobile phones, although this is a case of the cat calling the kettle black — we are all wedded to our mobile phones. However, mobile phones cause great problems for Hansard; even switching one on causes problems in the recording. I texted the hon Member for East Londonderry in Westminster the other day and he texted me back. Even in higher places, Members are wedded to their mobile phones.

We are no different. Unfortunately, I am going to have to ask members to switch off their mobile phones because we will be taking evidence. At the PFG Committee the compromise is that members can set

their phones well back from the microphones so that they do not interfere with recording, but they can still receive messages. However, in this room the Hansard folk are most insistent that the phones be turned off completely.

Mr McNarry: Chairman, I would like to raise a separate issue, which I mentioned at the PFG Committee yesterday. Although I welcome the initiative that the Secretary of State has shown in setting up a group to deal with industrial rating — or, hopefully, derating — the news came as quite a surprise. It would be appropriate if the Secretary of State were to notify us of his intentions in advance; he might well be working on other schemes with other groups. In this instance, we would particularly like to hear from the industrial derating group. Yesterday the PFG Committee generally supported my view that we should know whether issues outside the scope of this subgroup were being explored. Does the subgroup support the view that we should find out from the Secretary of State if he is on any “Lone Ranger” missions with other people, perhaps telling them things that he is not divulging to us?

The Chairman (Mr Wells): Are members content that we write to the Secretary of State seeking advance notice of any initiative that might cut across what we are doing?

Mr McNarry: I think we should.

The Chairman (Mr Wells): There was unanimity on this at the PFG Committee yesterday. Is that agreed?

Members indicated assent.

The Chairman (Mr Wells): The Clerk will look after that.

Members have received the draft Hansard report of the hearings on 25 July. As you know, the turnaround is now 24 hours. The Clerks did not receive any amendments and corrections, so it is taken that members are content with the proceedings. The report will then be published.

Mr McNarry: I did not receive a report, and I was told to expect it today. Perhaps it is in this pack?

The Committee Clerk: The report is of the meeting on 20 July, not of the last meeting.

The Chairman (Mr Wells): Did I say 25 July? I meant 20 July, sorry.

The Committee Clerk: That was handed out to Members at the last meeting.

Mr McNarry: The meeting on 20 July? I have received that.

Lord Morrow: Mr Deputy Speaker, on a similar issue, we seem to have a system in place whereby minutes, marked with members’ names, are being left in parties’ general offices for members to pick up. That

is most unsatisfactory. I am not saying that it has happened here, but I hope that it does not start to happen because members are not getting minutes until 10 minutes before they arrive for the meeting.

The Committee Clerk: The subgroup is working to a very quick turnaround, and we only receive evidence papers and submissions the evening before, if at all. We are pressing witnesses to send them quicker than that, but we must appreciate the difficulties that arise when witnesses are contacted at such short notice.

It would be helpful if members could give us an e-mail address that they are certain they can access the night before the meeting, to which we can send the relevant papers. We tried to contact quite a few members last night, by e-mail and mobile phone, in an attempt to send the papers out last night. Could members ensure that they give Paul Stitt their e-mail addresses before leaving today? As soon as we get any papers we will send them out. We will also have a hard copy ready when you arrive at the meeting.

Mr McNarry: Excuse me, Chairman, I am going back to Hansard. Where is the report?

The Chairman (Mr Wells): You should have the report of 20 July; the report of 25 July is in preparation.

The Committee Clerk: I understand that the report of 25 July is virtually done. It was a four-hour session, so I appreciate that it is going to take Hansard a day or two to complete it, and we are waiting on that.

Mr McNarry: I do not want to be hard on anybody, but I am not really satisfied with Hansard’s performance on these matters. It is impossible.

The Chairman (Mr Wells): To be fair to Hansard, you must realise that it is covering the meetings of the PFG Committee as well.

Mr McNarry: Hansard is here to serve this Assembly. If the Assembly were in operation, it would not tolerate such a delay.

The Chairman (Mr Wells): I should advise you that the Hansard staff has been run down substantially during the three years that we have not had devolution, so it is not in a position to give a full-time service.

MLAs do not answer their phones 24 hours a day, and various attempts were made to ring members on their mobiles last night, and to e-mail papers to their home email addresses. Margaret was the only member on 24-hour duty.

Ms Ritchie: It is very sad.

The Chairman (Mr Wells): We need to have a means of contacting members by mobile telephone or of e-mailing documents to you at home so that you can access them that night. The timetable for this subgroup is so tight that we must give you material at short

notice. That is the nature of the beast. My mobile is on 24 hours a day.

Mr McNarry: I understand that, Chairman, but that is a separate issue. I got a telephone call at 7.00 pm or 6.50 pm, which was good, for at least someone was working. However, I am talking about Hansard.

Lord Morrow: Even if you are not, David.
[Laughter.]

Mr McNarry: I could not really watch the football.

The Committee Clerk: Hansard would appreciate it if the subgroup were to lend weight to calls for additional resources for it. Many Hansard staff were redeployed and those who remain are working flat out. We are pressing them, but we appreciate their difficulties. However, Mr McNarry made a useful point.

Mr McNarry: The PFG Committee decided yesterday to have three more meetings that Hansard will record in addition to this. That makes four separate meetings each week to keep up the pace. Minutes are minutes and that is that.

10.15 am

The Chairman (Mr Wells): Mr Burrowes would appreciate additional staff, but he could not have predicted this workload — there will be meetings every day from now on. The PFG Committee meets on Monday, Wednesday and Friday; the economic challenges subgroup meets on Tuesday and Thursday. That has cranked up the work required of Hansard, and I am sure that the Committee Clerk would be happy to write to the Clerk of the Northern Ireland Assembly to ask whether he can deploy more staff to Hansard. Parliamentary reporting is specialist work; you cannot simply drag people off the streets to do it.

Mr McNarry: I understand that. It is because it is specialist that it is so important. I have said all that I need to say.

The Chairman (Mr Wells): I welcome Dr McDonnell.

Members will receive the Hansard report of 25 July shortly.

As to matters arising, the subgroup wrote to the Economic Development Forum, asking it to give evidence. Initially the forum indicated that, since it had multiple membership, many of those groups would be giving evidence in their own right, so it wished not to give evidence. We have written to the forum again to prevail upon it, and I understand from the Committee Clerk that we may receive a favourable response this time.

The Committee Clerk: I spoke to officials yesterday and was informed that the Economic Development Forum will now be more inclined to give evidence. However, it is a disparate group and does not necessarily speak with one voice.

The issue is timing. We have filled up all the slots between now and 10 August. An evidence session with the forum would be on the agenda, but the PFG Committee has agreed that the subgroup can make an interim report and, subject to approval from the PFG Committee, could work beyond 18 August. Since the Minister is not available until September anyway, we could, if we agree to work beyond 18 August and produce an interim report, invite the Economic Development Forum and the Minister in early September.

I have drafted a letter for consideration; it is in the members' pack at tab 2. We do not have a slot for the forum, unless the subgroup want to meet on another day. The forum would have to pull together different chairpersons. We are seeing them as individuals anyway; but if the subgroup is of a mind to see the forum, I am sure that it will agree. However, it would be late August at the earliest. As the Minister is also the Chairperson of the forum, it might be sensible to invite her, both as Minister of the three Departments to which you want to speak and as Chairperson of the Economic Development Forum.

Mr McNarry: I would like clarification. Meeting number five is with the Department of Education followed by the Department for Employment and Learning. Will a Minister be attending?

The Committee Clerk: The Minister is Maria Eagle MP. She is on leave until September, so she will not be available at that stage, but she will be available and willing to attend when she returns from leave.

Mr McNarry: She is on leave.

The Chairman (Mr Wells): Yes, for all of August.

Mr McNarry: This is a direct rule Minister.

The Chairman (Mr Wells): All MPs are on leave until the end of August.

Mr McNarry: Brilliant. But we are not on leave.

Ms Gildernew: Not all MPs are on leave.

Dr McDonnell: There is a message there.

Mr McNarry: We are not on leave. We have been charged by the Secretary of State to get this work done, and we want to hear from one of his direct rule Ministers. Does that mean that she is relieved of duty office? Who is the duty Minister?

The Chairman (Mr Wells): There will, of course, be a duty Minister throughout that time, but Ms Eagle will be on holiday. She will not be here. She is not available. You will soon realise that only MLAs work in August.

Mr McNarry: Well perhaps the world should know that.

Dr McDonnell: It could be worse, Mr Chairman. Margaret Beckett is monitoring the war in the Middle East from a caravan.

The Chairman (Mr Wells): And John Prescott is in charge of the country. *[Laughter.]*

Dr McDonnell: Margaret Beckett was interviewed last night in a caravan somewhere in the south of France.

Mr McNarry: It seems too convenient that this is the excuse.

The Chairman (Mr Wells): We do not have the power to summon her. If she is not available there is nothing we can do.

Mr McNarry: Where does that leave us? We have a duty to report back to the PFG Committee. The Secretary of State has set a date for the submission of a report, but it will be incomplete because we have been unable to have a Minister here. At the first meeting, it was everybody's view that we would leave the Ministers to the end so that we could hear all the evidence. Ian Paisley Jnr made the point that we could then put to the Ministers what we had gleaned from witnesses, ask the Minister what he or she made of it, and see whether there were any new ideas that we could put to the Minister.

The Chairman (Mr Wells): The permanent secretary, who is the spokesman for the Department, will be available. The Department will therefore be present in strength, as it were, in the hearings.

Mr Beggs: Has it been confirmed that it would be the permanent secretary at least who would give initial evidence from the Department, and not a deputy? The permanent secretaries are also on leave.

The Committee Clerk: The letters of invitation for each Department are going to the permanent secretaries. Generally they would send whoever is best placed to answer the subgroup's questions. If the subgroup would like the permanent secretaries specifically to attend, we can make that point.

Lord Morrow: We should include this letter along with the one that we are sending to the Secretary of State. We have been told that the Secretary of State has a service in place for the subgroup while his Ministers are on holiday. Has he made arrangements for deputies? Perhaps he himself would condescend to appear?

Mr Neeson: He is down in Sligo.

Lord Morrow: Well, he can fly back up on his chartered plane.

Mr Neeson: He is rallying somewhere.

Mr McLaughlin: There is a constant dissatisfaction in dealing with direct rule Ministers anyway, because they tend to fly in for limited times, and depend heavily on briefings. If we pressed the point, we might well get a duty Minister, which would not improve the quality

of evidence that we would have to consider. We should record our dissatisfaction with the amount of support given at ministerial level to the work of the subgroup. However, we should proceed nevertheless and ensure that we get the best possible advice from the senior civil service.

Ms Ritchie: The Secretary of State charged us with a programme of work over the "summer holiday" period. Like Mr McNarry, I fail to understand how the Secretary of State expects us to work and take evidence on economic challenges if his Ministers cannot be made available.

He has created obstacles, yet he has levelled that accusation at our door. Members must record their dissatisfaction with the process, particularly when we have a deadline of 18 August, and the Minister will not be available until after that date. That is unsatisfactory, and a permanent secretary or someone deputising for a permanent secretary is insufficient, because they simply implement the policy decisions of Government.

Mr McNarry: Cathie White reported to the subgroup that she had diligently made preparations for meetings in advance of our first meeting, and that was useful. She produced a work programme, in which dates were given for the Ministers to attend. Do I assume, therefore, that she had already contacted the Ministers' office and they were available on that date? If so, perhaps we could reconsider that date if it is the only opportunity for a Minister to attend.

Members revised that date, because Ian Paisley Jnr suggested that the subgroup should meet the Minister after we had heard all the evidence from witnesses. It seems as though there is some type of engineering going on, and a Minister will only be available when the subgroup is not meeting.

Ms Gildernew: I do not have the original work programme at hand, but my understanding is that the dates given were for this week, which suggests that the Ministers may have been available this week. However, they may have made plans to go on holiday, and that is why they were only available for Tuesday's meeting. The subgroup had decided that we would wait until the end of all the evidence sessions before meeting the Ministers.

Mr McNarry: Michelle may be right, but it is unfortunate that it was not understood that the Minister was only available this week.

The Committee Clerk: That is my understanding, following conversations with officials in the past couple of days.

Mr Simpson: Is it a case of requesting that a duty Minister attend the meetings to cover for other Ministers? If the duty Minister needs to bring officials from the relevant Departments, that is fine. Surely a

duty Minister would cover this meeting if they were covering other duties.

The Chairman (Mr Wells): It could be a Minister for security or education who may not know anything about the subject and who may simply say that they will refer it to the relevant Minister or Department.

Mr Simpson: The same will probably apply to the permanent secretary.

Dr McDonnell: We should get on with the business and ask for the Minister to attend as soon as she returns, even if that entails delaying the report by a few days.

Mr Simpson: Does the member wish to delay the report until after 24 August?

Dr McDonnell: If necessary.

The Chairman (Mr Wells): Do members agree that we write to the Secretary of State indicating our displeasure with the way in which we are being treated in this respect?

Mr Beggs: Members cannot express their displeasure, as they changed the date that had been agreed, and Ministers will have agreed a schedule to take time off. We ought to request an alternative date as soon as they return.

The Chairman (Mr Wells): Are members happy with that?

Members indicated assent.

The Chairman (Mr Wells): Members have received a revised work programme of suggestions for witnesses. The letters for the evidence session on 7 August are ready for signature, and, yesterday, I signed letters to those witnesses whom we previously agreed. Does anyone have any comments?

10.30 am

Dr McDonnell: Who will be attending on 8 August?

The Chairman (Mr Wells): We keep updating the work plan.

The Committee Clerk: Sir George Quigley will represent the Industrial Task Force.

The Chairman (Mr Wells): I signed a letter to him yesterday.

The Committee Clerk: We got the Chairman to sign the letters for next week to get that secured. The following week's schedule has been secured, but we wanted to give members some flexibility in case it needed to be changed. The list is on the updated work plan. The letters are ready for the Chairman's signature at the end of the meeting. If members are content, we will carry on with that.

We also have letters ready for the Chairman's signature for those who will provide oral evidence, and

they will also be sent out today. We will proceed with the programme and the witness sessions if members are content.

We could not involve everyone because there are not enough slots. At the last meeting we agreed on 15 or 16 oral evidence sessions. To get more in we have had four on one or two occasions, and we may restrict that to 45 minutes if members are content — otherwise we would be sitting for hours.

If the subgroup works beyond 18 August it would be able to invite the Minister, the forum and perhaps some additional witnesses.

Mr McLaughlin: Could we adjourn the Tuesday meeting to the Thursday meeting so that we could go straight into the evidence sessions on Thursday? We spend half an hour or three quarters of an hour reviewing the minutes. We could have one set of minutes for that week and simply adjourn the earlier meeting, and that would give us extra time.

The Chairman (Mr Wells): Do members have a view on that?

Dr McDonnell: I agree with Mitchel McLaughlin. We should concentrate as much as possible on obtaining evidence.

The Committee Clerk: Mr Chairman, the subgroup will still have to go through the minutes of proceedings, but it depends on how quickly that can be done. It could be done in five minutes or it could take half an hour. If it is done in five minutes, the subgroup could go straight into the evidence session. There will be one or two items of business arising from the previous meeting that will have to be dealt with.

The Chairman (Mr Wells): Is everyone happy?

Members indicated assent.

The Chairman (Mr Wells): I take it that we are happy with the programme that has been laid out. We have a good mixture of private and public sector witnesses, and after hearing their evidence we should have a fair idea of the challenges that we face.

We will now move to the evidence session. There will be an opportunity at the end of the meeting to bring together any issues that arise. I must leave the meeting at 1.00 pm. I see that Mr Molloy is not in his usual position, so you will have no Chairman after 1.00 pm. However, I hope that we can get through the two sessions before then.

Lord Morrow: Is that a threat or a promise?

The Chairman (Mr Wells): It is probably a promise, but I have a delayed tribunal that I cannot get out of.

Dr McDonnell: If we cannot get the business done by 1.00 pm, we should not be here. Through no fault of my own I have missed a couple of meetings, but

Chairman, how do I manage to restrain the Lord Morrow? He has lost the run of himself since he was ennobled.

The Chairman (Mr Wells): He is controlled.

Dr McDonnell: It would be useful to have even a brief session on the new technology, as it has a cutting edge for the economy and may be a specific niche or sector. That is a suggestion, not a demand. An opportunity may arise or a slot may be cancelled.

The Chairman (Mr Wells): Dr McDonnell raised this at the PFG Committee, and I remember promising him that if I were in the Chair I would allow the matter to be raised. Have we any slots, or is there any way that we can fit that in?

The Committee Clerk: That depends on how long you want to meet for. If the subgroup wants to have longer meetings or to meet for an additional day, Committee staff can fit in anyone. Agreeing to meet beyond 18 August would give you many more opportunities.

Dr McDonnell: It may be useful for people such as Hugh Cormican, Bro McFerran and Brian Keating to give us a short briefing, for half an hour or so, on new technology because that is where the future of our economy lies. I have no difficulty with a good deal of what we are due to hear, but much of it is from a managerial, theoretical or philosophical perspective. I want to hear from someone who has been part of the economic revolution in the last 10 years. I leave that as a suggestion, not a demand.

Ms Gildernew: I am disappointed. I had not realised that the Northern Ireland Council for Voluntary Action (NICVA) had slipped off the work programme. It was on the first and a number of subsequent work programmes, but I wonder why I do not see it now.

The Committee Clerk: It is simply a matter of there being insufficient slots for the amount of witnesses. We have held off writing letters to the witnesses required for the last week so that things can be changed around. I want to leave the subgroup with that flexibility.

Ms Gildernew: Given the work that NICVA does, the extent to which our economy greatly affects the voluntary and community sectors and the amount of employment within those sectors across the North, it is important that NICVA be retained to give evidence to this Committee.

The Chairman (Mr Wells): It seems clear that as the evidence proceeds, we may have to create one additional session to bring in one or two more bodies. Is it worth setting aside one day for Alasdair's high-tech representatives, NICVA and anyone else whom we feel is appropriate?

Mr Beggs: We must prioritise whom we bring in under this heading. The enterprise agencies are not represented here. Will someone explain how NICVA is a priority?

The Chairman (Mr Wells): You are talking about the social economy, and NICVA represents thousands of employees.

Mr Beggs: Many different organisations represent thousands of employees. We have to prioritise.

Mr Simpson: We must draw a line somewhere.

The Committee Clerk: There are two options. At the moment most slots are scheduled to last for one hour. By reducing those to 45 minutes, you could hear from four witnesses at every session and certainly fit in a witness from a high-tech company and from NICVA into the meetings that are currently scheduled. Alternatively, you could schedule another meeting or meet for longer. That is entirely your choice.

Lord Morrow: That would not solve the problem, because once you open the door to bring in NICVA, about 25 others must be brought in.

The Committee Clerk: In addition, substitute subgroup members have legitimate reasons for inviting different people, and that presents a difficulty. The subgroup must hear from all witnesses by 18 August. That is why we went ahead and selected some witnesses from your original agreed bunch. However, there is still flexibility and we will certainly accommodate any further witnesses, but that must be decided now.

Ms Gildernew: I reiterate that I strongly desire that the social economy be represented. It is hugely important, given its past and present work. If we are talking about numbers of employees, it employs more people than Wrightbus Ltd, for example. It was agreed that Wrightbus Ltd should appear on the work programme as a representative of entrepreneurship. However, surely NICVA is equally, if not more, relevant to the work of this Committee than one particular company.

The Chairman (Mr Wells): I will take that as a formal proposal from Ms Gildernew. Do you second that, Mr Beggs?

Mr Beggs: No, I am simply saying that Enterprise Northern Ireland, which represents all the enterprise agencies and is responsible for delivering support to the social economy, is a more appropriate witness for this Committee. That is my counter-proposal.

Dr McDonnell: Can we allow 45 minutes for each of them and try to work cohesively as best we can? I am happy to meet for an extra hour at some stage to accommodate additional witnesses, because we have different priorities and preferences. I take the point about opening the door, but all these people are

players, and we must at least let them through the door and give them an opportunity.

Lord Morrow: The most important words that Alasdair used were “all players”. Are we talking about all the players or just some of them?

Mr McNarry: Perhaps the Ulster Unionists who are here are at fault — Roy and I did not discuss this, but we should have. The subgroup is going back on decisions that it has already made. We agreed that there had to be a cut-off point. We also said that witnesses could make written submissions. I do not know whether we have requested those submissions yet, but that provision was included to cater for the general “all”.

If the consensus — or the majority vote, as it would be — is that we had to invite those groups, I am content.

The Chairman (Mr Wells): It is worth pointing out that NICVA were on the original list —

Mr McNarry: I have no dispute with that.

The Chairman (Mr Wells): That is why it has been raised. I take Mr Beggs’s point, but the local agencies were not on the original list for consideration. However, I can see why you would want to have them there.

Mr Neeson: This is not the Assembly Enterprise, Trade and Investment (ETI) Committee. If that Committee were in operation, all players would be taken on board. We must be realistic and recognise our remit and timescale.

The Chairman (Mr Wells): I propose that we invite NICVA for a session. This subgroup operates by majority vote, not by consensus. I suggest that we have a wash-up day to bring in those groups that others feel should be here. What is the view on inviting NICVA?

Four members are in favour of inviting NICVA, and two are against. The vote is per party, so that is two parties to one, with the Alliance Party abstaining.

Members indicated assent.

The Chairman (Mr Wells): We will invite NICVA.

Ms Ritchie: I am happy to second Mr Beggs’s proposal. Last week when I suggested that we bring some groups to evidence sessions, I was promptly chided for recommending those extra witnesses in light of the time-limited agenda and the need to prioritise work. If I had realised that there would be a change in direction, I would have made the same point as Mr Beggs about the enterprise agencies. I suggest that either we be strict with ourselves, or we examine closely our terms of reference.

The Chairman (Mr Wells): The proposal is to invite local enterprise agencies to give evidence.

Three parties are in favour; none are against.

Members indicated assent.

The Chairman (Mr Wells): We will invite them and schedule their sessions into the programme.

We have kept our witnesses from the Strategic Investment Board (SIB) waiting. As we gather up our papers, I remind members to ask questions rather than make statements. Although some of what has already appeared will look wonderful in the local press, we are here to elicit information, not to state party policies. I will be quite strict, and you will not get away with saying: “Is it not the case that —?” and then making a statement.

Mr Gavaghan — I have not come across that name before — and Mr Spollen, thank you for coming to represent SIB. We appreciate your attending at short notice and supplying material in advance.

10.45 am

Gentlemen, you are very welcome. The Clerk has indicated that we would like you to make some opening comments, and then the members will ask questions. We have an hour, so feel free.

Mr David Gavaghan (Strategic Investment Board): Thank you very much for giving us the opportunity to make a brief presentation and take questions.

I propose to run briefly through our presentation. We recognise that from the subgroup’s perspective there are three areas of focus. The Strategic Investment Board’s focus, as you are aware, is on infrastructure investment, so our presentation is specifically on that. I do not apologise for that, because that is what I am employed to do, but it is worth emphasising that that is why our presentation is as it is.

In the overall context, the first question that we all pose about infrastructure in Northern Ireland is this: is it fit for the twenty-first century? To some extent the word “fit” can be taken to mean fit for purpose. I see it slightly differently: if, like me, you struggle to keep fit, often the achievement is in getting fit; keeping fit is another matter. We have a huge challenge with this economy in the twenty-first century. Recently, I have been reading ‘The World is Flat’, and that has reminded me of the extent and significance of the challenges across the globe in the context of Northern Ireland.

As you know, our company was established just over three years ago to help address the infrastructure deficit that exists here. We have three specific remits. The first is to draw together a 10-year investment strategy, which was announced by the Secretary of State last December. We drew that together as a first, and we will give evidence during the course of the morning of some of the work that we want to do in the future. There is one point that I would like to emphasise: it is not the SIB’s investment strategy; it is the Minister’s

investment strategy, and it is ministerial direction that has determined that strategy.

Our second area of activity is the delivery of projects and programmes of investment, and, if you like, that is the lifeblood of the business activity of our company. I will give you an insight into some of the work that we have undertaken in the past three years in that area.

The third area is reform, which at the moment is very prevalent in the context of Northern Ireland, and some examples of reform projects include e-HR, Workplace 2010, the corporatisation of the Water Service, as well as simple things like standardising contracts and improving professionalism across the Northern Ireland Civil Service as regards delivery capability.

As you all know the investment strategy gives a 10-year view, but what is quite wonderful in the strategy is the extent to which a new step change was visible within the public sector and, more importantly, outside it. The scale of ambition of the 10-year strategy, which has the potential to invest some £16 billion in Northern Ireland's infrastructure, was a step change for us all. One of the things that is worth emphasising is that in the past year, the first year of the investment strategy, more than £1 billion was invested in Northern Ireland's infrastructure. So it is happening right here and now.

The graph in the slide entitled 'Key Investment Programmes', shows the confirmed figures in deep purple and the indicative figures in lighter purple. The key point in showing you this graph is to highlight that the focus of the investment programme is on education, health, transport and the environment. Those are ministerial decisions, and there is a real recognition that those are the same priorities that the devolved Government had set prior to direct-rule Ministers taking over.

The direction of the infrastructure and investment programme remains broadly the same.

The next slide is crucial because it shows the role that infrastructure plays in the sustainable competitiveness of the economy. Physical infrastructure is only part of the equation in the creation of a sustainable economy. Some European countries have the best infrastructures in the world, but the use of those infrastructures is absolutely critical in defining outcomes.

The key issue is the way in which all those elements in the pyramid are synchronised as effectively as possible, the intention being that sustainable enterprise will be the apex, which in Northern Ireland means business and social enterprise.

We are undertaking some work to try to couch the second investment strategy in a slightly more thorough context than the first. We are addressing the infrastructure investment in five investment pillars

built around networks such as roads, IT, broadband etc. The skills pillar includes primary, secondary and tertiary education, the social pillar includes health and housing, the environment pillar includes water-related issues and waste and the industry pillar concerns the impact that the Government can make in supporting industry and wealth creation. Members may wish to discuss industry issues after our presentation.

Three priorities are identified on the slide to the left of the investment pillars. Those cross-cutting themes focus on the three key priorities: economic growth and competitiveness; society based on partnership, inclusion, equality, regional balance and mutual respect; and high-quality environment and sustainable development. That framework has a significant cogency in the context of the pyramid to which I have referred. This is only a framework within which Ministers will determine future outcomes for Northern Ireland.

The pie chart shows the current investment strategy for Northern Ireland (ISNI), which was launched in December 2005. It is interesting to see how the networks and the skills are —

The Chairman (Mr Wells): May I just interrupt. I am reminded of a snooker game being broadcast in black and white, and the commentator saying that the pink ball is behind the green ball. Your colour presentation is difficult to follow on our black-and-white copies. The staff are printing bigger colour versions that will be much clearer. When you refer to the pink and the green, we do not actually know what you are talking about.

Mr Gavaghan: My apologies.

The Chairman (Mr Wells): The staff will distribute the colour copies as you are speaking.

Mr Gavaghan: Investment in networks represents 18% of total investment under the current ISNI. The current ISNI spend on skills is £3.97 billion. In enterprise terms, network and skills are a key constituency representing 44% of the total current investment programme. We might discuss this issue in more detail when we have the colour versions.

The ninth slide shows a table that details the projects with which we have been directly involved. These projects are now financially closed, and the Invest Northern Ireland headquarters and Lisburn City Library are operational. They represent about £350 million of capital investment.

I will talk about some projects in a little more detail. The importance of the roads package 1 cannot be emphasised enough. We have all had the experience of driving into and out of Belfast.

It is worth noting that that was the first publicly funded bond-financing of an infrastructure project in Northern Ireland. Before my arrival at the SIB, I was

involved in the bond-financing of the Moyle interconnector, but that was a private bond-financing for a private purpose, although it later went mutual. Therefore that was the first time that the Northern Ireland public utility sector accessed the capital markets in London. It was also the first time that the European Investment Bank had been involved. That is notable in the context of Northern Ireland embracing the European Union and the European Investment Bank seeing Northern Ireland as a really interesting place to invest in infrastructure, with an important focus on the Trans-European Network structures and systems.

The third point, which is fundamental, is the importance of involving local contractors. In the case of roads package 1, two local contractors took an equity stake in the special-purpose company. One of the great successes of that project was the involvement of local contractors in the equity, as well as in the work on the site, together with a world-class contractor with a presence across the globe.

The final point is critical: the pricing was as fine as anything in the capital markets, meaning that Northern Ireland is in a competitive place in the global procurement of infrastructure investment. There is no premium attached to doing business in Northern Ireland.

The second project was Project Alpha, the clean water project, and it was closed in May. For the Water Service and the Roads Service, the scale of some of the business activity that is now taking place — as Malcolm McKibbin said recently about the launch of roads package 2 — could only have been dreamt of in the past. The significant aspect of that project was the scale of the savings that were achieved, against what had previously been estimated: some 25% and some £50 million of capital savings.

Electronic human resource (e-HR) obviously has a high profile, but we believe that that project offers Northern Ireland a significant step forward in creating a more joined-up public sector. People across the rest of the UK are looking at that project very closely.

We believe that we have made significant further progress on a broad front. We have had a very active engagement with the supplier market, both here and overseas. They now take the opportunities in Northern Ireland extremely seriously. Recently, one contractor told us that it saw Northern Ireland as a critical element in the focus of its resources in a UK context.

As for some of our other activities, we held a very successful infrastructure investment conference in Dundalk, with over 300 people in attendance. That was the first time that the National Development Finance Agency (NDFA) in the South worked together with us to face the outward market. That was a very successful event, and a reception that attracted over 100 key

players was held here at Parliament Buildings with the Lord Mayor. That was a good event.

We also held a very good event in Derry last year, which we are repeating this autumn. The scale of the work that we are doing to present Northern Ireland both domestically and internationally is bearing dividends.

We are a relatively small organisation. Although our staff have grown from 17 people to 27 in the last year and a half, one of the key issues for us was increasing the local representation of the senior advisers. In our last recruitment exercise, five locally based senior people joined the SIB. That is very important.

Moving on to what we are doing right now, we are working hard to shape the second ISNI, to which I will return. The invitation to negotiate has been returned by the bidders for the Belfast schools' project. Last month, there was the announcement of 48 new schools across the Province. Roads package 2 will be at the stage of best and final offer in the autumn.

Project Omega is well on schedule for financial close in January 2007, if not before. For Workplace 2010, the invitation to negotiate was issued last month with four very good consortia working alongside local contractors. We also have the launch of the acute hospital programme, with potentially projects totalling £1 billion going to the market in the next year, with the 'Official Journal of the European Union' (OJEU) launch of the Enniskillen hospital project earlier this month.

We are actively involved in the Titanic signature project, and, the week before last, I went to look at a project in Orlando. We are obviously actively involved in the 'Maze/Long Kesh Masterplan and Implementation Strategy'.

11.00 am

The key reason for sharing the Investment Strategy for Northern Ireland 2 (ISNI 2) development time line with the subgroup is its relevance to today's discussion and the engagement of a future devolved Government. The middle box at the bottom of slide 13 refers to the review of revenue impact on capital schemes. That is underway but will involve a huge amount of work.

Members will obviously be aware of the work on the comprehensive spending review, with the intention that Priorities and Budget will be launched in late 2007. We hope to have a draft of ISNI 2 ready by the middle of next year, and that is important in the context of today's discussions.

We thought that members would like us to discuss where PPPs work and do not work. There is a prevalent view that PPPs may not work, but I will highlight where they do. It is a matter of record from the National Audit Office (NAO) that PPPs achieve a better track record in delivery on time and budget for

large infrastructure projects. Fundamentally, PPPs allow teachers to teach, by which I mean that teachers do not have focus on failing infrastructure. The risk is transferred, so teachers can focus on teaching. That principle obviously applies in other areas of infrastructure investment.

The fundamental premise behind PPPs, although it does not sometimes happen as well as we would all like, is that there is a much more rigorous approach in respect of project appraisal and consideration of user needs. PPPs allow a real focus on whole-life costs, which allows for the protection of infrastructure that was not hitherto possible, as budgets would be slashed. For instance, the Roads Service is very frustrated that the roads budget is often cut, when it should be protected for long-term, value-for-money propositions.

PPPs also provide a focus on proper apportionment of risk between parties. They provide for poor performance to be penalised and give more transparency to the process, which sometimes needs to be considered. I say that in the context of the Scottish Parliament building, which, as you know, started as a £40 million project and ended as a £400 million project. Those areas of transparency are critical for public procurement.

In our experience, PPPs do not work for small projects. The current guidance is that PPPs or PFIs should not be considered for projects of less than £20 million. PPPs do not work where users do not understand their needs or where a client is not on top as regards the expertise involved in delivering the project.

It was announced last month that development work for 48 schools would be completed under the conventional funding route. That clearly shows that some projects, through the nature of the engagement, are inherently better suited to conventional funding as better value-for-money propositions. SIB was integrally involved in the assessment of those schools and the subsequent decision to choose conventional funding.

PPPs do not work where there is poor risk transfer. A good example of that is refurbishment, which is generally not a good transfer of risk from the public sector to the private sector, because of the premium that the private sector will charge.

I wanted to share the 5C framework on sustainability, depicted on slide 15, with the subgroup. I am attracted to the framework because it provides a holistic approach to considering infrastructure investment in the context of environmental and sustainability issues. The source is Forum for the Future. Jonathon Porritt, founder and director of that organisation, and a leading proponent of sustainability, included the framework in a recent book. For me, it is an extremely powerful diagram showing the agenda on infrastructure investment.

Among the challenges ahead for SIB are capacity and capability to deliver the massive infrastructure

investment programme over the next 10 years, in relation to both public-sector capability and capacity — which is obviously our primary focus — and private-sector capability. As members will know, we published a report in February that examined private-sector capacity and capability.

It is vital that there is a real sense of confidence-building and that our successes are banked. Regional disparities and social cohesion remain significant issues and challenges for Northern Ireland. I am absolutely convinced that a new model for urban regeneration is needed in Northern Ireland.

I have left my most significant point to the end: what will the population of this island be by 2050? The Irish Academy of Engineering report, 'A Vision of Transport in Ireland in 2050', estimated that the population of the island of Ireland would be somewhere in the region of eight million people by then. That is a fundamental issue for infrastructure investment.

The Chairman (Mr Wells): Thank you, Mr Gavaghan. Your last comments are particularly relevant to the work of the subgroup. We have been given an overview of the work being done by SIB. I remind members of the three main aspects of the subgroup's terms of reference, which are to consider possible impediments to development; incentives to promote foreign and direct investment; and the peace dividend. Therefore, I hope that members will frame their questions to SIB in such a way as to tease out the necessary information to answer those questions.

So far, Mr McNarry and Ms Ritchie have stated that they wish to ask questions. If time allows, Mr Neeson and Mr McLaughlin will ask questions also.

Mr McNarry: Given that we are working from black and white copies of the SIB presentation, I am sure that David and Martin will give members black and white answers.

Do you envisage that SIB will continue under a devolved Government?

Mr Gavaghan: Yes.

Mr McNarry: What makes you say that?

Mr Gavaghan: The inspiration for and purpose behind SIB came from a devolved Government.

Mr McNarry: Page 2 of your presentation refers to schools. I am particularly mindful that it was announced this week that the Department of Education failed to spend £69 million of its allocated budget. To what type of investment does your presentation refer? Is that money separate to the Department's budget?

Mr Gavaghan: No.

Mr McNarry: Therefore, the money listed in your presentation is the same amount as would be claimed by the Department.

Mr Gavaghan: Correct.

Mr McNarry: I concur with your later remarks about helping teachers to teach. How do you feel about the fact that £69 million was not spent and the criticism that schools that require high maintenance have not received it?

Mr Gavaghan: I do not have the details to hand.

Mr McNarry: You made a pitch, which I agree with, saying that the decks should be cleared for teachers to teach. The education boards have responded to the news that £69 million are still sitting there and have not been used. The money could have been used, in a sense, to help teachers to teach by improving the infrastructure of schools. What is SIB's view on that? What would you tell the Minister or the Secretary of State?

The Chairman (Mr Wells): It is important to realise that SIB is an implementation body — it does not formulate policy. Departmental officials could answer questions on policy issues, but it is unfair to ask Mr Gavaghan to comment on a Government issue. I am entirely in the hands of the subgroup, but I suspect that Mr Gavaghan is constrained by the fact that this is a Government issue.

Mr Gavaghan: Yes.

The Chairman (Mr Wells): I do not think that Mr Gavaghan is being unhelpful, but members must understand the constraints that SIB is under when giving evidence. When officials from the Department of Finance and Personnel or the Department for Employment and Learning — or whichever is the relevant Department — come before the subgroup, they will be able to answer that question.

Mr McNarry: Chairman, as we have discussed in the PFG Committee, I am sure that you are stretching your remit. I acknowledge your point, but you must allow members to ask questions relevant to the final outcome of the subgroup's work, which is to produce a report based on the information that it has gathered.

I pursued that topic because page 4 of the presentation states that 48 new schools were launched last month. Mr Gavaghan said that SIB had influence with the Minister on that development. What was SIB's involvement in the launch of the 48 new schools?

Mr Gavaghan: SIB worked with the Department on the appraisal of the 48 schools. I would probably change the emphasis — I hope that I did not say that SIB had major influence. We helped the Department to appraise the best route to sourcing and building those schools, working with Partnerships UK, which is at the forefront of building schools for the future in GB, particularly England. We worked with the Department on an appraisal; that was our role.

Mr McNarry: You have a role with the Department?

Mr Gavaghan: Yes.

Mr McNarry: Finally, Chairman, this is mostly just knowledge that I seek. Who decides the supported projects that are listed on page 3 of your submission?

Mr Gavaghan: We would speak to our Minister, and the Department would speak to its Minister, and the process would be that the two Ministers would agree that we should support those projects.

Mr McNarry: Where is the embryo born? The alpha drinking water project had a value of £111 million.

Mr Gavaghan: When SIB was originally set up, a number of projects had been identified. We have taken on those projects and moved them forward, and we have added more projects.

Mr McNarry: Is there also a think-tank type of role involved?

Mr Gavaghan: No. When SIB was created, we were handed a series of projects with a capital value of £1.2 billion, if memory serves. Alpha and omega were two of those projects, as was roads package 1. Obviously, more projects have been added since then.

Mr McNarry: Finally, can I take it that the money that is detailed in your submission for projects closed and ongoing is not additional money?

Mr Gavaghan: Those projects all come through the departmental budgets. You are correct; it is not additional money.

Mr McNarry: So what do you bring to it?

Mr Gavaghan: Our skill is to accelerate and review the delivery of projects. For instance, from the time that project alpha was originally estimated to when it was completed, we have been able, working with the Water Service and DRD, to bring it in below the original costs, making a significant saving. Through engagement with the international marketplace, there were six bids. We selected a shortlist of five. Through that competitive process, we were able to refine better terms, working alongside the Water Service and DRD. That is what we bring.

Mr McNarry: So, you say —

The Chairman (Mr Wells): This has to be your last question. You have had six.

Mr McNarry: Thank you, Chairman.

You say that SIB is expanding. What is the cost of your operation?

Mr Gavaghan: Our operational cost is £4 million per annum.

Mr McNarry: What will it be when you have expanded?

Mr Gavaghan: We have expanded. That is it.

Ms Ritchie: I have three questions on the implementation process. There were suggestions the other day about the selection of contractors by SIB for procurement purposes, so I would like to ask about that. What action does SIB take to support small- and medium-sized businesses in Northern Ireland for procurement purposes? I am talking about Northern Ireland businesses, and then those on an all-island basis.

Secondly, you said that urban regeneration was one of the challenges facing our economy, and you suggested that a new model was required. What discussion has the appropriate Department had with you, as an implementation body, about the best model of urban regeneration and its contribution to the economy?

Thirdly, with regard to all-island prospects, what further work and planning have been done between you and the Departments responsible for infrastructure — the Department for Regional Development in the North, the National Roads Authority in the South, and the National Finance Agency — to make the Belfast to Dublin road a motorway and not a dual carriageway and to ensure that other areas have strategic routes into such a motorway to increase and develop their economies?

I did not sail too close to the wind.

11.15 am

The Chairman (Mr Wells): It will look well in next week's diary.

Mr McNarry: You Down people stick together.

Mr Gavaghan: We work closely with the Central Procurement Directorate on small- and medium-sized businesses; we have engaged actively with the Central Procurement Directorate and the Construction Employers Federation; and we have engaged with the small- and medium-sized business sector.

The NIO report on the pathfinder projects on education identified the scale of the investment programme necessary in education in Northern Ireland. Of course we are subject to European Union rules, but we could adopt a slower, progressive, incremental approach; or a more significant approach that, SIB believes, would result in better value for money and which would engage larger contractors.

The industry could introduce efficiencies into the supply chain, and that would help all players to move forward. For instance, we have worked with the Housing Executive on social housing and have found that procurement in supply chains can be improved by working through housing associations. That is being done in all industries to create competitiveness.

The other issue, which has been a challenge across the UK and which must be recognised, is that big projects, such as the hospital in Enniskillen, need a significant balance sheet to absorb the risk. Several contractors have taken risks that they could not absorb and have either had to contract severely or have disappeared. There are many challenges, and if there is a feeling among small- and medium-sized businesses that they are not getting a fair share, I am happy to engage in another dialogue with the Central Procurement Directorate and the Construction Employers Federation. However, there are some tensions there, Margaret, that are part of the programme that we face.

We work alongside our sponsoring Department on several urban regeneration projects, including the Maze/ Long Kesh site, and we assist Ilex in Derry/ Londonderry. More significantly, we know that in Omagh both the Lisanelly and Zanussi sites will be vacated next year, as will sites in Enniskillen and in several other significant locations across the Province.

My feeling is that we have not developed a new thought process. In recent years, the English Partnerships model has been used successfully in England. It had a long germination period and has moved into many different guises, but it arose from the closures in the coal industry.

SIB is developing an initial paper to examine the various models. It will talk to its sponsor Department and to the Department for Social Development, the Department for Regional Development and a number of other people to ask the Ministers what they would like to do now. In the context of urban regeneration, a report was undertaken recently to examine the role of English cities, and we should consider commissioning a similar report on this island. The urbanisation of cities across the British Isles and the world is a key issue that has a major impact on urban regeneration.

To answer the final question, the Roads Service has regular dialogue with the National Roads Authority, and SIB is liaising with the National Development Finance Agency to explore some of the options. I know that the Roads Service will review the key strategic routes and other work soon. As regards whether the north of the border section of the Belfast to Dublin road should be upgraded to motorway status, it is my understanding that the Minister has determined that it will be a very high-quality dual carriageway. That decision has been taken. Obviously, a future Minister — whether direct rule or devolved — may make a different decision.

There will be many other opportunities to consider what should be done with regard to the strategic routes, which is one of the reasons why I posed the question of the population on this island. In the report, 'A Vision of Transport in Ireland in 2050', the proposition

is that there will be four million cars on this island. The Republic of Ireland anticipates that the number of cars there will grow from two million to three million by 2030, which would have a significant impact on roads north of the border. We must address those important issues.

Mr McLaughlin: Thank you for your interesting presentation, Mr Gavaghan. Through meeting and working with SIB, I have become familiar with the investment delivery framework graph. I congratulate you on the pace of progress to date. The cross-cutting themes shown in the investment pillars are absolutely appropriate. Given our current circumstances and recent history, the middle cross-cutting theme is of particular significance. How do we measure the outcomes and impacts of projects, both current and completed? Have all Departments and agencies signed off on this paradigm?

Mr Gavaghan: I will start with the second question. This is just thinking at the moment; SIB has not approached the Departments and agencies yet. Appendix 3 of the first investment strategy included a paradigm of how the prioritisation worked, and that will have to happen with this, therefore, the answer to your question is no. SIB is trying to find a more rigorous and holistic approach, hence it is going down that route.

You asked about outcomes. Martin Spollen has been very much to the forefront of developing the thinking on that issue. Martin worked for SIB as a consultant on the first investment strategy, and, just like the Remington advert, he liked us so much he joined us. I recognise that consultants are often criticised, but Martin was so enamoured by the strategy that he joined SIB. That is a fantastic achievement for us.

Mr McLaughlin: It does not affect the quality of your judgement or the work that you have done up to now, does it? *[Laughter.]*

Mr Gavaghan: We have gone into a number of subsets on this. Mr Spollen will describe the background to that. This thought process came from work that Victor Hewitt, Director of the Economic Research Institute of Northern Ireland, helped us with. In Canada they have been looking at national performance for a number of years. They have produced a series of indices in the context of issues that have a strong resonance with Northern Ireland, in terms of the divided nature of the community. We have developed our thought process, picking up on key performance indicators. Each year a report is produced in Canada on outcomes related to the activities of the indicators. We try to identify and track how this might be done in Northern Ireland.

Mr Martin Spollen (Strategic Investment Board): The priorities cut across the investment pillars. The experience last time was that Departments are good at

generating ideas for investment within their areas of responsibility. Second time around, as we develop ISNI 2, we may find that that list will get even longer; and that capital values of potential investment may have also inflated over the period as schemes are worked on. We need a way of prioritising the projects within each of the investment pillars up to the affordability limits that are set by Ministers for each of the pillars. We have used these three priority themes to see how that might influence investment choices. To the left hand side of a priority — and it is not shown on this graph but we have copies — is a set of sub-priorities that could effectively act as benchmarks or outcome measures, allowing you to go so far on one and then move to the next priority area and invest there to achieve balanced outcomes.

It provides a comprehensive framework for investment decision-making. Weightings attached to different priorities will drive through and establish the ranking order. That might change over time as different Ministers have different views on what the relative priorities should be across these three main areas.

Mr McLaughlin: It would be useful to have those additional criteria.

Mr Neeson: I welcome your statement on the involvement of the European Investment Bank. To what extent is it involved, and to what extent are local investors involved? At our last meeting we spoke about the number of local investors investing outside Northern Ireland. From a purely personal interest, to what extent are you involved in Titanic Quarter and how advanced is that involvement?

Mr Gavaghan: The European Investment Bank also participated in Northern Ireland Water Service's project alpha. We understand from a recent visit that it would like to be involved in a range of our infrastructure investment projects, including the hospital programme and the education programme. Yesterday we had to appear in front of the Department of the Environment's review of environmental governance committee. One person there asked what role the European Investment Bank plays in assessing environmental issues. It has to look at the environmental impact assessment bar for all European Investment Bank-funded projects. There are a couple of wins there.

The European Investment Bank also helps support our Trans-European Network (TEN) programme. Another report, which I have here, identifies where in Northern Ireland we can exploit future infrastructure investment projects under the TEN programme. That is significant. The European Investment Bank is integrally involved in the TEN programme.

As to your second question on local investors, I emphasised in relation to both the Water Service's project alpha and roads package 1 the role that local

investors played. There is huge opportunity for more active investment and local engagement in the market. This morning I saw Stephen Quinn, permanent secretary of the Department of Enterprise, Trade and Investment. Social enterprise is a vital area in Northern Ireland.

It is a vital UK area, and a vital international phenomenon. Northern Ireland has been one of the leaders in social enterprise, and the investment of that capital is something that we really could take forward. I would be keen to embrace not just business enterprise, but social enterprise and social capital.

11.30 am

Our specific involvement in Titanic Quarter is in helping the Department of Enterprise, Trade and Investment on the signature project. We have been engaged in a preliminary assessment that will shortly lead to the appointment of consultants to do a piece of work on what the signature project might or might not be.

Titanic Quarter Limited and the Belfast Harbour Commissioners have come up with a second concept, which looks, intuitively, like a world-class attraction. There is a significant cost attached to it, however, and a challenging timescale — we need to have something operational by 2011. We also need to be mindful that, as well as the docks, Titanic Quarter has some magnificent buildings, such as the pump house. We must look at the site in total as well as connecting the Titanic experience with the Olympics. There is much to engage in, and two or three of my colleagues and I are involved in it.

Ms Gildernew: Following on from what Margaret Ritchie said, could more be done to encourage the bundling of contracts in order to bring in the SME sector? Could the Federation of Small Businesses (FSB), for example, not have better representation on the board to ensure that SMEs are included in investment packages?

Is there any form of policy or strategy for investing in renewable energy? It is a potential source of employment and it would have a positive impact on the environment.

Could capital expenditure be made available for projects such as the Ulster Canal? It has not only a cross-border link, but it would connect Coleraine to Limerick through the island's inland waterways, thus developing tourism in its surrounding area.

When you were considering the stadium project, for which the Long Kesh site has been decided, the furthest west you looked was Cookstown. Does the east-west roads infrastructure, particularly the Donegal and Sligo link, create an impediment to the development of the economy in rural areas and west of the Bann?

Mr Gavaghan: In relation to your first question and to Margaret Ritchie's enquiry, we could always do

more, and I will go back and engage with the FSB. On the subject of its representation, we are a small board, but certainly one of the people listening will take those views on SMEs to the advisory council, which should have a more active engagement with them. We will definitely follow that up.

There are several small family owned and managed contractors in Northern Ireland. I applauded some of those contractors the other day. One particular firm is still family owned, but it is now a significant player on this island and internationally. With the right ambition, small contractors can become medium-sized and then large contractors. That ambition is so crucial. Some of the small contractors need to think big to become big.

All of us in Northern Ireland should have that ambition. We launched the biggest ships in the world 100 years ago, and we have businesses that have become world-class players. That must be the ambition.

I am absolutely committed to engaging with small contractors, but with this programme, the ambition must be that they build the right structures to become world-class players.

Ms Gildernew: Their involvement in larger projects, either as individual companies or as companies collaborating on a project, will also further their capacity to become world-class players.

Mr Gavaghan: That is correct.

Mr Spollen: We would like to examine how to apply the North West Marketing supplier model more widely across Northern Ireland. SIB is discussing that issue with the Central Procurement Directorate (CPD). We intend to explore it as we develop the ISNI 2 and to consider how, within procurement rules, the package can be more SME-friendly. We must ensure that there is an economic benefit that acts as a multiplier, as well as getting things done for the region.

The Chairman (Mr Wells): Three members wish to ask questions, and they will get the opportunity to do that, but, in the interests of balance, I will ask the members to my right to speak first, as they have not had a chance.

Ms Gildernew: I did not get answers to a couple of my questions.

Mr Gavaghan: I have not answered all Ms Gildernew's questions.

The Chairman (Mr Wells): My apologies. I thought that Mr Gavaghan had finished.

Mr Gavaghan: With regard to the third element in the subgroup's terms of reference, renewable energy is a fundamental requirement. The other day, I was listening to John Browne, the Chief Executive of British Petroleum (BP). We should put a great deal of emphasis and focus on that area, as it is a high priority.

In the context of this report by a group of engineers, renewable energy is fundamental.

As for the Ulster Canal, it must go through the appropriate Departments to become a project that would go up the priority list and be embraced. We have been considering UK- and British Isles-wide projects on the bases of opportunities for third party income, how much funding is required and the potential for waterfront developments.

Finally, I do not have a specific answer to Ms Gildernew's question on roads infrastructure. However, we probably need to do more work to consider the impact of roads on local economies, not only on strategic routes, but on regional and local routes, North and South, east and west.

The Chairman (Mr Wells): To move things on, the next three members will have five minutes each to ask questions and conclude this session.

Mr Simpson: Thank you, gentlemen, for your presentation.

Mr Gavaghan, when will the 10-year investment policy start and finish? How much input do local councils have in identifying projects? Are they consulted? If there is little consultation, do you envisage greater consultation when the super councils are created, taking into consideration the extra powers that those new councils will have?

Mr Gavaghan: The current investment strategy runs from 2005 to 2015. The second investment strategy would be slightly different from the national development plan in the South, where the strategy runs for six years, which will be from 2007 to 2013. We have in our mind's eye — and it is a by-product of the three-year firm spending under UK Government policy — that the next investment strategy will run from 2008 to 2018, so it will be a rolling 10 years.

Mr Simpson: Is it a rolling budget, or is a different budget determined for every period?

Mr Gavaghan: The graph for the total investment programme showed the confirmed and the indicative. It will be confirmed for the first three years of the next investment strategy and will be indicative for the period beyond that — the seven years.

The indicative is a relative concept. If an investment is undertaken via PPP then that commitment has been made and, therefore, although it may appear to be indicative, it is a firm commitment. That is an interesting issue when it comes to infrastructure and investment. That is why the Republic of Ireland recently decided on a 10-year capital investment programme of €34 billion for its transport structure. It committed €34 billion over 10 years, and that is a significant difference to the approach taken in the UK. It is a difficult issue for the Department for Transport and the Treasury.

Different councils engage to different extents on identifying projects. I make myself available when councils want to engage, and I will go to any part of the Province. Some councils are keen to engage on their own dynamic, and others feel that the SIB is not accessible. Perhaps we should revisit how we engage with councils.

I have no doubt that having fewer councils will make people look in a much more coherent way at how things come together: for example, requirements for health, education, roads, rail, etc. There will be more coherence in the aggregation of those plans. We will be happy to engage with the councils, but the aggregation goes through the Departments. We are happy to engage at any level — debate and dialogue, looking at how proprieties are set and at what really works at a local level.

The Chairman (Mr Wells): Thank you for sticking to the time, Mr Simpson.

Dr McDonnell: I will try to stick even closer and maybe even come in under the time.

Mr Gavaghan, thank you for your presentation. It was fascinating and I am sorry that we do not have a whole day to listen to the various aspects of the matter and probe some of them.

My question falls into two parts and is fairly minor. What do roads package 1 and roads package 2 entail, what is e-HR, what are you investing in agriculture, forestry and fisheries, and where are you looking at waste management? Those are just short, quick questions. Sometimes we get mixed up with the jargon and take a back seat. I presume that the Westlink is roads package 1, but what is in roads package 2?

Secondly, the subgroup is charged with defining, in a few weeks, the obstacles and challenges that face the Northern Ireland economy. What should be our top two or three challenges? We have dealt with the detail and infrastructure.

Mr Gavaghan: Roads package 1 is the Westlink. Roads package 2 is a series of projects, including the improvement of the road network from the border to Belfast, plus a significant element on the road out of Belfast towards the north-west. I will send you the details. There are about six different road improvement packages that fall into roads package 2, with a total capital value of around £250 million.

11.45 am

Electronic human resource enables the provision of human resources to all staff so that they can effectively take control of human resources across the entire NICS. It is a transformational project in that it enables the electronic use of human resources in a way that hitherto has not been achieved in Northern Ireland. The project runs across all 11 Departments. That

represents a huge opportunity to consider how efficiencies may also be created in local government.

I was asked about agriculture. SIB has no specific involvement in agricultural projects, although from time to time we have had discussions with the Department on the impact of the Nitrates Directive, but that is not a supported project.

We have been working with the Department of the Environment and the councils on how to ensure that Northern Ireland complies with the EU directives on waste. We have helped the Department, in co-operation with a consortium that was coalesced through the councils, to consider a programme-delivery service unit with the procurement of the appropriate infrastructure for waste technology in Northern Ireland.

Dr McDonnell: What about the bigger question of obstacles?

Mr Gavaghan: The SIB has set out several challenges, and we should not underestimate the challenge of our existing task. I am reminded of my grandmother, who would say that if you are going to do a job, do it well. We must ensure that we perform our current task well. That is a huge challenge. If we perform that task well — and we are beginning to make good progress, working with Departments and the public and private sectors — that will build enormous confidence from which we can do so much more.

If we do not complete our task well and build a sound base, we will face great challenges later. The fundamental task is to put in place the resources to complete the job that we have ahead of us.

One of our great challenges is how to open the economy to the world, and vice versa. There is a huge opportunity, and it is a huge challenge to persuade the world to visit us. I have been here for only two years, and this is a wonderful place. If we can get more people to come here and see how wonderful it is, that will create huge opportunities and we will see enormous change and growth in Northern Ireland.

The Chairman (Mr Wells): We have about five minutes left. Lord Morrow is indicating that he wishes to speak on this matter. I think that it is fair enough to give four minutes to Mr Beggs and allow Lord Morrow one question, as we have kept Mr Morrison waiting for quite a long time.

Mr Beggs: We have heard about the money that will have to go back to the Treasury — a point that David McNarry raised earlier. Most of that money has been returned because of delays in capital projects. PPPs normally have penalty clauses. Have PPP budgets contributed to the return of that money to the Treasury because of delays in the PPP process?

Have the completed SIB projects, such as Invest Northern Ireland headquarters and Lisburn City Library,

come in on time and on budget, or have there been any significant additions or oversights? Additions are expensive and that is how contractors make their money.

Are you content with the current level of interest from the international marketplace, or is there a need for more competition? In relation to the completed SIB projects that have involved international players, what percentage of the funds do you estimate ends up going to local subcontractors and what percentage of jobs goes to local people?

There is little benefit to Northern Ireland if all the jobs are to go outside the region. You give very significant savings of 25% for the Alpha project. What were your expected savings in the public-private partnership project, and do you have an estimate of the savings that SIB has achieved to date?

The Chairman (Mr Wells): For completion, Lord Morrow, you may finish off with your question.

Lord Morrow: I will accept the crumbs.

I know that you did not attribute blame one way or the other for your lack of engagement with local councils, but could you take a more hands-on approach with them? There are to be seven, although that is today's news; tomorrow's could be different. That is how things work here.

You also said that contractors should be "thinking big". Contracting in this country for the past 20 years was very difficult, as small companies could not think strategically or big because of the lack of road building and improvements. However, several big schemes are running at the minute, such as the Westlink and the dualling of the A4 from Dungannon to Ballygawley, which is a contract of about £130 million. What role can you play in encouraging contractors to think big?

Mr Gavaghan: I do not know the answer to Mr Beggs's first question. I will find out for him.

The Chairman (Mr Wells): You have undertaken to write to us on other issues, so perhaps you could include that.

Mr Gavaghan: The Lisburn City Library project was undertaken before my time. However, the Invest Northern Ireland headquarters project was delivered in 30 months from the first OJEU advertisement to the completion of the building. One cannot underestimate that achievement. The contract was done in 18 months, and a local contractor built the headquarters in 12 months. Significant residual risk on the property was passed to the contractor. One of the benefits of the transactions is that whatever additional costs there might have been — and I do not believe that there were any — were passed to the contractor, because it was a fixed-price contract.

I take your point that sometimes changes can result in the contractor passing costs back, but we have learned from cases across the whole of the UK about how to be much smarter about procurement, whether conventional or otherwise. I must emphasise that the SIB's locus is not just PPPs; it is across the whole programme of infrastructure investment in Northern Ireland, whether conventional or PPP. SIB has brought benefits that will bear dividends in future. They include intangibles, which will take time to identify and measure, such as the standardisation of contracts, the acceleration of the process, and ensuring that strict timetables are adhered to.

At the moment, we feel that we have done much to engage with local contractors vis-à-vis the international market. I take entirely the point that we can always do more, but please remember that we have finite resources. The accusation is often made against me that I would go to the opening of an envelope. There is a limit to how much one can do. At the moment, we are content, but I do not want to be complacent. You are as good as your last project, so we have to ensure that we are resonating and that we are doing what we say we do on the tin.

I am a blow-in, but we have settled here. There are huge opportunities for people to settle in Northern Ireland, and there are also opportunities for local people such as Martin. That is why I emphasised that five of those appointed during our last recruitment drive were local people. It is a win-win situation. A number of international players are setting up offices here, recruiting local people and creating more wealth. They are not taking their money out of Northern Ireland; they are bringing money into Northern Ireland. We need to track that more actively.

Returning to my previous point, we have not confirmed our estimated savings. However, if you are asking whether we believe that our contracts have saved Northern Ireland taxpayers more than they have cost them, the answer is yes. The subgroup will obviously want more detail on that, and we will consider that option with our sponsoring Department as time goes on. It should be remembered that the Strategic Investment Board is only three years old.

Mr Beggs: Even at this late stage, it would be useful if a figure could be provided. You mentioned that 25% had been saved in one project. It is not necessary to have the whole figure; I would be interested even in a provisional figure.

Mr Gavaghan: I take the point on our engagement with local councils.

Forgive me, what was the final question?

The Chairman (Mr Wells): It was about contractors thinking big.

Mr Gavaghan: I am happy to engage with local contractors. However, trade bodies and associations need to represent their members, and engagement should be at an aggregated level. I am more than happy for there to be individual players, but more representation is required. There also needs to be recognition of how supplier models can help. As Martin said, we are keen to find ways of bringing those together — not, perhaps, in a standardised way, but to create more aggregation in order to make an impact.

We have been working on the north-west supplier model, which was developed from the Coolkeeragh power plant. We are examining how that model can be developed through engagement with the small and medium-sized sectors, as well as big players.

The Chairman (Mr Wells): Thank you, Mr Gavaghan and Mr Spollen. You have answered our questions fully, and we look forward to the additional material that you promised. In fact, you have answered more questions than we predicted, so well done. You are welcome to stay for Mr Morrison's presentation. I am sure that there is good contact between your two organisations.

Owing to time constraints, the presentation will finish at 12.45 pm to allow the subgroup to conduct some private business. Please keep that in mind.

You are very welcome, Mr Morrison. The veterans of the Enterprise, Trade and Investment Committee know you very well. I do not know how many times you have sat in that chair. There were different Chairmen then, but I am sure that you recognise some of the faces from those days.

Mr Leslie Morrison (Invest Northern Ireland): I do not think that I have met Mr McNarry, but I have met the other members.

The Chairman (Mr Wells): You have provided a summary of your views at very short notice. You are aware of the subgroup's remit and the specific issues that it is considering. I appreciate the fact that your presentation is very focused on the subgroup's three terms of reference, which is most welcome. You have clearly read our brief carefully and responded accordingly.

As with the SIB presentation, you will make a few opening remarks. If members wish to speak, they will indicate to either the Clerks or me.

Mr Morrison: Thank you, Mr Chairman. I will introduce Damian McAuley, who is our director of strategic management and planning. Many members already know him.

As you said, Chairman, we tried to focus on the subgroup's terms of reference, and we welcome the opportunity to give our response.

We have not prepared anything on what we do, or what we could or should do. Those issues may be teased out in our discussions later on.

You asked us to focus on three topics: impediments to the development of the economy; fiscal incentives that might promote foreign direct investment and indigenous investment; and an economic package or peace dividend that, if properly allocated, might contribute to economic regeneration.

Some impediments — “impediment” is an interesting word — or weaknesses are inherent to the situation in Northern Ireland. However, all economies have weaknesses, which require large and long-term efforts to turn them around. Some impediments are obstacles that can be removed in the short term, and some weaknesses can become strengths. For instance, the fact that Northern Ireland is a small region can become a strength if we are smart and pull in the same direction.

12.00 noon

I could compile a long list on this topic, Chairman, but you have asked us to focus on important matters.

We must recognise how small our domestic market is. Gross domestic product (GDP) in Northern Ireland is about £23 billion, which is tiny. Consequently, businesses must grow by selling externally. Long-term wealth will reflect net exports and earnings from overseas. The domestic economy — that is, the economy that sells to domestic consumers — is critical. However, in the long term, our wealth will increase only with net exports and earnings from overseas.

Given that that is the challenge, what are our structures? There are many micro-businesses, and we have a microeconomy. Ninety per cent of companies employ fewer than 10 people. Most world economies are dependent on small- and medium-sized (SME) enterprises — however, overseas SMEs would constitute large enterprises in Northern Ireland. Many local companies lack the skills and resources to develop external markets. During the previous evidence session, the word “ambition” was used; local companies often lack ambition. That lack of ambition derives from the fact that the companies are small and there is a deficit of skills and resources.

Consequently, Northern Ireland has low innovation levels, which lies at the core of our problem. Innovation is defined as being not only research and development (R&D) — which is a large component — but the ability to develop new products, services and processes. It is a complex subject.

The ‘UK Innovation Survey 2005: Northern Ireland Results’ contains some interesting statistics. It states that 56% of enterprises in Northern Ireland are innovation active — that is, they are conducting innovative

business. That statistic is similar to the UK as a whole, where the figure is 57%. There is not a huge structural difference between the proportion of companies conducting innovative business, in the way that I have described it, and the rest of the UK.

Proportionately, however, slightly fewer companies in Northern Ireland are innovative in product and services development — 21% in Northern Ireland compared to 25% in the rest of the UK. However, process innovation is quite good — 19% in Northern Ireland versus 16% in the rest of the UK. Those statistics are not wildly surprising, given the structure of industry here. Innovation and R & D are carried out by large companies, and most large companies in Northern Ireland are multinationals.

Innovation in R&D tends to be centralised fairly close to head offices. Plants must be efficient, so those companies that are involved carry out process innovation. In that context, the structure of our economy tends to drive the relative distribution of process and new product innovation. However, to become much more innovative we need to develop new products and services.

We can draw on another important study, on which I shall focus to set the scene. The biggest element, and the easiest to measure, is R&D. As we all know, business R&D spending is low in Northern Ireland, at about 0.5% of GDP. In the UK as a whole, that figure is about 1.2%, and the Republic’s figure is 1.4%. The highest figure among developed countries is that of Japan, which is at about 3.7%. To give members a sense of calibration, the EU wants to get to 3%, and the Republic’s target is 2.5%.

It is interesting to note that the last time that it was assessed, roughly 50% of R&D in Northern Ireland came from universities. Our private sector R&D is particularly small, and that accounts for the 0.5% figure. If we were to arrive at a gross total based on both, we would find that the difference between Northern Ireland and the rest of the UK is not that great. The deficit lies in the fact that the private sector does not do nearly enough R&D.

Some members may be familiar with Prof Harris’s study for the Centre for Public Policy for Regions (CPPR), which was published in January. He made several comments that are pertinent to this matter and that we could take on board. The fact that Northern Ireland has so few large companies is a big determinant of the amount of R&D. Tiny companies do not have the necessary skills or resources.

Sector matters a lot — we are very heavily dominated by food and drink, and, to a lesser extent, paper. Those businesses do not carry out much R&D. They are not hugely profitable, and they do not have

the scope to do R&D. That tends to depress the potential.

Our absorptive capacity is a big factor. If we were able to get companies to do much more R&D, could they find the researchers? Not necessarily. We are not producing enough scientists, and not nearly enough PhDs, for example. The structural elements must be in place; it is not just a matter of spending money or getting other people to spend money.

Finally, Prof Harris said that companies that are supported by public sector funding in Northern Ireland are about 8% more likely to carry out R&D than other companies. In fact, the number of establishments in Northern Ireland that carry out R&D and receive support for it is proportionally about two and a half times higher than the UK average. Prof Harris concludes that if there were not public sector support for R&D, it is likely that private sector R&D spend would be much lower than it is even now. He therefore felt that the importance of public money support for R&D was great.

Those are good data points from which to illustrate my broad point on the need for innovation. The consequence of that is that this is a low value added economy. That means that we do not have enough highly productive and very profitable companies. We need those companies to be able to counter the fact that this is no longer a low-cost place, and it never will be. The good news is that if you are low-cost, you are poor, and we are no longer poor. Our economy is probably one of high or medium cost, and that is a challenge. We are clearly not as high-cost as north American cities, or London and Dublin, but we have a heck of a lot higher costs than Poland, not to mention China.

At the moment, our economy is one of high-medium cost. Our value added is increasing, but not by enough. That means that our GDP per capita is 80% of the UK average. The largest portion of our value added is composed of salaries. People can pay more if they are making more money. Therefore companies must become more profitable and be able to pay more in order for us to get richer. This is a very big challenge for us that, in my opinion, must be fought over the long-term.

Turning to the impediments and what can be worked on, the man from Mars would say that the thing that hits him between the eyes is the very high level of economic inactivity, which is around 27% here compared to 21% in the rest of the UK. That is obviously a big waste of human resources, particularly at a time when the labour market is tight.

The unemployment rate is less than 4.5%. Many sectors are finding it quite hard to get labour, which is why more and more immigrants are coming to

Northern Ireland. We need to think hard about how to tackle the problem of economic inactivity.

Northern Ireland is a small and insular area that is, as I somewhat poetically say in my presentation, "bruised by years of strife". Cultural hurdles are a big factor. Psychological factors are also big in Northern Ireland, which contributes to a lack of optimism, leads us to be more conservative than necessary and more afraid that we will fail. We are often told that we have a fear of failure in Northern Ireland; much of that comes from the past.

Optimism is of paramount importance for economic activity. A study by an academic from Trinity College in Dublin a few years ago suggested that optimism was the single most important element in economic development. I have just returned from north America, where I lived for a long time. The difference in mentality there is tangible; the attitude is: we can do it; we will do it; what is the problem? Northern Ireland must change its entire mentality and develop a can-do mentality. That is easy to say, but hard to do.

Skills shortage is an obvious problem. There are areas in which Northern Ireland is short of skills at the highest levels of academic and vocational training. There is a need for better continuous education and retraining. We recognise that, in the modern world, people do not get degrees and forget about them — people must be constantly retrained. The most important thing is to be able to learn rather than to know something. Better facilities and courses for lifelong learning are required.

There was a discussion about transport infrastructure earlier. I do not consider that to be a major issue, but the infrastructure still falls short. It is a particular problem in the north and west of the Province where there are insufficient dual carriageways. Good transport networks are especially important for sectors such as the fresh foods industry, which is predominant in Ms Gildernew's part of the world. Fresh foods must be delivered to England, and delivered quickly. Inferior transport infrastructures constrain some sectors more than others.

Planning in Northern Ireland is cumbersome and must improve. Invest Northern Ireland uses the Planning Service, as it owns property that it develops for its clients, and we have the same planning issues as people in the private sector. A way to speed up the planning process must be found.

My final point links to the psychological tone of my presentation. The political tone is dispiriting to people in Northern Ireland. Potential overseas investors are fairly neutral; it is important to them that there appears to be no more violence and that there appears to be peace in the streets. However, potential investors are nervous because there does not appear to be particularly

holistic cohesive political leadership. That is important for some people but not others; it depends on to whom one talks. You asked me to highlight impediments — I feel that the overall political tone is holding us back, but we can do something about it.

Chairman, you asked us to move on to the fiscal incentives that might promote foreign and local investment. You specifically asked about headline corporation tax and tax credits. The question about headline corporation tax is easily answered: it would attract increased and more profitable foreign direct investment (FDI). Multinationals manage their tax bills. They transfer revenues to low tax-rate jurisdictions in order to shelter their taxable earnings. To an extent, the Republic is a tax haven for corporate tax.

12.15 pm

That would happen necessarily, because all multinationals — all companies, actually — try to minimise their tax burdens, within the law. Therefore, if the headline tax rate were set low enough, there would be a definite advantage that Northern Ireland could garner. I did not mention the likelihood of that happening or its feasibility. Invest Northern Ireland knows that there are real problems with that, but, since members asked: yes, it would make a big impact. Additionally, there is no question that that would encourage local business formation and the growth of the economy by increasing the return on capital. Assuming that Northern Ireland achieved a rate at parity with the Republic, there would be a dramatic increase in the return on capital, after tax. The effective tax rates are closer than the headline tax rates, but they are not close enough to make up the difference.

Northern Ireland business needs to be more innovative. It is important, therefore, for us to recognise that low tax rates would improve the sectoral mix here for the better. By definition, much more profitable businesses, such as pharmaceutical companies, would base themselves here because they could shelter tax, which is good for all kinds of reasons. However, that would not necessarily make Northern Ireland more innovative.

In financial terms, operating expenses, such as R&D, would shelter less income in low-tax jurisdictions. Therefore, having a low tax rate would not tend to encourage companies to base more R&D in Northern Ireland. In fact, it would do the opposite. Quite a lot of the foreign investment in Northern Ireland is R&D orientated. That is because the businesses are cost centres that employ people to do R&D. Low taxes do not help this activity, but, on balance, they would help the Northern Ireland economy.

Members asked about tax credits for R&D. Of course, they would be helpful. Prof Harris's study, which was published in January, and that I suggest that members read, deals with that issue. Northern Ireland

offers tax credits for R&D. However, Prof Harris's study addresses higher tax credits. At the minute, tax credits amount to 50% for SMEs and 25% for large companies. Prof Harris has prepared a model that doubles both those amounts to gauge the potential effect. Higher tax credits would not bring transformational change to value added in Northern Ireland, but they would be helpful and would broadly supplement the innovation tool kit. However, they must be allied with grants and expertise, because if many of the small companies in Northern Ireland were given additional money, they would not be able to spend it. They do not have the necessary staff and they do not know the innovation process. They would need help.

It is notable that the majority of money spent by Northern Ireland private companies on R&D goes on in-house projects. The interesting thing is that in the rest of the UK and in other larger economies, the majority of R&D is outsourced. Those companies that outsource most of their R&D to universities and think tanks do far more R&D than the companies that keep it in-house. Obviously, outsourcing brings international expertise. Northern Ireland really lacks that same intensity of international expertise because it does not outsource much R&D. I believe that that is because Northern Ireland companies are too small and do not have the ability to absorb that work. That is the circle that we need to work on.

I was asked how an economic package or peace dividend might contribute to the situation. I cannot speak about infrastructure because that does not fall within my remit and I think that David Gavaghan referred to a number of those issues. However, Invest Northern Ireland could certainly use a lot more money for its programme budget for innovation and entrepreneurship. There is a limit to what INI could spend because of the absorption capacity issue, but in my view, it could spend significantly more.

In my presentation, I referred to sunrise-sector initiatives. By that, I mean a number of sectors, the most obvious of which are healthcare and biotechnology.

That is a very long-term hurdle to jump over. It requires more resources than are available. It might be a 10-year effort. One could do more, for example, on clinical diagnostics. Alasdair and I have spoken about that. It would require a lot of money to hire specialist nurses and so on. You can clearly see areas that could use long-term development.

Nanotechnology is not really an industrial sector; it is a cross-cutting technology that applies to a lot of sectors — electronics, healthcare, biotech, even textiles and food. We have expertise at the two universities. Seagate is the largest nanotech manufacturing company in the UK. We do not have much, but we have something on which to build. There have been attempts, through

the universities and through us, to focus more resources on that, but it is faltering because we do not have enough money. That is an area where we could begin to encourage more manufacturing here, which would be helpful.

We would like to see an increase in funding for vocational retraining. This goes back to the point about lifetime learning, mainly through the FE colleges, although the universities are becoming more interested in doing postgraduate degrees that are more adapted to the needs of businesses. There is a sea change in higher education in people's attitudes towards spending their money in alignment with economic development needs. We could use more money there, and so could they.

Although the universities here spend rather more than half of the total R&D expenditure in the Province, they could still profitably spend more — less in the areas of pure research than in knowledge transfer, which is getting better but is still undeveloped at both universities compared to best practice. There are areas of economic potential that we are working on. We have a proof of concept fund, as you know. I wish it were many times bigger — it has been very successful. There are things there that we could spend money on.

In relation to the problem of long-term unemployment and economic inactivity, there is a return-to-work credit that is distributed through the Department for Employment and Learning. Enhanced financial measures such as that could encourage people by incentivising them to work rather than take benefits. It is a potential incentive that requires study. I do not know enough about it to be able to make a recommendation, but it seems to be an intelligent thing to consider spending more money on.

I have tried to link some thoughts to what we see as the deficits, and to keep the presentation fairly tight. I have probably overstayed my welcome as regards my presentation, but I would be happy to answer any questions.

The Chairman (Mr Wells): Thank you, Mr Morrison. We will start with the gentleman to my right, Mr Simpson. If a party colleague is asking a question, feel free to make it a team effort, and perhaps we can get through it by 12.45 pm.

Mr Simpson: It is good to see you again, Leslie.

At the outset, we have to acknowledge that there is no quick fix for a lot of these issues. We have to be realistic. Have you any up-to-date budget figures for the entrepreneurship programmes? What is budgeted for this year, considering that there has been a cut in the overall budget?

To return to something that I raised with the Strategic Investment Board (SIB) earlier — the coming change in local councils — we do not know

the budget that will be given to their economic development units. Do you have any indication of what the budget will be in relation to handling local enterprise systems and how that will operate locally?

You mentioned the cumbersome detail that Invest Northern Ireland has to go through in relation to planning. If Invest Northern Ireland has a major project of 200,000 sq ft, has it any influence with the Planning Service in order to have it fast-tracked?

The Northern Ireland Business Alliance and the Confederation of British Industry have said that 140,000 jobs need to be created over the next 10 years. If everything that you have presented today were put in place, would that be achievable?

Mr Morrison: Local business starts are sometimes confounded with entrepreneurship, which, as Mr Simpson and I have discussed in the past, is much broader than that. However, they form part of the picture. The 'Start a Business' programme itself had a £4 million budget last year, and it will be held at that as far as the eye can see. That programme is being redesigned and recalibrated and, while it has already become progressively more effective, it will be much more so.

We also raise entrepreneurship awareness at enterprise shows and on television and so on. There is approximately £3 million in that budget.

The accelerating entrepreneurship strategy says that entrepreneurship is about starts and about making existing businesses grow faster and become more effective. Therefore entrepreneurship gets very bound up with what we do with existing companies. I cannot divide that out; it would be impossible to say what is allocated to entrepreneurship rather than, say, innovation. However, the budget referred to is for trying to frame the business starts part of it, and for raising awareness.

Regarding the Review of Public Administration, we have provided a list to our sponsoring Department. Officials there are now talking to the groups sponsored by the Department of the Environment, and we are at a fairly early stage of discussions about what the larger, more empowered councils will do. Damian McAuley has been our liaison officer on that, and we have gone public with the things we believe the council should do on economic development. In broad terms we have said that the regional agency should deal with the companies that are in its remit, namely those that either do, or can, sell externally.

Our definition of a client — and it is not a very high hurdle, honestly — is a company that can sell £100,000 a year and that will make 25% of its sales externally within three years. That does not mean that all companies will become clients, but that is the criterion.

The councils could administer the ‘Start a Business’ programme. Elements of social entrepreneurship and incubators are the guts of it. That has been public for a while, as you know, and we are moving into the phase of discussing it through the local government task force and getting feedback from the councils and from the Department of the Environment. Do we have a timetable for that, Damian?

Mr Damian McAuley (Invest Northern Ireland): The first formal engagement with the task force will be on 1 August, when the Department of Enterprise, Trade and Investment (DETI) will present broad proposals. There will then be an engagement with the task force and feedback, with a view to making an initial report to the political panel on 15 August. The aspiration is that the final report to the political panel will be presented on 15 October.

The Chairman (Mr Wells): If an additional member leaves the subgroup we will not have a quorum, so it is important that everyone holds out.

Mr Morrison: Correct me if I do not hit the questions that were asked. You asked whether Invest Northern Ireland had any influence with the Planning Service to fast-track large projects. The Planning Service holds us at arm’s length, as though we were a private organisation. As with all human relationships, if you know people and work well with them you can sometimes get problems solved. Of course, the same would be true of the private sector. We have no special position and probably suffer the same frustrations as the private sector.

Mr McLaughlin: Sometimes you do not.

Mr Morrison: Sometimes things work. The Business Alliance has said that 140,000 jobs must be created over 10 years. My personal view on that statement is “maybe”. It is predicated on a lot of assumptions that must be carefully examined. We had an interdepartmental discussion recently in which I said that that claim carried both plausibility and implausibility. The Government should have a concrete position on the issue, and a macro-economist should be tasked to come up with that.

It is very easy to panic about numbers like that. In fact, Invest Northern Ireland’s clients and its ‘Start a Business’ programme have created close to 10,000 jobs, so those figures do not panic me very much.

12.30 pm

We must be careful not to extrapolate using past trends. The recent job creation in the tradable services and manufacturing sector by companies from overseas has been in financial services and software development. Six or seven years ago those companies would not have come here; they felt it was too dangerous. However, companies such as Citibank, the Indian companies Polaris and ICICI OneSource are now here, and

Northbrook Technology has expanded in Derry and Strabane. That would not have happened six or seven years ago, and we must realise that we are still very unrepresented in those sectors, so that hurdle may not be as scary as it appears. The only question is whether it is really the right number, and my answer is that I am not sure.

Ms Ritchie: Gentlemen, you are very welcome.

The private sector in Northern Ireland is under-performing. There is a possibility that if resources are put into the private sector some of the public sector could be displaced, and there is a fear that a mobile private sector, with its public sector associations, could leave Northern Ireland and locate elsewhere. What incentives should be given to the private sector to ensure that that does not happen?

Secondly, does Invest Northern Ireland see advantages in adopting an all-island approach to attracting substantial investment, with some investors locating one arm of their enterprise or industry — in manufacturing or whatever sector — in the North and another in the South?

Mr Morrison: As regards the private sector being mobile, it is, so get used to it. That is life; that is the way it is. Nothing can be done in an open economy to prevent that. We must bear in mind that although domestic, locally owned companies are more sticky — they are here because they are from here and they like it here — they are also becoming increasingly mobile. The only way to prevent that is to make Northern Ireland a very good place to do business, by virtue of cost structure, but more so by virtue of the supply of people. Our greatest asset is a good supply of educated people. Is it a good enough supply? No, it is not. Do we have enough people who are sufficiently skilled and educated? No, we do not.

However, we have a relative advantage. Invest Northern Ireland’s contracts with investors include covenants, which are usually tied to commitments to job creation within a certain time period or hitting business targets. If investors do not do the things that they say they will do, we can go after them for the money that we have given them, to the extent that it has not been earned. Thus investors can be contractually tied.

However, all capital is mobile, and we must continue to make Northern Ireland a good place for businesses to locate to. We should remember that, for certain industries, this is already a good place to be. Northern Ireland is a world-class near-shore location for service industries because we speak English and have good people, and because of our time zone. It is for those reasons that three large Indian multinationals in the software development and call-centre sector are coming here. People ask me whether that is not risky,

but I tell them that those companies already have huge operations in India and are coming here because they need near-shore capability, just as our companies have to go to India for reasons of cheapness. Northern Ireland has attributes that will attract people, both domestic and foreign, but we must struggle to maintain our edge, and no restrictive covenant can be placed on people.

There are two factors with regard to the all-island approach: the intra-island trade potential is considerably underdeveloped; and both economies are tiny while the world is massive. Jointly promoting all-island trade makes a lot of sense. In certain sectors, such as food, that is already being done, and it works quite well. Certain countries like to see us as being from the island of Ireland while others do not care. If we are intelligent about promotion and focus it right, we can do well.

As to foreign direct investment, a study is underway through the British-Irish Intergovernmental Conference to look at potential benefits. Invest Northern Ireland meets regularly with the Industrial Development Agency and Enterprise Ireland to see what we can do together. We already have a number of initiatives, particularly in the north-west; however, a lot more could be done. The secret of marketing is differentiation. If you say: "Come to Ireland. It does not matter which part of it you come to", we will lose every time because there is a 12.5% tax rate south of the border. What we need to say is: "Come to Ireland, and the reasons why you would come to Northern Ireland are people, infrastructure and broadband for example". We need to be selling the differentiation. There are markets, such as the United States, where people like to think you are just from Ireland. We can wear whatever cloak works in whatever market. We are very pragmatic.

The question of what co-operation there could be on foreign direct investment on an all-island basis needs to be answered. It is hard to figure out. Issues such as joint-infrastructure are easier: it is about electricity, roads, and such like. We should be doing things that make sense and in areas in which there are economies of scale and benefits. In marketing for investment, it is harder. I hope that I have adequately addressed the question.

The Chairman (Mr Wells): Mr Beggs got in at the end last time, so I will ask him to come in early; Ms Gildernew and Mr McLaughlin will then act as a team; then Dr McDonnell can ask his question.

Mr McLaughlin: We always act as a team.

Mr Beggs: There is nothing I would disagree with in your presentation. You have hit the nail on the head. You said that there is a need for a university system that spends less on pure research and more on knowledge transfer. What has gone wrong? Why do they not see that rather than concentrate on their own little world? You indicated that there are skills shortages and a need for more industrial retraining in our colleges. Why are

the needs of the economy being missed by Departments, universities and colleges and how might we best refocus them? I support the view that lower corporation tax would bring benefit, but the need to encourage R&D is more important. I cannot understand why colleges and universities do not have facilities to provide that. What practical assistance could be provided? Might there be a special fund or an R&D facility? How would you see that mechanism working for tomorrow's companies?

Mr Morrison: I probably misled you a little. Universities should not spend less on pure research. Universities here do less blue-sky research than those in either the UK or in the Republic of Ireland. There needs to be more and better knowledge transfer, but universities are learning how to do it.

QUBIS Ltd, for example, has been fantastically successful over the years, but it runs on fumes; it used to have £20,000 a year to spend, which is a joke. It is often a question of resources, resources, resources.

Dr McDonnell: May I come in on that, Mr Chairman. How do we get money into QUBIS Ltd and UUTech Ltd? If the subgroup does nothing else, at least it could start providing answers to such questions.

Mr Morrison: Alasdair, the question is: how do we get money? If we can get money, we can find ways of getting it into bodies such as QUBIS Ltd and UUTech Ltd.

That raises several points. The nanotech initiative is a cross-cutting technology that could be up and running if we had the money. We made a bid to the UK for nanotech funding, but we failed. We know how to do it, as do Queen's University and the University of Ulster. We can see ways of getting money into nanotech.

Knowledge transfer is complex, and although universities are learning how to do it better, they will admit that they have a long way to go. It is not just a question of money; it is also a question of research and of figuring out what has economic potential. How can academics, whose main incentive is to write papers, consider economic potential? How do I get people involved who can actually run businesses? Academics, with a few notable exceptions, cannot.

We must transfer knowledge from the bowels of the universities to people who are, first of all, venture capitalists who can get businesses started and then move those businesses to people who can run them. It is a complicated process, and nowhere in the world does it work really well — except in Massachusetts and in the Cambridge cluster. We are getting better, but we are well off the pace.

You asked how we get more money into research. I would like to see more proof-of-concept money being available. Our proof-of-concept fund has been very successful, although it is limited by EU rules: we had to apply to the EU to be able to use it. However, it is a

very small fund. Simple venture capital will not do it. Venture capitalists are commercial investors; they do not want to take enormous risks. They want to invest in things that are proven.

The deficit is: pure research; knowledge transfer; and proof-of-concept money. That is the golden rule. If we could funnel more resources into them and get EU approval, we could make a difference.

You asked about skills shortages and why there has not been more focus on retraining; however, over the past year or two a great deal of thought has gone into those areas. Certainly in my four years working with the Department for Employment and Learning I have seen a change in focus in that respect. Indeed, the Department had one of its regular liaison meetings yesterday with Invest Northern Ireland. We are working together on several initiatives on training for sectors that are coming here, such as financial services and software development.

The vocational side is beginning to pick up speed, but it needs to go faster. It has the same issue: resources. Everything requires money. You asked what we could spend the peace dividend on, if we got one, and that is one of the things into which we could put more resources. The Department for Employment and Learning knows how to do that.

How do we help small firms to increase their R&D facilities? Queen's University and the University of Ulster do some specific outsourced R&D for small companies. There is probably not enough awareness or ambition in small companies to use their engineering departments to respond to enquiries such as: "I have an idea — can you make my product?" or: "My product doesn't work very well — can you fix it?" They do that, and do it rather well, but they are constrained by resources. If a company of 10 people puts two guys on R&D, it has lost 20% of its workforce. Resources and the use of outside consultants would go quite a long way, as would education.

The Chairman (Mr Wells): Thank you. Are you happy enough, Mr Beggs?

Mr Beggs: Yes.

The Chairman (Mr Wells): We have two groups to go.

12.45 pm

Mr McLaughlin: Hello again, gentlemen. You discussed the impediments, and I accept that the points that you raised demonstrate that your task is challenging. We accept Invest Northern Ireland's remit. The South's economy is performing strongly, but it is beginning to demonstrate characteristics of overheating, and that has implications for the labour market and for further inward investment. Does that not present both a challenge and an opportunity, when considering impediments? Should we also address the competition between Invest

Northern Ireland, Enterprise Ireland and the Industrial Development Agency (IDA)?

With regard to your advice on fiscal policy and corporation tax, the Northern Ireland Business Alliance and Invest Northern Ireland point out that the EC Directorate-General for Competition and the Treasury have demonstrated no willingness to go down the road of sub-regional tax regimes. Should we provide a wider range of options for tax credits and perhaps apply them with more creativity, imagination and flexibility?

At virtually every meeting that I have with Leslie, he makes the point that tax rates offer incentives that often come close to what is being offered by our competitors. We need a step change. The subgroup could offer coherent advice to the Committee on the Preparation for Government that would reflect a common position. The Northern Ireland Business Alliance saying one thing and Invest Northern Ireland saying another would represent an own goal. How could tax credits make your task easier and assist us in regenerating the economy?

Mr Morrison: I will take the last question first. Invest Northern Ireland does not have a different position from the Northern Ireland Business Alliance. Reducing headline tax rates would be of great benefit, but how practical would that be? There are issues in relation to the Treasury. If people put up brass plates here, the UK could lose tax revenues, and that is a major problem.

The second problem appears to be EU law. Unless regions are economically and financially independent of their jurisdictions, which they generally are not, regions cannot reduce rates legally. That is why the Republic went from split rates to a rate of 12.5%.

I am unsure how practical that would be, but it would have an enormous impact. I know that the Northern Ireland Business Alliance feels that it is better to get as much as possible. That is a tactical question, and I would rather not state an opinion on it. However, it would be helpful to have enhanced R&D tax credits, as well as other tax credits. They will not transform the economy in the way that a low headline corporate tax rate would, because they work differently.

To get tax credits, one needs to spend money. When a low tax rate is in place, one does not spend as much money, so one tends to try to optimise taxable earnings by creating profitable companies. However, it does not work that way with tax credits. It is not all bad news, however, because tax credits incentivise innovation. You would probably end up with a more innovative economy, but not necessarily a more profitable one. However, we would hope that profitability would result from that, further down the road. Those measures work differently. The difference lies in how feasible the creation of a profitable economy is, and

what tactics should be used to achieve it. Tax credits would not achieve that on their own; they must be allied to a package of grants and expertise. Many small companies find credits hard to understand.

The uptake of existing SME tax credits is very low. Many small companies cannot get their heads round it. It is much easier for them to get a grant. Both those weapons should be in the armoury.

I absolutely agree about overheating in Dublin: it is a great opportunity — not a challenge. Citibank is here for that reason. It has a large operation in Dublin and a redundant building, and one might ask why it did not expand into it. However, we convinced Citibank to come here, as it would be cheaper in the long run.

A medium-sized call centre in the telecom business from the Republic has just opened in Armagh because it was more cost-effective to put it there than in Dublin. We have broadband and all that. We had to fight a battle to get it to come here as opposed to Limerick or somewhere else. Invest Northern Ireland has an office in Dublin, from where it fights for FDI. We have already got some FDI, and we hope to get more. The potential is there because of the overheating.

We do not compete with Enterprise Ireland; we are fairly complementary. Enterprise Ireland has responsibility for Irish-owned companies. It is not like our local office network, which deals with small companies. It deals with Irish-owned companies, be they domestic or overseas. We have co-operated on certain programmes, where sometimes they or we have good ones. We accept that we should mutually pinch or use each other's. Cross-border initiatives can sometimes be fruitful.

The IDA and INI have the north-west technology zone, but it is very hard to find other areas on which to co-operate, other than trying to find ways for each organisation to get better, because we are in direct competition. IDA tried very hard to prevent Citibank coming to Northern Ireland — as it should. The question is whether we can collaborate and be more effective. I tried to answer that from Ms Ritchie's question, but we should be differentiated from IDA or we will lose out.

I do not see the synergies in FDI. I can see synergies in areas such as trade, infrastructure and cross-border co-operation. I am not clear whether the border exists for economic purposes. If the main dynamic is travel-to-work areas — people living on one side and working on the other — the border is completely porous.

The different currency is not significant, but there are different tax and jurisdictional systems, and all that those involve. It is very porous economically, with people moving back and forth. However, the question is what can be done to stimulate more business in and outside the island. They are both important, but stimulating

business outside the island is far more important because the world is a much bigger marketplace.

Ms Gildernew: Mr Morrison, you mentioned the external R&D capacity and its likely impact. Could Invest Northern Ireland bring outside R&D companies here to create links and network with the companies, especially in the SME sector? What can Invest Northern Ireland do to ensure that overseas investment will lead to sustainable employment opportunities? We are frustrated with companies coming in, staying for six or seven years and going.

Mr Morrison: Companies will develop R&D if there are good people here. That is the bottom line. SAP, the German software evolution company — which is like the European version of Microsoft — is here, as is Microsoft. SAP came because of Queen's University's grid computing capability, which is the next big thing in computing. Grid computing allows unused space on personal computers (PCs) all over the world to be used. It is quite complicated and mathematical.

We have world-class expertise in such areas, which is why R&D companies come here. They are not interested in second best. We have had quite a lot of interest in the service sector, although it is more limited in other sectors, such as the biotech sector. The biotech sector in Northern Ireland is focused on people such as Allen McClay, Peter Fitzgerald and Paddy Johnston. It would be nice to get a few more. We have expertise, and we want to be able to build on that. Pharma in the Republic depends on tax: it is basically tax-driven.

The answer is to focus on a number of small areas in which Northern Ireland has world-class expertise. The 18 centres of excellence that Invest Northern Ireland has set up in its first four years, nine in the universities and nine elsewhere, help to focus on those areas. Northern Ireland has enough, or even too many, such centres now. A region with a population of 1.7 million should not have 30 centres of excellence. Northern Ireland cannot be world class in that many areas, so we need to put more resources into the best centres and ensure that they deliver.

Michelle, I have missed one of your questions. What was it?

Ms Gildernew: How can overseas investment create sustainable employment?

Mr Morrison: The record of companies coming and going is not that bad. Capital is mobile. Recent investment, certainly in the four years that I have been here, has been far more service-sector oriented. Northern Ireland will not attract large new manufacturing investments. There is a chance of attracting niche manufacturing investments in a few areas, such as electronics, in which Northern Ireland is particularly strong, with companies such as Seagate Technology, Caterpillar, NACCO Materials Handling (NI) Ltd, BE

Aerospace, which manufactures seats and composites for the aviation industry.

We must move up the value curve. Northern Ireland will never be a cheap place. For example, the Indian call-centre company, ICICI OneSource, the most recent of the three Indian service companies to come to Northern Ireland, will create 400 jobs in Belfast and 600 jobs in Derry. The quality of those jobs is OK, but I would not have supported its coming here had Invest Northern Ireland not been convinced that it would move up the value chain and do increasingly more complicated value-added work. The company must do that, because India is cheaper. That type of company builds on existing intellectual, cultural and language skills, and takes advantage of being in this time zone. A company's decision to come here is not based purely on cost, although being careful with costs is unavoidable.

Some of the types of businesses that have come here from overseas are also being developed domestically. A number of domestic companies are becoming increasingly involved in providing professional business and financial services. In the long term, Northern Ireland can compete in those areas and in a few niche manufacturing businesses.

Dr McDonnell: Most of the issues that I had intended to raise have been covered, so in the interests of meeting the 1.00 pm deadline, I will ask no further questions.

Mr Neeson: My silence is also to facilitate the Chairman's departure.

The Chairman (Mr Wells): You have both earned brownie points that will be stored and used in the future.

Thank you, Mr Morrison and Mr McAuley. Your presentation has been most helpful.

We have five minutes to deal with three small items. We need to agree the draft press release.

The Committee Clerk: The press releases that we have issued thus far have been extremely concise and have said little more than that the subgroup has taken evidence from witnesses. The media always pick up on press releases that contain a few quotes, so I have taken some quotes from the presentations. I will read out the draft, and if the subgroup is content, I will issue it:

"The sub-group had its third meeting today in Parliament Buildings, Stormont.

The sub-group heard presentations from the Strategic Investment Board and Invest Northern Ireland followed by question and answer sessions.

The sub-group agreed that it was important to invite Ministers to present evidence at the earliest opportunity."

It is important that that last sentence is included. It is not controversial.

I have cleared the next paragraph with David Gavaghan:

"David Gavaghan (SIB) advised the sub-group that Northern Ireland had for the first time used finance from the European Investment Bank to fund the £100m Roads package1. Mr. Gavaghan also advised the sub-group that one of its major projects, the Invest NI HQ had been completed on time in just 30 months using a local contractor.

In evidence to the sub-group Leslie Morrison (Invest NI) made a number of recommendations on actions that would make a significant contribution to an economic package, which would have a positive impact on economic regeneration."

The rest of the press release contains the same background information about the setting up of the subgroup, and so forth, as previous press releases. If the subgroup is content, we will issue it.

Mr Beggs: Could you add a couple of comments about what was suggested?

The Committee Clerk: If you keep in one or two comments, what do you leave out? It might raise certain issues. Those comments will come out in the evidence.

The Chairman (Mr Wells): Dr Peter Gilleece, a senior researcher in the Assembly's Research and Information Directorate, is present, and he has been following the proceedings. We must formally ask, or instruct, Peter to carry out some research on behalf of the subgroup. We must also agree a deadline. The 10 August has been suggested, which has created a few waves of concern, as it is a very tight deadline. The 18 August has also been suggested. However, I do not think that an 18 August deadline will give us enough time to compile the report.

1.00 pm

The Committee Clerk: The subgroup has agreed to commission the research on education and skills, but a deadline has not been agreed. Members must decide on a date. It is a practical issue for Peter because he also services the Committee on the Preparation for Government. If members want that research to be included in the report, it will have to be submitted several days in advance.

The Chairman (Mr Wells): Can another researcher service the Committee on the Preparation for Government so that Peter can be released? By comparison, the Committee on the Preparation for Government will not require as much research. Are there two researchers?

Dr Peter Gilleece: We have already had a conversation about this issue. It would be excellent if I could be released from the Committee on the

Preparation for Government so that I could devote my time to this subgroup.

The Chairman (Mr Wells): Will that enable you to meet the 10 August deadline?

Dr Gilleece: I will do my best. It may help if I could have the weekend after 10 August.

The Committee Clerk: Would it help if I wrote to the Head of Research and Library Services, making that request on behalf of the subgroup?

Mr Beggs: Would Monday 14 August be a better submission deadline?

Dr Gilleece: A deadline of Monday 14 August would help.

The Committee Clerk: The subgroup will be taking evidence from many witnesses. If my colleagues and I do not have clarity on the emergent themes, it will be difficult for us to compile a report within the time frame. I strongly recommend that in the next week to 10 days we have a one-hour private session to examine the emergent themes. If you are content, Peter and I can pull those themes together in a paper. We will liaise with you on time frames.

Our next meeting is on Tuesday 1 August 2006 at 10.00 am in Room 135.

The Chairman (Mr Wells): I will be in the Chair.

Adjourned at 1.02 pm.

SUBGROUP ON THE ECONOMIC CHALLENGES FACING NORTHERN IRELAND

Tuesday 1 August 2006

Members in attendance for all or part of proceedings:

The Chairmen, Mr Francie Molloy and Mr Jim Wells
Dr Esmond Birnie
Mr John Dallat
Mr David Ford
Ms Michelle Gildernew
Mr Nelson McCausland
Dr Alasdair McDonnell
Mr Barry McElduff
Mr David McNarry
Mr Sean Neeson
Mr Peter Weir

Witnesses:

Mr John Simpson	} Economist
Mr Wilfie Hamilton	} Department of Enterprise, Trade and Investment
Dr Graeme Hutchinson	
Mr Stephen Quinn	
Mrs Ann McGregor	} Enterprise Northern Ireland
Mr Ken Nelson	
Dr Nicholas O'Shiel	

The subgroup met at 10.07 am.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): The meeting is now open.

Mr McElduff: I am replacing Mitchel McLaughlin.

The Chairman (Mr Wells): Is there a second SDLP representative?

Mr Dallat: Alasdair McDonnell is the second SDLP representative.

The Chairman (Mr Wells): Are members content with the draft minutes of the meeting held on 27 July 2006?

Mr McNarry: I must make an important phone call around 11.00 am. I am worried that the subgroup will become inquorate. I will be absent for only five minutes, so perhaps we could adjourn or have a comfort break at that time.

Mr Weir: Must you make the phone call at 11.00 am exactly or around 11.00 am?

Mr McNarry: Around 11.00 am.

Mr Weir: It may make sense to take a five-minute break between John Simpson's evidence and the session with the Department of Enterprise, Trade and Investment.

Mr McNarry: May I have two minutes to make a call to say that I will phone back around 11.15 am?

The Chairman (Mr Wells): Could a member of the Committee staff make the phone call on your behalf?

The other Deputy Speaker has arrived, but unfortunately that does not affect the quorum. We are now off the record.

The subgroup was suspended at 10.09 am.

On resuming —

10.10 am

The Chairman (Mr Wells): We are back on the record. Are members happy to agree the minutes?

Members indicated assent.

There are several matters to consider. Among members' papers is a copy of a letter to the Secretary of State, which I signed. We are not awfully pleased with MPs who take all August off and are not available to meet us. I am glad to say that the MPs who are members of this subgroup have a different attitude. However, we have given the Secretary of State a very clear message as to what we feel he should do.

We have also flagged up an issue that Mr McNarry raised, at this subgroup and at the Preparation for Government Committee, about the Secretary of State's making announcements that could cut across, contradict or cause difficulties to the subgroup. That letter has been sent, and members have copies for reference.

I have also received a letter from the Northern Ireland Tourist Board (NITB) that indicates that, unfortunately, because of prior commitments, it will not be able to provide any oral evidence. However, it has agreed to submit a written presentation.

The Committee Clerk: Mr Chairman, we hope that we can slot the NITB into the 10 August meeting. Mivan cannot appear before the subgroup because of international commitments but has agreed to provide written evidence. We hope that the NITB can fit into that slot, and the indications are that it will be able to do that.

The Chairman (Mr Wells): Good. That meeting is delayed rather than cancelled.

Mr Weir: Mr Chairman, it is fair enough to use the excuse that there is no one to give evidence, if that relates to an individual. If John Simpson, or whoever, cannot attend a meeting on a particular date, that is fair enough. The Northern Ireland Tourist Board is a large organisation, and it would not have been acceptable if it had said that there was no one at all in the NITB who could come anywhere near the subgroup. That would not have been acceptable.

The Chairman (Mr Wells): The NITB wanted a witness at the level of chief executive or chairman to come before the subgroup. The problem is that neither of those individuals were immediately available. We would accept a deputy chief executive, but the NITB took a different view on that.

Papers have been tabled for information. As we receive written evidence, we will table it to members as quickly as possible. I hope that members will read the evidence as we proceed.

The Hansard report of the 27 July meeting has been tabled. Members have already received the draft of that report. As usual, we expect members to let us know within 24 hours whether there are any difficulties. I wish to pay tribute to the Hansard staff, who are listening to this as I speak. They have — for this subgroup and for the Preparation for Government Committee — been turning reports around remarkably quickly, given the extra work that we have imposed on them during the summer holidays. We are extremely grateful for their diligence.

I know that members have read the Hansard report avidly, and we have not received any corrections. Most of the report consisted of evidence from the Strategic Investment Board (SIB) and Invest Northern Ireland, so there is not much scope for controversy.

The Committee Clerk: Mr Chairman, the only comments that we received were from InterTradeIreland, which was fairly innocuous stuff. Hansard has accepted a fair number of amendments. If witnesses said something on the tape, they said it. However, it is entirely non-controversial.

The Chairman (Mr Wells): Did you mean Invest Northern Ireland?

The Committee Clerk: No, InterTradeIreland.

The Chairman (Mr Wells): I see. From the previous meeting?

The Committee Clerk: Yes.

The Chairman (Mr Wells): I have received my copy of the 27 July report. Have members received that?

Ms Gildernew: Just now.

The Chairman (Mr Wells): The same principle applies. Members should try to turn the transcript around in 24 hours. Again, it consists of witness sessions.

Mr McElduff: Mr Chairman, is it the practice for attendees only to receive the Hansard reports, as distinct from those who are involved with the Preparation for Government Committee?

The Committee Clerk: Only attendees can comment on the report.

The Chairman (Mr Wells): All Hansard reports will be published on the Assembly website.

The Committee Clerk: Once a report has been cleared, it will appear on the website.

The Chairman (Mr Wells): It is interesting that when the reports were not published on the website and were leaked, the press devoured them with great interest. Now that the reports are available, the press could not care less. That is definitely a case of stolen apples tasting best. Everything we do will be in the public domain, once it has been passed for Hansard.

We must make arrangements for the meeting on emerging themes. We did not get a chance to discuss that at the last meeting due to time constraints, and it has been scheduled for 3.30 pm on Thursday. I will chair that meeting, although I think that the other Chairman will also attend because we have been alternating the chairmanship. Confirmation of attendance has been received from some of the parties, including Dr Birnie and Mr McNarry from the Ulster Unionist Party Assembly Group. Mr Ford and Mr Neeson are not here, but I assume they are coming.

Mr Ford: Pardon, Mr Chairman?

The Chairman (Mr Wells): Oh, sorry. I have a fixed image of the Alliance party always sitting at the top of the table. I just cannot get that out of my head.

Mr Ford: I am delighted that you see it in such a way, Mr Chairman.

The Chairman (Mr Wells): I presume that Mr Neeson will be coming to that meeting.

Mr Ford: One of us will attend, but I am not quite sure who it will be.

Ms Gildernew: The meeting is at 3.30 pm?

The Chairman (Mr Wells): It is at 3.30 pm on 3 August.

The Committee Clerk: At the moment, eight members are on the list to attend the meeting. We need seven members for a quorum. I have David and Sean down to attend, as well as Alasdair McDonnell, John Dallat and Michelle Gildernew. Members cannot afford to drop out as that will mean that the meeting may have to be cancelled.

10.15 am

The Chairman (Mr Wells): Peter Weir is to attend for the DUP. Do Sinn Féin or the DUP have a second nomination?

Mr McElduff: I made it clear to the secretariat yesterday that I was going to attend.

The Chairman (Mr Wells): All we need is the second DUP name.

Is everyone happy enough? We need to meet for a good hour because we have not really had time to think, given the amount of material that we have been dealing with.

The next issue is the revised work programme, which is at tabs 6 and 7 of the papers. It is very much a moving feast; it is constantly changing, with some witnesses being pulled out and others being slotted in. This is meeting number four in week commencing 31 July. The fifth meeting, which Mr Molloy will chair on Thursday 3 August, is with the Industrial Task Force, the Northern Ireland Committee of the Irish Congress of Trade Unions (NIC.ICTU) — a nifty little title —

the Department of Education and the Department for Employment and Learning. Are members content to look at that and return to the issue of the time constraints later?

John Simpson was extraordinarily helpful to the Enterprise, Trade and Investment Committee when it was in session, and he was perhaps one of our best expert witnesses. Do feel free to make maximum use of John's hour with the subgroup this morning, particularly as regards the big issues that have been raised to date, such as corporation tax, industrial derating and reduction in fuel duty. Feel free to take the opportunity to quiz him as he is extremely helpful in providing information on those subjects. I do not want to lead the questions, but it would be a pity to get bogged down in general discussion when someone of his ability is at our disposal.

The Committee Clerk: One of the key issues for the subgroup in compiling its report is whether corporation tax should be reduced to a certain level or tax credits increased. It must explore the arguments for and against both approaches and try to find a balance. The subgroup can discover much from witnesses and should take advantage of the presence of people like John Simpson and the officials from the Department of Enterprise, Trade and Investment. Members should press them for answers to key questions — for example, why we do such and such and what the likely results would be.

The Chairman (Mr Wells): This could be one of the most valuable evidence sessions in the entire process.

Are members content? Unfortunately, we have had to leave this in the hands of the Clerks because there has been so much toing and froing, but I think that we have a reasonably good balance from the various sectors. We will have to leave it to the Committee staff to keep matters moving along.

Mr McElduff: Mr Chairman, I would have liked to hear evidence from the Department of Education and Science in Dublin to find out how it has contributed to the skills strategy. If I could be assured that a research paper was being commissioned towards that end, that might suffice.

The Chairman (Mr Wells): We will table that schedule. Do not be surprised if it is changed by the next meeting; that is simply the nature of the beast. However, I am content that we are getting a good spread of folk.

The Committee Clerk: They are nearly all confirmed, apart from the Northern Ireland Tourist Board (NITB) on 10 August. The subgroup should be content that it has had in excess of a 95% response rate in a short time frame. Witnesses are keen to come.

Dr Birnie: With NITB not coming, I suggest that we let the three groups that are coming on 10 August

expand their presentations. In particular, the Economic Research Institute of Northern Ireland might need more than 45 minutes.

The Chairman (Mr Wells): NITB is coming, just not in the original slot. We have shunted them into that slot.

Mr Dallat: As a mere substitute, I have to relate to what Mr Weir said earlier. I cannot see how we can work these things out adequately without some input from tourism. If NITB is not available, perhaps someone from Tourism Ireland, based in Coleraine, might be a very good substitute.

The Chairman (Mr Wells): There is a slight misunderstanding. NITB is not available on the date that we asked for. It is coming, but later than we had hoped. It is important to emphasise that. It looks certain that it is going to be there.

The Committee Clerk: We are not absolutely certain at this stage, but we have been given an indication that it will be available on 10 August, so we hope to slot it in.

The Chairman (Mr Wells): The subgroup is gaining momentum as we go on. It will be difficult, in my view and in that of the staff, to get it all done in time. We are considering writing to the Preparation for Government Committee to seek a one-week extension, which will be at its discretion. We need to do that formally. It could turn down the request. It will be practically impossible to get all this done in the time allocated.

Mr McNarry: I propose that we do so. I think it is important.

The Chairman (Mr Wells): Do we have a consensus?

Members indicated assent.

The Committee Clerk: I will get a request to the Preparation for Government Committee tomorrow, seeking an extension until 25 August.

The Chairman (Mr Wells): I am chairing that meeting, so I am writing to myself to ask for that extension.

Dr McDonnell: Tell them that Mr McElduff has joined us and that he is keeping us back.

Mr McElduff: I do not think so.

The Chairman (Mr Wells): That completes the preliminaries. Is Mr Simpson here?

The Committee Clerk: I have just been advised that Alan Clarke has confirmed 10 August for NITB.

The Chairman (Mr Wells): We are making good progress. Ask Mr Simpson to come in. We have agreed that these meetings are open, and if your parties have whizz-kids on economic development or financial issues they are welcome to come in, listen and pass notes to members. People were killing themselves to

get in before we made the meetings open, and now no one is turning up.

Mr McNarry: How many questions are we allowed today?

The Chairman (Mr Wells): Three, though last week one member managed to make that into six.

Mr McNarry: That is why I ask. Three questions, and no rhetoric?

The Chairman (Mr Wells): Keep it to three if you can. We want to maximise the opportunity of getting information from witnesses.

Mr McNarry: I agree with you.

The Chairman (Mr Wells): Mr Simpson, you are most welcome. You appeared before the Committee for Enterprise, Trade and Investment many times, and we found the information you provided invaluable. We are pleased that you could come here this morning at short notice to give evidence on this issue. We have indicated to you the three main issues on which we are trying to gather information. I suggest that you make whatever opening comments you think necessary, and then I will throw it open for questions. We would like to take one hour for this session. You have been down this road many times, so I am sure you are experienced at giving evidence.

Mr John Simpson (Economist): Thank you for the invitation. Were I being facetious, I would say that it was a good excuse for not going on holiday. Members have a copy of my paper, and may wish to read the headings as I review it.

Let me try to set the scene. Inevitably, in a discussion of this kind, there is a tendency to pick on weaknesses or on comments on which one has a different view. We do not spend 50% of our time congratulating ourselves on the acceptable things. We tend to focus on things that we would like to change.

Consequently, the discussion that I am likely to engender might, on reflection, appear more negative than positive. That is a natural bias when producing a set of questions relating to economic challenges. Inevitably, I am drawn to say that we are not tackling them very well. That is not to say that there are not issues on which, if I was to sit in an audience outside Northern Ireland, I would say: "Just a minute, take account of these good things as well as the critical ones."

With that understanding between us I will briefly review the paper that I submitted. I do not need to enhance further the personal introduction. It is only there to let you know that I have had a misspent youth doing several things that occasionally come back to haunt me. Even when I recall the days in this Building when we argued about the Matthew plan, who was to say that 44 years later we would be sitting here

discussing whether or not we got it right and asking: “Where are we now?” However, I am not going to dwell on the background.

It was necessary to include a second section on the current state of the regional economy. Members will recognise the various symptoms that are readily picked on. By the standards of employment and, indeed, average lifestyles, we are better off than we have been at any time in our lifetime. Judged by where we normally have been in comparison with regions in Great Britain, we have caught up a bit, but not a lot.

Unemployment is now the lowest it has ever been in our lifetime. If we look around and say: “What features of that should we be careful about?”, the first thing that comes to mind is that we still have a significant amount of underemployment — the inactivity rate, as it is often described. It is partly a consequence of a higher proportion of the population living in rural areas. There will always be a higher inactivity rate where it is not so convenient for the second or third person in a family to get employment. The main occupation will determine where the breadwinning takes place.

Where are we on the issues of employment, unemployment and living standards? The situation has been built and improved for all sorts of market reasons in ways that I now would consider fragile. The unemployment problem has not been solved to the extent that we need not worry about it any more. If unemployment were to re-emerge in western Europe on any significant scale, we could not expect to be the last area to be adversely influenced. It is fragile, and it is dependent on a great deal of employment in low-skill and low value-added occupations.

In concluding my review of where the economy is now, I will talk about two other features, the first being migration. I first came across an estimate of the level of net inward migration in the past year from a reasonably reliable publication. It seems as though we may have had an inflow of about 14,000 people in one year. That is against a background in which, 25 or 30 years ago, we would have expected an annual net outflow of 4,000, 5,000 or 6,000 people a year.

10.30 am

The Government are forecasting that the flow of people into Northern Ireland will be less than a couple of thousand a year, that that will fall further, and that we will then return to a small level of net outward migration. However, I do not agree with that forecast. The Government’s prediction will have an important knock-on effect, as they will have to consider the economy over the next three to five years — for example, where the population will be, what jobs it will seek, what demands it will place on social infrastructure and housing. There are all sorts of knock-on effects, and they could be quite serious. However, we still have a

GDP (gross domestic product), or GVA (gross value added), per head of 80% of the UK average, which is about 74% of the Republic’s average, and the Republic is now ahead of the UK average.

Business profitability in Northern Ireland has improved, in a situation where a fragile economy is attracting inward migration for interesting reasons, but it is still not prospering at the level that we would like. There are examples of firms that are losing money and that are unlikely to survive another winter, but, in general, business profitability in the past four, five and six years has improved. The business community, however, would say that it has not improved enough.

I added a cautionary note regarding the question on major impediments. It states:

“Beware of any dramatic single solution to all impediments”.

There is no dramatically different solution waiting to be pulled off the shelf. Even if the policy made a big difference, and over time we could repay the costs, that could be deceptive. I will move on, but the relevance of that comes later.

We have all grown up with conventional arguments about the impediments in Northern Ireland: it is a peripheral location with poor natural resources; we have extra transport costs; it is a small local marketplace on an island divided into two economies. However, those issues are less of an impediment than they were. Location and poor natural resources were fundamental features, but they are less significant now due to a knowledge-based western European economy and a marketplace that has better access to larger markets.

It has been argued that the manufacturing sector is weak or fading away, but manufacturing output is not down. It continues to edge up, but the level of employment in the manufacturing industry is down. The bad news is that people are losing jobs; the good news is that those who are still employed are producing more per person, so it cannot be all bad. We should not write off manufacturing as if it is going down the proverbial drain.

It has been argued that we have a weak private sector. When people say that, they mean that there is not much inward investment in manufacturing, yet the private sector has been the source of the major expansion in employment in the past 10 years in services, in retailing and in wholesaling. The private sector has done more to expand employment in Northern Ireland in the past decade than the public sector. We have an overlarge public sector. Some 33% of people are employed in the public sector, compared to a GB average of around 23%. Those figures do not compare. Members’ mathematics will allow them to wonder whether it is because 33% is too high, or 67% is too low. If we compare the proportions, the public sector

seems large, because the private sector, relative to other areas, seems low.

I shall provide one correction on the usual view of this matter, which surprised me. The number of people employed in the public sector in Northern Ireland as a proportion of the entire population, not just relative to employment, is, within a fraction of a decimal point, the same as that for Wales. That number is a little more than a fraction of a decimal point lower than that for Scotland. We may simply believe that we have too many public sector employees — and we need to think about that — but, sometimes, we get the perspective a little out of focus.

We have a large public sector, which has an impact on the labour market. The public sector pays, on average, rather more than the private sector for the same skills, and that is a problem.

We have, in many senses, a branch plant economy. We use those words almost as though they were derogatory. I do not mind having branch plants if they achieve what we want. In the manufacturing sector, we ask how much expenditure goes to research and development. The answer is that that figure tends to be relatively low, and that is because we have production units, not research headquarters units. That makes it a harder battle. No one would decry the value of more research and development spending, innovation spending, and so on, but it is almost natural that that would be lower in a regional economy like ours.

I turn to less conventional theses, which are often understated. If I had invented the phrase, I would say that the impact of political instability “has not gone away”. However, you may recognise that someone beat me to it. Was that a reference to political instability?

Another eminent figure described Northern Ireland as having an unsustainable economy. There is an argument that we are not seen as a conventional, progressive, modern, western European region, and we cannot get away from that. People tend to discuss how Northern Ireland compares with Cyprus, the Basque region, or even with the way in which Catalonia is changing. Those are sensible comparisons, and they highlight that the framework in which we operate is important.

There are failures of delivery in public-sector administration, on which I shall make two points. The first concerns policy setting and delivery within the public sector. Obviously, but not solely, I wish to refer to town and country planning. I criticise not so much the regional development strategy, although it has vulnerable points, as the absence of a Belfast metropolitan area plan. The real significance of its absence concerns infrastructure plans and their delivery of electricity, water, waste water, roads, transport and ports.

Members will have had different reactions to the announcement this week of the proposed £400 million to be spent on roads. If members liked it, they will have agreed that the right schemes were picked. If members disagreed, they will have thought that the wrong schemes were picked. However, I criticise the announcement on different grounds. I am interested in the way in which the strategic investment programme is evolving. I welcome the fact that it exists, but I have criticisms. If members read yesterday’s press statement, they would have seen the paragraph that stated:

“The Government’s Investment Strategy envisages that this additional roads funding will be available to us towards the end of the 2015 period.”

Are we living in a society in which it takes 10 years to move from conception to delivery? Those who have followed the history of the Westlink upgrade would say that that is nothing new, as that is exactly what has happened to date. The Westlink upgrade that is being built will be inadequate for purpose, and one of the suggestions in my presentation will solve one of the knock-on problems.

The delivery of a better economy requires a better idea of how the public sector should perform. The performance of the public sector has been inadequate on town and country planning, infrastructure planning, scale and standards of education and training, and urban regeneration. If Government Departments are criticised because they are failing to deliver, that means that there is a real debate, because adequate delivery in those areas is important.

A slightly different failure of the public sector relates to public services. People in Northern Ireland accept second-rate standards of delivery. For example, the single energy market on the island will not be ready on time. How often do we hear that the original timetable has slipped in relation to the public sector in Northern Ireland? The business sector would not operate that way; it would say that if the timetable demanded completion by a certain date, it would try to deliver — unless it is rebuilding Wembley Stadium. There is too much emphasis on vision statements and not enough on operational delivery. There is no real debate about options, and sanctions are not applied when the public sector fails to deliver.

Any new fiscal incentives would be welcomed, particularly by businesses that would have to pay less. Those who received their new rates demand in the last few days can join in a vote of sympathy with those of us whose rates will almost double. I do not need to talk about the North/South comparisons on fiscal issues, such as company taxation and excise duties etc, because those are well known. There is a long history of searching for variations in fiscal policy. Few here will remember the 1962 debate on the Hall Report and the

alleviation of National Insurance charges in Northern Ireland. I am looking around the table to find the guilty parties who can remember that.

Suggestions have been made that have come to nothing. I shall not dwell on the one exception, but Esmond Birnie will know about it. The current topics for debate relate to whether corporation tax, industrial rating, domestic rates and water charges should be different. Everyone knows that the Treasury's view is that those who expect parity in spending must expect parity in taxation according to their means, so that those with lower incomes pay less.

What are the options? There must be a debate on fiscal incentives and an attempt to persuade the Treasury that that debate is meaningful. Let us take the Treasury as the starting point, so that people pay according to means and receive according to needs. To diverge from parity would result in the same debate as the one that has been taking place in Scotland. Are those who want the right to a lower rate of tax prepared to take a lower transfer through the Barnett formula? As far as I know, the Scots have not decided to exercise that right, and the argument continues.

The third option is to go for a one-off time-limited exception and tell all relevant taxpayers that they will be beneficiaries. However, if it were decided that, from today and for the next two years, corporation tax would be 12·5%, the main beneficiaries in absolute terms would be the four Northern Ireland banks.

The degree to which it would lead to extra investment is uncertain, and I will not put it any higher than that. Corporation tax at a rate of 12·5% would also attract the attention of the European Competition Authorities (ECA), but if we were strong enough about the issue, and the British Government were strong enough about it, it might be persuaded.

10.45 am

We could have a one-off time-limited exception for all new businesses. The problem with that is in defining what is new. If I am told that I can have a tax holiday if I set up a new business, will I be prevented from closing my old business and setting up a new one around the corner? Of course, it is much more subtle than that. The alternative is to change the fiscal impact by saying that we will allow differences in spending. That idea has been floated, so you will all have heard of it. For tax purposes in Northern Ireland, businesses' marketing expenditure, training expenditure, research and development (R&D) expenditure and other development expenditure could be made tax-deductible from their profitability by a factor of three or four. If we make the figure big enough to work, it could be done.

For the benefit of those who want to think laterally, my final point on fiscal incentives is that, in order for there to be the same fiscal treatment throughout this

island, agreement would be needed on company and excise taxes being harmonised. If that agreement were reached, however, the Treasury would not stand idly by. It would make the Irish Sea and the North Channel into a fiscal frontier.

I shall now speak about other measures that would contribute to economic regeneration. We can do much for ourselves. The reinvestment and reform initiative (RRI) has given scope for a stronger investment programme. Unfortunately, the Strategic Investment Board (SIB) is not delivering as effectively as I would like it to deliver. You suggest that a peace dividend could add to progress, but I would argue that that should not be used as a substitute for improved local performance.

Therefore, what are the possible foci? Latin scholars will tell me whether there should be a double "i" in "foci" — although looking around the room, I do not think that the skills are in evidence. In your position, have you considered new institutional arrangements for major regeneration plans, led by the right institutions, in the cities of Belfast and Derry? That is high on my list of preferences.

Have you considered extra provision for enhanced levels of skills, vocational training and higher advanced qualifications for up to several thousand more young people each year? Have you thought of the enhanced provision that is necessary for education in the New TSN areas? I have visited some primary schools recently, not 15 miles from here. I will not say to which board a particular school belongs, but it is well funded by the present system, has more applications for enrolment that it can cope with and has more than 600 pupils. The atmosphere and the end result at that school are everything that anyone would wish for. Not 15 miles away, I could take you to primary schools that receive the same funding but will never achieve the same results, because they operate in a milieu that does not allow it. Those schools tell me — and they would tell you — that, by the time that those children are five, six or seven years of age, their behavioural patterns are no longer appropriate for an educational environment. You may say that if schools receive the same funding per pupil, it should be left to the teachers, but I would disagree. Resources must be proportionate to the social need, and we are not doing that.

We can look at extra communications investment, particularly for roads, on which an announcement was made yesterday.

It is fascinating that we have a very poor roads infrastructure. Why? Because we have not given it enough priority. We have to improve our roads structure either by crossing the border, which we did not use to say; or by going to any of the other development areas in Britain. It is not good enough to have a roads system

such as ours. Yet there are lobbyists who say that we spend too much on roads. Apart from investment in human beings, no infrastructure investment is more important than roads. Roads infrastructure investment will enhance our reputation elsewhere.

We might have a new approach to the integration of urban and rural needs. I worry that there is something called “rural policy” that stands alone. I know no rural community that stands alone from its urban hinterland or vice versa. We need a much more integrated policy for the many small areas that are more than 15 miles from an urban catchment area.

We need stronger incentives to innovation, research and development and marketing.

My conclusion is that there are challenges that can be met if we harness our local talent. The case for fiscal incentives can be sustained if a wide range of impediments is tackled constructively. Beware the argument that a tax change alone will boost our economy. There is no intrinsic reason that Northern Ireland should lag behind other regions. I am sorry, Mr Chairman, to have taken so long.

The Chairman (Mr Wells): Thank you very much, Mr Simpson. I am not remotely surprised that your contribution was entirely on target and extremely interesting and helpful: that has been your track record in Assembly Committees. It seems as though every member of the subgroup wants to question you on your contribution. Can we make our questions sharp and snappy, folks? Time is running against us.

Mr Simpson: Do nothing for a moment, Mr Chairman: my infrastructure has collapsed.

The Chairman (Mr Wells): I see that you are referring to your hearing aid.

Mr Simpson: It has come together again.

The Chairman (Mr Wells): Can you hear us, Mr Simpson?

Mr Simpson: Mm?

The Chairman (Mr Wells): Can you — *[Laughter.]*

Mr Simpson: When I worked for the Health Service I had a hearing aid, and you all knew that I had a hearing aid, because you could see it. When I began to travel to Brussels, the Germans asked me: “What is that ugly attachment?” They said that I should get one of the hearing aids that I have now. I had to pay for it.

Dr McDonnell: Is Mr Simpson aware that there have perhaps been times when it was official to be slightly deaf?

The Chairman (Mr Wells): Perhaps we can get a move on, folks. We will start with Mr McNarry, followed by Mr Weir, Dr Birnie, Ms Gildernew and Mr

Neeson. That covers all the parties. We will try to keep it as quick as possible.

Mr McNarry: John, sometimes negativity can be a wake-up call, and I thank you for that, as there was much in what you said that wakened me up. I have three questions. What does the high rise in house prices along with the high increase in the repossession of homes say about our economy?

If a mixed ability group of 15-year-olds asked you what sustainable employment they should consider, how would you answer? Can schools do more than they apparently do at present to help young people with decisions about their future employment?

How important is tourism to our economy? How do you rate its performance? How could a devolved Government help to improve it?

Mr Simpson: House prices are a *bête noire* of mine. Part of the reason for house prices in Northern Ireland getting out of line with those of neighbouring areas has been explained to me by builders and developers: the cost of new house building on greenfield sites has rocketed because so few are available. It is a beautiful example of the failure of the regional development strategy: it boasted that 60% of houses would be built on brownfield sites, but it is achieving 70%. That is not success; that is failure.

We have a green and pleasant land. I am not inclined to the view that we should allow much more rural housing in isolated units; that would not necessarily be popular. However, I do realise that we are not short of space. We are trying to confine, particularly the Belfast community area, to a population that is lower than that to be housed. Do not be surprised when house prices do what they have done; it is Government policy to push up house prices here. Unfortunately the town planners do not accept that argument. My shorthand response for dealing with this is: “Send for Kate Barker.” Those of you who have read the ‘Barker Review of Housing Supply’ will see that she has brought a fresh mind to the subject.

The second question was about 15-year-olds.

Mr McNarry: John, what about the comparison of house prices and the increase in repossessions?

Mr Simpson: The repossession rate is at its highest for several years. At the rate of 656 per quarter, this means there are 2,500 repossessions per year in a situation where there are around 35,000 housing transactions per year. Repossessions are on the high side, and this is where the planners do have a point. People expect to be able to afford houses from their income, but they bid too high and become overstretched. Therefore, it would not be appropriate to say that this is all the Government’s fault — it is mainly the Government’s fault.

As regards 15-year-olds, you can never tell them what is best for them. However, a large proportion of 15-year-olds, particularly those in inner city areas, are treating the education system as something to be coped with rather than as an advantage.

Every 15-year-old should be told to maximise his talents and go as far as he can. I fall out with those responsible for training arrangements in Northern Ireland when they say to me that there has to be adequate training so that there will be more skilled people to cope with an advancing economy. My question to them is: "Why are you so modest in your ambitions?" The education and training system is not for today's employers, it is for tomorrow's employers, and it is not only for employment that is within a stone's throw of where you go to school. Would you wish to deny anyone who grows up near you or me the right to the full education and training benefits he can absorb even if they take it and use it elsewhere, in places such as France, Bosnia or India?

We have a system that is geared to the needs of today's employers. Let us just look around. I cannot answer the question in respect of individuals.

As regards tourism, we do not deserve to have tourists because of the way our infrastructure has been geared up. How many members of the subgroup have subscribed to and have applauded — as a magnificent development — the Titanic Signature Project for the Titanic Quarter? How many of you think that it will fulfil our ambitions so that tourist liners will tie up to the new berth that is being built and the new facilities that will be provided? The answer is that we have such modesty in our proposals and such slowness in their development that we will be celebrating the Titanic 150 years after it sank rather than 100 years after it sank.

As regards the Giant's Causeway project — how long has it been since the facilities burned down?

The Chairman (Mr Wells): It was in 1999.

Mr Simpson: Have you seen the replacement? Is it not wonderful?

The Chairman (Mr Wells): It is not there.

11.00 am

Mr Simpson: It is not there yet. Did it really take that long? Have you seen the draft plans for the Giant's Causeway in comparison to Glenveagh in Donegal or any other tourist area?

You will smile at this: for my sins, I recently visited the scene of the Battle of Waterloo — no, not on the River Boyne — the Battle of Waterloo. A huge, superb site has been created to attract tourists. Why do we not look for role models for what we should be doing? Yes, we have natural assets, but we are not enhancing them.

Mr McNarry: Hear, hear.

Mr Simpson: If all the questions take as long to answer as that one, you will be here until lunchtime.

The Chairman (Mr Wells): Yes, that is a good point.

Mr McNarry: The questions did not take very long; the answers were the problem. *[Laughter.]*

Mr Weir: Thank you for your presentation. It was very useful in not only identifying the issues but helping to put them into a degree of perspective.

I wish to ask three questions. You mentioned high levels of economic inactivity as opposed to high levels of unemployment, which is mentioned quite often. All my questions are principally concerned with solutions to problems. First, what actions could the Government take or what changes in regime would lead to a reduction in economic inactivity?

Secondly, I was struck by the slowness of public sector delivery. You mentioned roads as one example. I recently met the Minister of Education, who explained away last year's £69 million underspend by saying that £40 million of that figure was for capital projects. Instead of making some great excuse, the Department of Education — as is symptomatic of many Departments — was not processing its activities or contracts quickly enough to enable schools to be built. What can be done to improve slow public sector delivery?

Thirdly, you mentioned yesterday's roads infrastructure announcement. Leaving aside whether a particular road should have been built, have the right broad structural priorities for roads been identified? If not, where should the focus be? Are stronger economic corridors required? Is the focus on too few single projects or should the overall roads infrastructure be built upon?

I seek your advice on those three points.

Mr Simpson: If we behaved more like other regions, around 6% more of the population would be in the labour market. In households of two or three people, some can choose to be inactive in the labour market. Part of the answer to your question is that the degree of imposed economic inactivity, as opposed to voluntary inactivity, is important.

The short answer is that surveys suggest that a significant proportion, but not a majority, of those who are economically inactive would, given the right circumstances, seek to be in the labour market. By and large, those are people on second incomes. It used to be the case that a high proportion of those people would be single parents, for whom the mixture of benefits and their ability to work was loaded against them.

What should the Government do about that? It is difficult to have a policy to encourage those who are inactive into the labour market unless the system handicaps them. Single parents were handicapped by their situation. There is a problem for rural households

that are remote from urban areas, but I cannot go further than that.

Your second question was about infrastructure timing. We must begin to say that, for the last x number of years in Northern Ireland politics, five major political parties have been in Opposition to the Government that is in charge. They have got off remarkably lightly and have not been criticised — or perhaps they have been criticised, but they have not heard it.

The third question was about roads. Various appendices, with information on the roads network, were attached to yesterday's press statement. The strategy for roads infrastructure lacks coherence. The policy seems to be one of build them here, here, here and here. The important thing is that commercial and private users should be able to drive along the transport corridors at a decent speed.

In some places, such as Newry and beyond, what are called "higher quality A1s" are being built; in other places, they are called "expressways", because each significant junction is covered by a flyover. What is wrong? Could it not be that people could commute from Newry to Belfast and from Coleraine to Derry on roads that are of the same standard as those from — dare one say it? — Dublin to the same polar points? I am not saying that the Republic does it better and that Northern Ireland should copy it. However, that is the standard that road users should be able to expect.

Of course, odd bits of development are needed, and those members who travel to Belfast from the north of the Province will have noticed the biggest current development scheme. There is to be a Westlink/York Street flyover to provide a grade-separated junction at the last remaining part of the Westlink that has a traffic signal. That is going to be a complicated project. Those involved need to design the York Street junction so that the traffic can flow in numerous directions. This problem was inevitable since the day on which the Westlink was conceived. Inevitably, a much worse problem will be created when the improvements to the Westlink go as far as Divis Street and stop. The motorway must stop at Divis Street because if it flowed on at those speeds, the York Street junction would not be able to cope. There is no coherence. I hope that I am agreeing with Mr Weir when I say that.

Mr Weir: Yes.

The Chairman (Mr Wells): Are you happy enough, Mr Weir.

Mr Weir: Very much so.

Dr Birnie: Over the past 50 years, we in Northern Ireland seem to have become good at producing lengthy economic strategies and analyses of problems — indeed, in your background paper, you refer to the part that you played in two such reports in the 1960s.

However, the strategies and analyses do not seem to be fully implemented or adequately evaluated. Why is that? Secondly, the subgroup has taken evidence from a range of witnesses, and, on fiscal incentives, it is being torn in two directions. Some witnesses argued for the lower headline rate of corporation tax, while others argued for the higher tax credits that you mention in your helpful paper. As a professional economist, which do you think would have the greater impact on private sector investment?

Mr Simpson: I shall answer your first question while I think about the answer to your second one. The easy answer to your first question is "Yes". I remember when we were asked to write what became the 'Task Forces for West Belfast and the Greater Shankill' report. One of the councillors at the initial meeting said that his fear was that we would prepare a volume that would either sit heavily on a shelf or would be useful as a doorstop. I am still living with the consequences of that.

The short answer is that there are a lot of people in the public sector who think that, once they have written a strategy paper or a vision paper, whether on general economic progress, innovation, R&D, or training, somebody else will deliver it. We have lost the challenge to senior public servants to deliver policy as well as developing it. There are a lot of examples — I will not use any, in case it gets back to those concerned — of people who, faced with converting policy into operation, make it into a consultancy project. The consultants get called in. If you are going to be one of these high-grade civil servants and cannot convert policy into operational delivery, someone around you should be challenging you, and you should not be left there, if that is your weakness.

Your other point was about fiscal systems. I daresay some of you will agree that the best recent public relations campaign in fiscal events has been the degree to which the Northern Ireland Manufacturing Focus Group has sent out its message. It is horribly flawed, but persuasive.

Mr McNarry: Sounds like DUP policy.

Mr Simpson: They are faced with a choice. Should we have lower company taxes? Would that be more effective than some of these other things? The short answer is that, as long as no one does anything else that is nasty, of the choice that they give I would prefer corporation tax to be lower. However, it is a hypothetical question, because that is not the choice that is open to us.

I know that influence is being exerted on the Chancellor of the Exchequer to try to get him to take a softer view of these things. I was told two years ago to forget about it, as it would never happen. In more recent months I have been told that it might happen.

Would you consider it a success if you got the Assembly up and running, with devolved responsibility for planning the economic future, and for a defined period were allowed, as a concession, to have a corporate tax rate of 10%, 12% or 14% — anything but 12.5%?

A Member: The rate in the Republic.

Mr Simpson: It would be difficult to do, but at the moment it is being held out — and this is what I was referring to when I said not to go for the single solution — as if it were the single solution. It is not. In fact, if it were given to us as a community, and we were not doing any of these other things, we would quickly be asking what had gone wrong.

The Chairman (Mr Wells): That is very useful. I have been entranced by what you have said.

Mr Neeson: John, you and I share an interest in energy policy, but I am not going to deal with that this morning. You represent Northern Ireland on the European Union's Economic and Social Committee —

Mr Simpson: For another six weeks.

Mr Neeson: What opportunities for, and threats to, the Northern Ireland economy do you see with the enlargement of the European Union? Conversely, with the development of the global economy, is Europe still as important as it has been?

Mr Simpson: To the second question, the answer is “Yes”. The amount of trade in goods, services and people can only increase. If we do not take part in it, that will be to our disadvantage. If we do not develop a more articulate group of people who can speak several European languages, we will lose out. I am guilty myself, but it is a bit late for me to start.

As for your first question, if you raise Northern Ireland issues at the Economic and Social Committee — and, I daresay, at the Committee of the Regions — they will listen politely, then yawn and tell you to go back home and sort it out for yourself. The Peace programme is there; you are not allowed to say “nearly unique”, so let us say it has been “unusual”. We have not exploited it to full advantage, but nonetheless it has been useful.

I do not think that Europe will do any more than open up opportunities to us; it will not come along carrying a bag of goodies that will somehow solve the problems about which I have been trying to convince you. In fact, the problems that I have been talking about are within our own disposition. Therefore, we have got to be there.

11.15 am

I am worried about the expansion of Europe. There are all sorts of signs about eastern Europe and concerns about what expansion is doing to the

relocation of certain sectors of industry and to labour migration. Members may have heard the discussion at the weekend about what will happen should Britain become the main immigration point for eastern European migrants who have an entitlement. A very difficult social situation could be created. Who would have thought that Northern Ireland would have been part of the receiving area? If you had told me 10 years ago that Latvians, Poles and Lithuanians would be in either Dungannon or Newry, I would have said that they had a lot more sense. However, they are there.

The Chairman (Mr Wells): I will concentrate on those panellists who are sitting on my left, so Ms Gildernew may ask a question.

Ms Gildernew: Mr Simpson, you are very welcome, and thank you for coming.

Given that the Assembly and the institutions that were envisaged in the Good Friday Agreement are not functioning, to what extent is the lack of political stability hampering our economy?

Your points about education were pertinent, given that a quarter of children here live in poverty. Your comment about behavioural patterns making young children no longer suitable for educational requirements was staggering. How much of that comes from the self-fulfilling prophecy of those communities that do not feel that they have the confidence to move away from such attitudes? How much of that is tied into an economy that has been described as dysfunctional?

When I was on the Committee for Social Development, I heard a lot about parity legislation. However, sometimes it is like groundhog day; we have had this conversation with so many British Secretaries of State. Projects such as Sure Start and Home-Start receive mainstream funding in England, Scotland and Wales. We fund projects such as those differently. We need those kinds of projects to lift communities out of the depression in which they find themselves. We lag far behind England, Scotland and Wales on pretty much everything — university places, healthcare provision and roads. We are repeatedly told that we do not pay as much and that there has been a lack of investment in this place over the past 30 years. It would be more realistic to say that that has been the case over the past 80 years. Our circumstances are unique, and we need to catch up.

I would like to tease out how you think that the peace dividend could contribute to that and what you think about security budgets not being spent on infrastructure in areas that were hardest hit by the conflict.

Mr Simpson: You started with the general point about political instability, and then moved on to education. I am talking to this audience, so you do not need me to

say it, but people outside Northern Ireland think that we are a very odd group of people and that we have —

Mr Weir: I noticed that you looked at me when you said that. *[Laughter.]*

Ms Gildernew: I thought that that look was very well placed.

Dr McDonnell: People can understand why Jim Wells is in the DUP, but nobody can understand why Peter and Nelson joined.

Mr Weir: We cannot understand why Jim Wells is in the DUP.

Mr Simpson: Chairman, do they treat you like this all the time?

The Chairman (Mr Wells): Yes. It is because I am on the green wing of the DUP.

Dr McDonnell: These johnny-come-latelys are uppity.

Mr Simpson: We are not regarded as a settled, stable western European community, and that is a handicap. If a company were planning a major manufacturing investment — which is rare nowadays — and contemplating coming to Northern Ireland, it would ask how one could be sure that the country has settled. After all, there have been 30 or 34 years of trouble — more, if you want to take it from the Linenhall Street student sit-down, which I missed by a day. There is no getting away from that, and people sitting with you must encourage you to find answers to the questions that we are not discussing this morning.

We must talk about educational priorities and motivation in areas of need, and I have mouthed that many times in recent years. I spent a morning with a group of school principals from the Shankill area in preparation for the other paper that came out recently. It would be wrong to say that those principals are demotivated, but they no longer expect to be dealing with young people who are motivated to achieve. The teachers in the classroom feel that they cannot remonstrate with wee Johnny — or, for neutrality, wee Seamus — because his da will come up to the school and tell the teacher to leave his son alone. A common complaint from teachers in the classroom is that they can no longer expect back-up with regard to their delivery mechanisms.

One cannot get round that by saying that they have the same money per pupil as the affluent school down the road. That is not an answer. Those of you who have experience of education and library boards — they will be gone soon, will they not? — will know that the issue is there, and has been for a whole generation.

I have every admiration for one or two of those principals. I did not think that those sorts of problems existed in primary schools. I thought that they existed

only in secondary schools. However, the primary school principals told me that I did not need to go to secondary schools to see them — the problems set in at an earlier stage. It is unbelievably important that something be done about that. We put it heavily in the West Belfast and Shankill reports, and to the best of my knowledge it has not made a button of difference.

Mr McCausland: I cannot argue with that.

Ms Gildernew: Do you see the peace dividend, then, being spent not just on big capital projects but on investment in people?

Mr Simpson: For the first time, Northern Ireland has sources of capital way beyond the imagination of those who were in Government here in the 1960s. If you had told them that they could borrow capital over 20 to 25 years or that they could opt for PFI, they would not have believed you. Their money had to come out of a conventional budget.

The figures that you are criticising show that capital expenditure by Northern Ireland Departments has broken £1,000 million for the first time ever. I have been watching it for the past two or three years. It was slow to take off, but it has now taken off. We have proven to my satisfaction — and perhaps to yours — that the building industry has the capacity to build up this capital programme. The civil servants' initial answer was that the building industry would not do it; its throughput could not be increased by 50%. The short answer is that it was possible.

The same thing happened in the Republic of Ireland — I was going to say in Dublin — where building output was increased by 50% and is still growing. In the Republic 60,000 houses are built a year; we are building 14,000 a year. Has it four times the population? What do you think? Spending on capital is important; but, ironically, it does not go down well with the Treasury and the Department of Finance and Personnel. I would like some of the peace dividend spent on staffing and professional input, not all on bricks and mortar.

The Chairman (Mr Wells): Mr McElduff is not here, so I will move on to Dr McDonnell.

Dr McDonnell: John, thank you very much. As the Chairman said, your presentation was electric, and it covered most bases.

I am not much good at theoretical concepts, but I am interested in outcomes. I would like to focus briefly on whether there are opportunities in, and how they can be focused on, the areas of R&D, new technology and university pull-out. How do we get that right? It is half working — or quarter working — for us at the moment. My simple view is that unless one or two more flagships like Andor Technology are established, we will not break through. We can work on the

economy in general terms, but it is the champions that make the difference.

To go from the sublime to the ridiculous, from the new text of R&D to food, are there opportunities for us in food production?

Mr Simpson: I will start with your point about R&D and flagships. The more companies like Andor Technology that we find the better. Nobody would object to that sort of “university spin-out into industry” structure. It is creating more and more tension, particularly in the main English universities — and perhaps the Scottish ones as well. We must exploit what is there.

However, I would be a little bit modest because we have only two universities — some would say that we have three; forgive me, I am not being rude to the Open University. With such a large range of issues involved, those two universities cannot be the answer, nor can they be the equivalent of the University of Birmingham or the University of Warwick, so do not expect too much from them. On the other hand, do not leave such a development to happen of its own accord. It must be encouraged.

The arrival of Prof Gregson at Queen’s University has been interesting. He developed his expertise in university deployment into industrial development, R&D and science parks at the University of Southampton. He is a force worth having.

Unfortunately, there was a period when the two universities played selfishly, one against the other, in this exercise. I would have thought that as new vice chancellors have been appointed at both the University of Ulster and Queen’s University the time has come to encourage them to do a bit more. They should not be shy if the net result is that they take up alliances with some departments and universities outside Northern Ireland. This is a more complicated set of arrangements than simply finding the man involved in electrical engineering at Queen’s University who can give his technology to a company such as Andor Technology. We must encourage it, and we must demonstrate success stories.

What was your second point?

Dr McDonnell: Do you think that the competition between the two universities is as intense as it was?

Mr Simpson: I do not think that it will be.

Dr McDonnell: Is that not maturing?

Mr Simpson: Some sort of competition between academics — “I am better than you” — is no bad thing, but competition as to what will happen in which facility is a bit of a waste.

Dr McDonnell: The other question was about food.

Mr Simpson: I noted with interest the study on the food industry led by Dan Flinter.

The scope does not seem to exist, or if it does, they have not found it. We are a commodity food producer. We work one step down the processing line. If you ask the dairy industry and the milk processors what more they can do to add value and gain an international market, they have great difficulty in telling you where their ambition lies. The dairy industry is under serious threat. Dairy farmers believe that they are getting very low prices at the moment, and they are right. The reasons for that are that partly due to European policy, which is partly offset by single farm payments, so that it is not entirely a one-way ticket.

11.30 am

We need greater success in dairy farming and in red meat farming. During the hassle of recent years, the red meat industry did not lose money. It was never under the same threat as the dairy processors. It seems to me that there is scope for success in that sector. The old story that we were taught as children says that we are good at growing grass. In the next 10 years, as the climate changes, Scotland and Ireland — the whole of the island — may have the advantage of having some of the best grass-growing areas of Europe. We may become a good grass-growing area with a plentiful supply of rain. Did you ever think that you would hear that that was our advantage?

The Chairman (Mr Wells): We will allocate another five minutes for this discussion. Mr McElduff is not back in his place, so Mr Dallat is next, then Mr McElduff and Mr Ford. I try to give every party a fair crack of the whip. This is fascinating stuff; I could sit here until midnight and still not be bored. However, the difficulty is that the Department is waiting to come in. Can we try to get through this as quickly as possible?

Mr Dallat: There is an argument that tax breaks and fiscal incentives are really a reward to existing businesses, rather than something that might encourage new initiatives. That applies particularly to small businesses. What advice would you give to a new Assembly to address that issue?

Mr Simpson: The starting proposition is correct. The main benefit of a tax change normally applies to existing businesses, which are certainties. It will apply to people who are not there, provided they come. Will that make a difference so that more of them come? The short answer is that there will not be more of those businesses coming to Northern Ireland if the infrastructure, skills and other problems that are on the table are not solved. We have to solve those problems.

As for small businesses, the tax system is already loaded so as to hit small firms more lightly. If the Assembly existed, you might want to consider how

you could make that lighter still. I am not sure how you would do that. In theory, when you get round to reviewing rating policy as it applies to businesses — and I mean rating policy for all businesses, not just manufacturing — it might be within your discretion to take into account variables such as size and location. That is worth thinking about. The basic question that you have to answer is: if you want to abolish corporation tax — which will cost £200 million — on what will you not spend £200 million?

Some people think that efficiency savings are easily made, but it is not so. It may be necessary to change the structure of Government, but that will not be because great efficiency savings have been made.

The Chairman (Mr Wells): To keep within our time, I ask Mr Ford, Mr McElduff and Mr McCausland to restrict themselves to one question, and then Mr Simpson can finish by answering them.

Mr McElduff: I am interested in your views on the education and skills strategy. You said that it was about the needs of tomorrow's employers.

Mr Simpson: As well as today's.

Mr McElduff: In relation to the South, how has the education and skills strategy contributed to the success of the economy?

Mr Simpson: Do you want me to stack that one?

The Chairman (Mr Wells): Yes, and then Mr Ford and Mr McCausland.

Mr Ford: You said that we do not deserve tourists. Is that the fault of the public sector or the private sector? Who should be addressing it?

Mr McCausland: It was said earlier that there were issues around scale and speed of delivery in relation to major signature projects. How do we address that? Where does the problem lie, and how do we put it right?

Mr Simpson: Questions two and three run together.

With regard to Mr McElduff's question about the skills strategy, one of the models many of us have watched with interest has been the development of the regional institutes in the Republic. The young up-and-coming economist Garret Fitzgerald and I share the view that the regional institutes have made a significant impact. I recently heard Garret expound that argument to an audience of Northern businesspeople.

We have been, and are, too slow. We now have a strategy paper for the further education (FE) colleges. I believe it is called 'FE means business'. How are we going to embody this? The number of FE colleges is to be reduced from 16 to six. Is that cause and effect? I do not follow. It may be that the six is desirable. Who is going to give the new momentum to the FE colleges? I am involved in a small way with the skills group, so I have to plead interest.

The short answer is that the FE colleges still, to a large extent, determine for themselves what they offer. That cannot be right. It is almost as bad as the universities doing the same thing.

Mr Dallat: Or the schools.

Mr Simpson: The FE sector has chosen the six key vocational areas that the colleges should concentrate on. I have seen the list; it is impressive, and in roughly the right areas. One would not dispute it much. They told me that the six areas had been successful. I looked at the figures, and five of the six have not gone up. One has gone up quite significantly. That, for me, shows the degree to which there is no adequate challenge to make sure that improvements happen.

Moving on to tourism, and whether to blame the public or the private sector: I listen to every major policy statement made by the Tourist Board. I read their documents carefully, and know to use the phrase "signature project". However, I do not have a feeling of coherence — that there is a group who are giving leadership.

It so happened that we picked on the Giant's Causeway. I would also pick on the Titanic project. The one example that is under-exploited, but moving nonetheless, is the city of Derry, which has the potential to be drowned by tourists. It is a walled city that has developed some of its cultural institutions and buildings, such as the Fifth Province heritage centre. They have shown imagination.

It is not simply a question of public sector versus private. Where the public sector is needed, are we encouraging it and doing it the right way?

With regard to tourism and the Titanic Quarter, members should see the berth at which cruise ships tie up in Belfast harbour. Would you take your aged aunt to visit that berth? Not a chance! When tourists dock there, the first thing that they probably want to do is get on a bus and leave. That is not the way in which a tourism industry should be run. The blame lies with all the institutions, both public and private. We are allowing market forces to increase tourism, which is about right. However, market forces are not integrating public assets and policy with the private sector. I am not trying to make another million-pound capital gain for Billy Hastings or any other hotel owner.

The Chairman (Mr Wells): Thank you for a fascinating presentation.

Mr Simpson: Please do not tell the Department of Enterprise, Trade and Industry (DETI) that I was here.

The Chairman (Mr Wells): I am sorry; we neglected to tell you that representatives from it slipped in about 40 minutes ago.

Mr Simpson: Did they? Of all the dirty tricks!

The Chairman (Mr Wells): You will receive a Hansard report of your presentation, which you can check. Once again, we appreciate all your help.

We are running over time, but it has been justified. I can chair only the first two sessions, but Mr Molloy has agreed to chair the third, so I will slip out when DETI has finished giving its evidence.

I welcome Wilfie Hamilton, Graeme Hutchinson and Stephen Quinn. Mr Quinn moved to DETI from the Department of the Environment (DOE), via the Department for Regional Development (DRD) — a less complex Department than the DOE, if I may say so. You will have received our terms of reference. As you saw with Mr Simpson, there will be an opening presentation and then there will be an opportunity for members to ask questions. That should last one hour. We are grateful to you for coming at such short notice to provide evidence to the subgroup.

Mr Stephen Quinn (Department of Enterprise, Trade and Investment): Thank you for the invitation. Wilfie Hamilton is the deputy secretary on the policy side of the Department; and Graeme Hutchinson is the head of the economics division. We will address the three elements of the terms of reference, as requested. However, first, we thought that we would offer a high-level overview of the Northern Ireland economy, starting with slide 4 of the presentation.

The slide shows some of the positive trends that we have observed. There have been improvements in economic growth, employment and manufacturing output. The growth in employment and output in private services is particularly striking. That has resulted in some welcome convergence towards the UK average gross value added per capita. However, that figure should carry a health warning: it is heavily skewed by the performance of London, the south-east and the east of England, which are areas of high economic growth. If we were to remove that element from the UK average figures, Northern Ireland's performance would be seen in a more positive and realistic light.

Similarly, in the Republic of Ireland, one assumes that levels of economic growth in greater Dublin are more rapid than in counties Leitrim, Roscommon, Donegal, and so forth.

11.45 am

The bottom line is that Northern Ireland no longer sits at the very bottom of the UK regional economic league, although it is towards the bottom. Northern Ireland is now about third from the bottom, just above Wales and the north-east of England.

The subgroup's terms of reference highlight the fact that difficulties and impediments to local economic growth exist. Slide 7 focuses on the relatively low

productivity in the private sector. While the Department attaches particular importance to that issue, that is not a criticism of the private sector or an attempt to deflect attention away from the public sector.

The main reason for low productivity is that Northern Ireland is not well represented in the highest-value-added sectors of the economy. I emphasise that point because some public debate on the Northern Ireland economy suggests that, if the politicians were to reach a political settlement and Ministers and Departments were to sort out public policy, everything would simply fall into place. The business sector has a dynamic role to play, which, coincidentally, is reflected in an article in today's 'News Letter' by Frank Bryan, Chairman of the Institute of Directors, where he balanced the three legs of the stool very well. Business also has a job to do.

The problem with our economic structure is illustrated in slide 8; the slide is a little complicated, but the basic message is clear. Northern Ireland is under-represented in business services, in the finance and communications sectors, which, typically, deliver high-value-added and high productivity. Conversely, Northern Ireland is over-represented in construction, agriculture and public services, which is why the rate of economic growth and GDP per capita is not as high as we would like it to be.

Slide 9 demonstrates another problem, which was mentioned by John Simpson. Northern Ireland has a disproportionately high level of economic inactivity in the working-age population. Indeed, we cannot even hide behind the UK average. When the UK is disaggregated into its constituent regions, Northern Ireland has, by some degree, the highest levels of economic inactivity. Not only does that impose significant costs on the economy through the social security system, but it represents a potential loss of productive capacity. Some people could contribute more actively to output, especially at a time when the labour market is tight. During John Simpson's evidence session, the subgroup touched on the fact that Northern Ireland imports foreign labour for tourism and the construction industry.

The subgroup's terms of reference also refer to fiscal incentives being used to encourage foreign direct investment (FDI) and indigenous development. The key points are shown in slide 11. FDI firms in Northern Ireland have higher productivity rates than indigenous firms. That is not a criticism of indigenous firms or their employees: FDI firms are larger, invest more heavily in technology and have management practices that are more advanced by virtue of their size and sophistication.

Also, when FDI firms come to Northern Ireland, they tend to operate in sectors with higher value added and which have the most going for them.

Invest Northern Ireland (INI), which attracts criticism from time to time — and I know that Leslie Morrison has been a witness for this subgroup — has been relatively successful in attracting FDI to Northern Ireland. That success is because INI seeks to do its job professionally and because Northern Ireland has been, and is still, permitted to offer slightly higher rates of support to FDI firms.

As the subgroup will know, Northern Ireland and Invest Northern Ireland inevitably tend to suffer in comparison to the Republic of Ireland. However, the same could be said about virtually every region of the European Union. The Republic of Ireland has been uniquely successful in attracting foreign direct investment. The comparison between Northern Ireland and the Republic of Ireland is relevant but can be harsh given the differences between the two jurisdictions.

The debate on fiscal incentives has focused largely, but not exclusively, on corporation tax and particularly on the comparison of the headline rate with the Republic of Ireland. It is worth noting that although the UK's headline rate of corporation tax is 30%, SMEs pay the 19% rate, and John Simpson hinted at that earlier. The vast majority, somewhere in excess of 70%, of firms indigenous to Northern Ireland fall into that category and therefore pay corporation tax at 19%. Looking at the headline rate comparison does not tell the full story. When effective rate comparisons and all relevant considerations are taken into account, the gap still advantages the Republic of Ireland. However, the gap is not as wide as when simply looking at the two headline corporation tax rates.

R&D tax credits are already available throughout the United Kingdom. The Economic Development Forum (EDF) commissioned research on whether higher rates of tax credits would have a significantly positive impact on the Northern Ireland economy. It is fair to say that the results were interesting but not overwhelmingly positive. There is some evidence that small firms in particular are simply not attracted to the application process for tax credits, which they find slightly intimidating. There is, therefore, still a preference for grants over tax credits, even for R&D firms. It was, therefore, not obvious that even if higher tax credits were available in Northern Ireland, they would have a major transformational impact on the economy. The Department of Finance and Personnel (DFP) is still in discussion with the Treasury on that matter. The research has been made available to DFP, and it is exploring the potential of tax credits with the Treasury.

Slide 13 of the presentation relates to the third element of the subgroup's terms of reference: a positive economic package and how that might be delivered. I place particular emphasis on the second part of that sentence. This subgroup has already taken evidence from the Northern Ireland Business Alliance, is due to

hear from the Industrial Task Force and has probed John Simpson on fiscal incentives etc. DETI has also been talking to those agencies, which are either collectively or individually represented on the Economic Development Forum.

It is worth reflecting on the context in which an economic package would be proposed, if that is what the subgroup is going to do. First, to make an obvious point, Northern Ireland is part of a unified taxation and public expenditure system, with only local taxation subject to variation.

Secondly, Northern Ireland public expenditure remains relatively high compared to the UK average. Our argument has always been, and will continue to be, that that reflects higher levels of social and economic need in Northern Ireland. Therefore, the higher level of per capita expenditure can be objectively justified.

It is worth reminding ourselves, however, that we are no longer at the very bottom of the UK regional economic league; we are third from bottom. Those factors are likely to shape the UK Government's view — from a London perspective — of any proposals that are made.

Finally, at the session at which Leslie Morrison gave evidence, Mitchel McLaughlin may have made the point that, if regional tax variations are being contemplated, there may be an EU state aid hurdle to surmount. I think that there was a similar case in the Azores, but I am not intimate with the detail.

I laboured those points a little, because when you read the third criterion in the subgroup's terms of reference, the issue is not only how a package might be structured but how it might be delivered. There is both a political test and a technical test to be met. You must clear a political hurdle with the UK Government when you argue that Northern Ireland should be in the unique position within the UK of being granted such a package. You might also need to look at technical issues. If variations in corporation-tax rates are granted, how do you stop people from relocating from one part of the UK to this part of the UK, simply to avoid tax?

Assuming that those hurdles can be overcome, we would like to see the package constructed around the four key economic drivers that were identified in 'Economic Vision for Northern Ireland': innovation; enterprise; skills; and infrastructure. Members are obviously familiar with their importance. Therefore, the greatest benefit to the Northern Ireland regional economy would be for any package to be built explicitly around those four drivers.

The final slide is a bit narrow, in that it focuses exclusively on DETI interests. As part of any wider package that might focus on the four drivers, DETI will promote high-quality investment through Invest

Northern Ireland, improve telecommunications, develop the energy market and invest in tourism, particularly in product development. They are services that would be of some value.

I just wish to emphasise that that is not the Department's final word on the subject, or even its most important word. If an economic package for Northern Ireland is to be developed, it should be broader than what is outlined in the last slide and should identify, for example, the components that relate to skills and economic infrastructure. The former falls more into DEL's remit and the latter more into DRD's remit.

I have given a very broad and quick response to your terms of reference, Chairman. I hope that it has been of some help. We will do our best to assist the subgroup further by answering its questions.

The Chairman (Mr Wells): It is also a very well targeted response. The subgroup appreciates that you have homed in on its three criteria. Various members have asked to speak, but I will give priority to the left-hand side of the room, which asked the tail end of the questions to the previous witness.

Ms Gildernew: I am not fixated with FDI. That may be due to the fact that I represent Fermanagh and South Tyrone, where we have not seen an awful lot of it. It is important that we see more support for indigenous companies that provide sustainable employment. Mr Quinn, you glossed over the fact that FDI does not tend to stick around for ever. That fact needs to be acknowledged.

How are you engaging with other Departments in the North, such as the Department of Education and the Department for Employment and Learning, and with Departments in the South to try to turn around economic inactivity? The fact that we have the highest levels of economic inactivity is a damning indictment of us all. Some of that may be down to areas such as Strabane, which was considered an economic black spot, but there are many economically inactive people in areas where there is employment.

The Strategic Investment Board's investment delivery framework states that one of its priorities is a society based on partnership, equality, inclusion, regional balance and mutual respect. To what extent does that factor into your work?

Your tourism slide referred to investment in signature projects. Has the Ulster Canal made it onto your list of signature projects? As a cross-border infrastructure investment that will eventually link Coleraine with Limerick through our inland waterways, it is a huge project. What is your thinking on that?

12.00 noon

Mr Quinn: I will kick off and my colleagues will come in as necessary. I would like to make a point about economic inactivity. One of the reasons that Northern Ireland has a high number of economically inactive people is that many of our people are in full-time education. It is not all bad news. Nonetheless, I agree with you that it is a significant problem for us as a regional economy.

Ms Gildernew: You also heard John Simpson speak about children in primaries 1, 2 and 3 who were already showing signs of being economically inactive. That needs to be addressed. We cannot gloss over the huge problems in our education system and in our communities that lead to such economic inactivity.

Mr Quinn: You asked what we do to connect with other Departments. You probably realise that the Department for Employment and Learning has the policy lead in this issue and that it has its hands on most of the policy levers. The Department for Employment and Learning, Invest Northern Ireland and the Department of Enterprise, Trade and Investment have standing liaison meetings. At our meeting last week we considered the supply of people with information and communication technology (ICT) skills to the Northern Ireland labour market, although I realise that that may not be germane to your question. I am glad to say that we received a very positive, practical, problem-solving response from the Department for Employment and Learning.

There is at least a mechanism to ensure that policy and service delivery connections exist across the board.

Mr Wilkie Hamilton (Department of Enterprise, Trade and Investment): You are absolutely right to say that we need to do much better. So much of our economic inactivity is related to a lack of skills and education — many people do not seem to have the skills to get into the labour market. That is why the economic vision refers to going back to the primary education curriculum and building up from there. We need a coherent approach; if we do not have one, we will fail.

Through measures such as exchanges between the Department of Enterprise, Trade and Investment, the Department of Education and the Department for Employment and Learning, we have tried to build a sense of economic enterprise into the curriculum. That is our focus. As part of our work on North/South economic co-operation, we have examined the issue with the Department for Employment and Learning and the Department of Enterprise, Trade and Employment in Dublin. There are important lessons to be learnt, because there are serious skills shortages in our economy across the board, North and South.

That is why economic inactivity is highlighted along with low productivity as being the two big curses that hold back the economy and why tackling economic inactivity is central to the economic vision. The economic vision centres on the work of several Departments, because we need a coherent approach.

Mr Quinn: I have two quick points. Some of Invest Northern Ireland's programmes reach directly into schools. Invest Northern Ireland's annual business and corporate plans also set testing targets for locating investment in New TSN areas. At 50%, 60% or 70%, the targets are high. There has been, and continues to be, a significant attempt to ensure that investment is spread in a balanced way. Think back to last December, for instance, when the Secretary of State announced a substantial industrial investment in Derry, of more than £20 million in Seagate Technology (Ireland) Ltd.

There has been an attempt to spread investment, but I take your point — recently a factory closed in Lisnaskea in your constituency. That is obviously a cause for concern.

Ms Gildernew: What are your signature projects in tourism?

Mr Quinn: The direct and candid answer to your question is that the Ulster Canal is not among the six listed signature projects; there would have to be a change of policy in the classification to include it.

The Ulster Canal would involve a significant capital investment, which could be upwards of £60 million, perhaps even into three figures. That would be an extensive capital project, and even if the policy classification were changed, there would still be the issue of budget affordability.

Mr Hamilton: The Ulster Canal has been on the agenda for several years on a cross-departmental basis. The figure that I have seen was much higher than £60 million. It depends on how you approach the project — a start could be made and the project could be tackled on a modular basis. It is being talked about, but it has not been included in the tourism signature project.

In spite of what John Simpson may have suggested earlier, the tourism programme is a genuine attempt to produce a coherent framework. We have said that Northern Ireland has not invested in its tourism product for a very long time, for obvious reasons. In situations where European funding has been available for projects, private promoters have not come forward, have withdrawn after having come forward, or have not met the timescales that they said they would meet because it is still a high-risk business. There is still a high degree of market failure. It is therefore important for us to promote tourism. However, the signature projects were a way of creating a ring of projects around Northern Ireland in order to make it attractive

to the visitor, and they were developed as part of a coherent approach.

Dr Graeme Hutchinson (Department of Enterprise, Trade and Investment): A point was made initially about competitiveness and foreign direct investment. If FDI is coming to Northern Ireland on the basis of cost, firms will be footloose and will move quickly when costs rise, which will be to our disadvantage.

Evidence points to the fact that if companies are locating in Northern Ireland or in any other region with a good skills base and where they can tap into local supply chains, the embedment in the local regional economy is much stronger. That applies in situations where firms are locating not for costs, but for skills and other wider value-added purposes.

Ms Gildernew: That is the reason for the impact on the textiles industry. Firms can find skills elsewhere if costs reduce on a global scale.

Mr McNarry: You are very welcome, Mr Quinn. I found your overview of particular interest. Conforming to the Chairman's rule about three questions, I wish to raise a point of curiosity. In recent years, has a direct rule Minister ever asked you to prepare a response to similar issues such as those that this subgroup has put to you?

Mr Quinn: As I only arrived at the Department in January, I am ill equipped to answer that question, which is perhaps a crafty way of passing it to Mr Hamilton.

Mr Hamilton: Each time a Minister wishes to talk about a policy initiative or wishes to do something different, we have a situation such as this. Certainly, when it comes to budgetary responses, Ministers ask us for suggestions that we can put forward to the national budgetary debate. This situation is a very concerted form of that. The context is slightly different in that in this situation, there may be arguably a unique window of opportunity for politicians to come together and say, "We think that this would help Northern Ireland to make the transition from where we are now to where we want to be."

Mr McNarry: I am conscious that this may be unique, but I would have thought that a Minister would be doing the obvious in addressing similar points. Therefore, in light of what Mr Hamilton has said, is it possible that the subgroup could see some papers on your responses to the Minister's questions similar to the ones we are asking? The reason that I ask that is that we rely on a Minister to bat for us in the Budget. I do not believe that direct rule Ministers do bat for us, but I am open to seeing the evidence that they have done so.

Moving on from that, if a Minister were to have asked you to address the three issues, would you have

given the same presentation that you have given to the Committee? This is a terrible presentation, and you have not backed it up. The arguments that would be valuable to this subgroup seem to be very weak.

This subgroup is charged with reporting to the Preparation for Government Committee, which is likely to encourage an Assembly debate as a result of that report. Is it possible — and I am sure that it is — for you to present some written arguments, particularly on terms of reference 2 and 3, that would helpfully contribute to the subgroup's report to the Committee? That would be valuable for any Assembly debate.

Written arguments would assist the subgroup in making its report, which will be recognised and, it is hoped, adopted in potential negotiations between the parties, individually and perhaps collectively, and the Government. Those negotiations will particularly focus, as I am, on extracting an economic package that will benefit Northern Ireland.

I would have hoped that you could have backed up your arguments. Your presentation addressed terms of reference 1 and 2 in relation to the economic package. I appreciate that you have only been with the Department for a short while, Mr Quinn, but your predecessors would have assisted Ministers in negotiating budget allocations for years. I would have hoped that your presentation would have reflected that and that you would have given the subgroup some idea of the arguments that departmental officials have made to Ministers.

The Chairman (Mr Wells): I am having difficulty in identifying your question.

Mr McNarry: The question is whether the Department can present arguments, particularly on terms of reference 2 and 3, that would be useful in extracting an economic package to benefit Northern Ireland.

Mr Quinn: I do not want to duck the question simply because I arrived at the Department in January. Looking back over my longer career in the Northern Ireland Civil Service, when I worked in the Department of Finance and Personnel, I regarded it as part of my job, quite frankly, to extract moneys from the Treasury over and above the product of the Barnett formula. We were successful in that for years, so there was never any lack of willingness.

The Peace programme benefited from 100% additionality from the European Union, including the co-funding element from the UK Government, and the Chancellor's package of 1998 provided capital allowances, et cetera. I am afraid that I must take issue with Mr McNarry about there being a lack of enthusiasm.

Mr McNarry: I did not suggest that there was a lack of enthusiasm; I do not see the arguments — that is what I am seeking.

Mr Quinn: We are in a slightly awkward constitutional position, in that we work for Ministers, and you are asking for arguments that will be put to Ministers.

The Chairman (Mr Wells): To be fair to the Department, it cannot be seen to be a cheerleader for a change in policy, which is what you are asking them to do, Mr McNarry.

Mr McNarry: With due respect, I am asking the Department to present some evidence where a Minister has been the cheerleader for Northern Ireland in extracting finance and making arguments for Northern Ireland. I think that the public will support me when I say that there is no evidence of that, but, if there were, they would like to see it.

Mr Hamilton: We normally deal with public expenditure through spending reviews. In that situation, Northern Ireland Ministers negotiate, as Stephen said, for the best deal possible for Northern Ireland. That is what we are talking about, and that is the context in which the Department works. We continually negotiate financial packages every year. That is part of the normal process and that is how it works everywhere — everybody is doing the same thing.

As far as this case is concerned, when the Northern Ireland Business Alliance and the parties met the Department to talk about a package, it was a different scenario in that the package recognised the circumstances of Northern Ireland and what might be done to help Northern Ireland establish itself and go forward. The difference was that this was not the normal spending review process.

The Secretary of State has said that he wants to hear the views of the political parties, and the Chancellor has offered to engage on the issues. That is where the slight difficulty lies for the Department in constructing an agenda that is taken up with London. The Department is happy to assist the work of the subgroup in whatever way it can, but it would be slightly awkward for the Department to create the agenda.

Mr Quinn: The subgroup has done the right thing by inviting the Northern Ireland Business Alliance, the Industrial Task Force and people such as John Simpson for their views, because they are in a position to give you advice, whereas we are constitutionally constrained. I am sorry about that, Mr McNarry; it is certainly not a lack of co-operation.

Mr McNarry: I understand your position fully. However, if the subgroup could see some evidence of what the Minister asked when dealing with the same questions, it would be helpful in constructing a process for the future.

12.15 pm

Dr McDonnell: I hope that I can be quick. I am returning to the question that I asked John Simpson,

which concerned funding for R&D and the development of new technologies. I believe that value-added, high-wage jobs will come from the universities in those areas. Which Department is responsible for funding and promoting R&D? Is it DETI or DEL? Which Department is responsible for working with organisations such as QUBIS Ltd and UUTech Ltd? Does their funding come from DETI or DEL? In other words, where does the rubber hit the road, because I am deeply disappointed that Government are not investing in QUBIS Ltd or, to a lesser extent, in UUTech Ltd? They are starved of funding. Government can pay all the lip service they like to the need for more R&D, but those are the flagship R&D bodies operating at the cutting edge. If they are dying or withering or not working, nothing else will work.

Mr Quinn: I agree absolutely that Northern Ireland could do with more companies such as Andor Technology Ltd. It is a flagship company, and DETI would like to see many more like it. It is worthwhile recording the point that business expenditure on R&D tends to have a more direct and positive impact on the regional economy than university R&D. That is not to decry university R&D, but it tends to be further away from the market.

Dr McDonnell: We quite agree with you.

Mr Quinn: I made those two observations by way of background.

Mr Hamilton: You are absolutely right to say that this is a rich area for change. Northern Ireland needs to do better. Every region in the world feels that it should be doing better, so the question is how can distinctive change be brought about in Northern Ireland. It goes back to what we said earlier about the need to be more coherent. It is all to do with how science and similar subjects are approached in schools and universities, and how university research is taken forward. Are there enough PhD students? Are there enough researchers in universities? How can that research be commercialised? How can things be improved? Is additional funding needed to make it possible to develop more companies such as Andor Technology Ltd?

Funding is split between a number of sources. DETI and DEL have a role in it, but other Departments fund research also. For example, the Department of Health, Social Services and Public Safety funds research into health technology. I suspect that it would be easy to make a case for additional funding for R&D. Of course, there may be limits — it must be sensible funding. DETI is involved in the US/Ireland concordat for research, which is an important development. It is in its infancy. Where is it going to go?

There is both a qualitative and quantitative dimension. Dr McDonnell is right to highlight the issue, and I suspect that if DETI were to bring forward new

suggestions, research and funding would be an area on which we would want us to focus.

Mr Quinn: Invest Northern Ireland's budget for innovation, which includes provision for R&D, is approximately £40 million. That might be an area where more could be done. However, realistic figures are in the tens of millions, not double or treble that. There is always the risk of money chasing projects, which can lead to compromised quality.

Mr Hamilton: Changes such as those would be important to the R&D sector, where DETI has been spending approximately £9 million or £10 million on the Higher Education Innovation Fund (HEIF) and approximately £5 million on the Proof of Concept programme. Even if that were doubled, it would not be a huge amount of money, but it is hugely important in this context. As I say, it is all relative to public expenditure priorities.

Dr Hutchinson: The problem is quite easy to understand. I concur that R&D and innovation are the most important drivers for value-added activity. The problem is that Northern Ireland has so few firms conducting R&D. The Department carries out an R&D survey and receives little more than 300 returns. That is the number of firms that are serious about R&D. We must widen the base and encourage those firms that are already carrying out R&D to do more. We are working with the Economic Development Forum, and collaboration seems to be an issue. Northern Ireland is an SME economy. We need to hook up with further education rather than higher education and try to get commercialisation of R&D to the marketplace.

Dr McDonnell: If all those things were to be done, there is still the eye of the needle — that is, we are not investing in the narrow alleyway from university out to the street. QUBIS and UUTech are not high enough priorities. They are like the tails of the universities.

Mr Hamilton: There is no doubt that funding is an issue. If funding were to be increased, we could probably do more across the board, not only in the Department of Enterprise, Trade and Investment. Pre-seed funding and such matters that are related to the early stages of a process are particularly tricky.

Dr McDonnell: I am talking about core funding for QUBIS rather than funding per project. Does core funding come from DETI?

Mr Quinn: Core funding for universities comes from the Department for Employment and Learning.

Dr Hutchinson: Higher education R&D is higher in Northern Ireland than in other parts of the UK, and indeed Europe. Business expenditure on R&D is lower in Northern Ireland than anywhere else.

Mr Hamilton: The economic vision wants the business community and the political parties to sit

down with Government and tell us what we are doing well with skills or innovation, where the gaps are, and how those matters sit in relation to one another. Northern Ireland is a small region, and that is a key issue. If you had representatives from the two universities, from two or three Departments and two or three key individuals from the private sector, you could identify your policy gaps and take action. The fact that the region is small should be decisive in relation to our responsiveness.

Mr Ford: I want to follow the R&D point slightly further. You have highlighted the low uptake of tax credits on R&D, which is a function of our SME economy. Whose duty is it to build networks that will promote collaboration and encourage small businesses? If we assume that there is not much footloose FDI floating around that is available to us — other witnesses have told us that we must grow our existing firms — one option must be to grow at the micro level.

Mr Quinn: Invest Northern Ireland is the leading agent on that issue. R&D programmes such as Compete are designed to encourage the quantity and quality of R&D in Northern Ireland. It is an uphill struggle because of our SME structure. SMEs see R&D as a cost rather than an investment, and they are reluctant to become involved. Smaller firms are reluctant to engage in the bureaucracy and red tape of applying for a tax credit. Northern Ireland firms are more grant-oriented than tax-credit-oriented.

Mr Hamilton: That consideration is not unique to Northern Ireland. It is a complex process. We tend to talk about R&D or innovation on that side of the spectrum. Michelle spoke about our indigenous businesses, and process innovation is hugely important. It may well be that we need to make small companies work better, help them to change their processes and see market opportunities.

Therefore it is important that we do both in the spectrum of innovation. Research and development and process innovation are necessary to make them better companies.

Mr Ford: May I ask a further question, since I did so badly last time.

You said that the employment structure, specifically in agriculture, is a low value added, but significant, section of Northern Ireland's economy. The advantages that we have in certain aspects of agriculture may be crucial in Europe in future — John Simpson highlighted our ability to turn rain into grass. Obviously there is the question of adding value through microfarm diversification, but significant work is also necessary to add value to agricultural produce at the macrolevel. Whose function is it to carry that through, and what ideas does the Department have?

Mr Quinn: The interest in and locus of that subject cross departmental boundaries. Invest Northern Ireland and DETI have an interest in the food sector, as does the Department of Agriculture and Rural Development (DARD). Some time ago DETI and DARD set up the Food Strategy Implementation Partnership (FSIP), which has produced ideas about how best to develop the food sector. The Departments are thinking about those at the moment. However, improvements have been made in the meantime. There is a flow of support from Invest Northern Ireland to food sector companies in Northern Ireland.

Mr Ford: Can we expect the strategy to be implemented soon?

Mr Quinn: Yes. That was the bit of John's presentation that raised my blood pressure a wee bit.

Mr Hamilton: A great deal of work has been done on the strategy. There is, of course, an organisational element to it, but many individual recommendations have been or are being implemented.

Mr Weir: Mr McNarry mentioned the patchy performance of some direct rule Ministers. Does the lack of priority given to economic activity and development in Northern Ireland go deeper than those performances? I do not mean to criticise our devolved Ministers, but when direct rule Ministers or Northern Ireland Executive Ministers get additional money through a block grant or some other means, it is inevitable that healthcare, education and infrastructure proportionately become top priorities. I suspect that the same might happen under a new Executive. In the previous devolved Administration, DETI received a decreased percentage share of the Northern Ireland budget, principally because more money went elsewhere. In that case, will we have to give greater priority in our own minds to economic activity?

In answering my questions, perhaps you could produce figures or graphs for us later rather than give on-the-spot answers now. You gave us the regional inactivity rates; however, if we wanted to compare Northern Ireland with other regions, it would be useful to have regional comparative statistics between working-age populations — who are an essential pool of people — as a percentage of the population as a whole. Do we have a larger ageing population than other areas to support or do we have a larger school-age population? Such statistics would be helpful, because they would give us a snapshot of the overall pressures.

You gave figures on economic inactivity. The previous speaker mentioned a gap of about 6%. Sixty per cent of that gap comprises the high percentage of people who are on incapacity benefit.

You have identified one of the other factors — proportionately higher numbers in full-time education — but have not given statistics for it. I do not expect it

today, but can you provide an estimate of what the gap is? If 20% of the lack of skills base is because of full-time education, we will not be particularly worried, but I would appreciate the statistics.

12.30 pm

You mentioned liaison with DEL. Partly provoked by John Simpson, I wonder to what extent there is joined-up thinking and joined-up activity within the Government on economic matters. There is a tendency — or at least this is the impression that is given to the outside — for Government Departments to operate with a silo mentality, wary of too much contact with other Departments, because they do not want to appear to be empire building. However, there is a range of issues that have strong economic development impacts on other Departments. You mentioned that with regard to the skills base.

John Simpson mentioned one other implication of that. He was critical of the roads announcement, on a broad level, because he did not see a co-ordinated economic approach in it. What level of input did DETI have into decisions, for instance, on the economic impact of regional infrastructure? Perhaps you could outline the levels of structured liaison and joined-up thinking on economic matters between Government Departments, outside ministerial level.

Mr Quinn: I agree with your first and most general point. Many of you will have experience of budget management from the time of the Assembly. Health and education are massive numbers and massive weights, and if they are given priority it is very difficult to look after everything else. You are right.

One consequence of that — whether it is attributable to direct rule or devolution — is that the proportion of the Northern Ireland total budget allocated to DETI was reduced. There was a particular impact on the Invest Northern Ireland budget, which was reduced by £40 million or £50 million. Alongside that was the concordat arrangement, which allows Invest Northern Ireland to come to DETI — and we then go to DFP, and they go to Ministers — to see if we can rectify or adjust the budget reallocation on an in-year basis.

You are absolutely right; there may well need to be a positive strategic decision taken about the priority to be given to economic development. In service of this particular set of direct rule Ministers, DETI was one of the Departments that did not have to offer options for reductions in the last budget round. DETI did not have to put its allocations at risk to the extent that some other Departments did.

Dr Hutchinson: The point on inactivity is well made in terms of giving a breakdown to see what is causing the high levels of economic inactivity. We can give data on people receiving sickness benefits, disabled people, students, the proportion that are

retired, and the proportion that are raising families and staying at home rather than going into the workforce. We can provide data for Northern Ireland vis-à-vis the UK as well.

Northern Ireland's working-age population as a proportion of the total is higher than elsewhere in the UK, and that partly reflects the fact that we have got plenty of students flowing into the labour market. Therefore, the message about economic inactivity is not all bad: 25% of the economic inactivity is due to the fact that we have a higher proportion of students.

Mr Quinn: With regard to economic co-ordination, John Simpson had something to say about the roads announcement. However, I look back three or four years to when the regional transportation strategy was being devised — that was during the time of the devolved Assembly. That was a heavily consulted strategy, and the political parties, Departments and the business stakeholders all had an opportunity to influence that.

That set up the essential anatomy of Northern Ireland's roads programme. The investment strategy for Northern Ireland pushed the resources envelope out a bit for that, and some things got added in such as the dual carriageway between Derry and Dungiven. Yesterday the envelope may well have opened a little bit further. I noticed the mention of a bypass for Enniskillen, my home town.

Mr McNarry: And Strangford was taken out.

Mr Quinn: It is quite important to remember that these things are being dealt with within a pre-determined strategic framework. It is not a matter of making free-standing decisions.

Mr Hamilton: In my view co-ordination has been better since the Assembly because it has been on genuine issues. Co-ordination for the sake of it does not work, but if it is genuine and with common cause it does work. Engagement between the Economic Development Forum (EDF), political parties, business leaders, various stakeholders and the Government, saying what works and what does not is hugely important. I do not think that stakeholders understand the nature of that. In a sense they have complete access to everything that the Government do just as we have access to what the private sector does.

I understand what John Simpson was saying about strategies, people talking about what the strategies are to be, and all the focus being on creation. The focus around the vision is about moving away from creation and taking it on to actions. Through the EDF subgroups, groups led by external stakeholders will be working out the three or four things that they need to do on innovation in the next six months to make things better.

Once those are done the groups can bank them and move on to the next lot. This is very much a rolling

process around actions. Political parties attend every other meeting to keep them involved in the process. There is a fair degree of transparency and partnership in that, and that is because we want to make Northern Ireland responsive. The focus is not on some strategy that is sitting on a shelf. We are long past that; we need action.

Mr Dallat: Leading on from the talk about co-ordination and so on, the disjointed way in which Committees worked was very obvious in the last Assembly. It was difficult to reference crosscutting issues. Only if you were on every Committee would you have discovered that everything was bogged down in the subject of literacy and numeracy. The Public Accounts Committee was bogged down in it as were the Department of Enterprise, Trade and Investment and others. There did not seem to be any clear mechanism to deal with it.

Then there were more basic problems: the Department of Agriculture and Rural Development was heavily involved in promoting business in rural areas while the Planning Service was killing it off. A local Assembly should have some mechanism to enable it to pick up on such issues and get to work on them quickly. Otherwise there will be no obvious advantage in having a regional Assembly.

What help, materials or research we could have from officials on that point? Strategies and masterplans are fine, but until local politicians sit around a table and hammer them out —

Mr Hamilton: That is the point. Strategies could have had a blunderbuss approach with forty or fifty things in them, all with the same priority level. We need to break through that. Taking the EDF innovation subgroup as an example; it is chaired by David Dobbin, and he is in the business community. David is looking across everything that is happening in innovation and wants to identify six things that must happen soon. We then have to put a named person against each of those things with responsibility for delivering them.

Alongside that we have gone very public on research. As a result of the change and since the Assembly and Invest Northern Ireland, DETI is trying to be much more representative of the whole economy rather than just, for example, the sectors in which LEDU or the IDB operated. We did not obviously support all sectors. We are trying to commission research that is of genuine importance across the board. We are trawling on the research that we should do and terms of reference for it through the EDF. For example, we need to understand what is happening in manufacturing, and we need to understand how to move through private services.

We are therefore trying to focus on an agenda. As you say, Mr Dallat, we must create the right agenda,

one that will include all the items that stakeholders believe are important. For example, the Skills Strategy, which covers a very big and diverse area, is just one of the strategies that must be examined most closely in the next six months to see if progress is being made. We must do that across the board.

Mr Dallat: Chairman, I am sorry for frustrating you, but I will be brief. The problem has been compounded by the number of workers who have come to the Province and whose skills are totally mismatched to their jobs. Some of them have extremely good academic qualifications but are doing jobs that do not require such qualifications. That is certainly not benefiting the economy, so the problem has become a little bit more international.

The Chairman (Mr Wells): Two qualified doctors from Slovenia are gutting fish in Kilkeel, so that gives some indication of the situation.

Three members would like to ask questions. Mr McElduff was brought in at end of the last question-and-answer session, so I will allow him his two questions. However, I will ask Mr Neeson and Dr Birnie to do a double act — each of them can ask the Permanent Secretary one question. This is all good stuff and it is relevant, but we are running very tight against our deadline.

Mr McElduff: Thank you, Chairman.

First, I would like the departmental officials to comment on the extent and character of current North/South activity in economic development.

Secondly, is there any real commitment to balanced regional development in economic development? Slide 11 of the presentation lists the number of inward investment projects secured in 2005-06, and the number of contestable FDI projects that came here in 2004-05. Of those projects, how many have been located in Counties Tyrone and Fermanagh?

Mr Quinn: I will answer your question on North/South co-operation first, and then ask Mr Hamilton to elaborate. My experience is that North/South economic co-operation is already very extensive. One example is physical economic infrastructure; in particular, roads. The Roads Service and Louth County Council have a joint contract to build the Newry-Dundalk element of the Belfast-to-Dublin road. Thus a project will be undertaken if there is a clear business reason for it and if it will mutually benefit the two areas. A second example, of course, is the development of the City of Derry airport, which has been co-funded by the Northern Ireland budget and the Republic of Ireland Government. Both projects are direct, concrete examples of active economic co-operation.

A third example is the trade delegation to India, which was led by the Taoiseach and on which Northern

Ireland firms were represented. The Secretary of State travelled to India subsequent to that visit and he repeated the offer, but it was just a little bit too soon after the Taoiseach's visit, so he was not able to get a positive response. Such activity, which enables people to extract direct positive business benefits from co-operation, is being carried out.

I will ask Wilfie Hamilton to speak next; he deals with his counterparts in Dublin on the elaboration of North/South economic co-operation, under the auspices of the British-Irish Intergovernmental Council.

Mr Hamilton: A huge amount of work is under way, even in new areas. The key, of course, is mutual benefit. There is absolutely no point in co-operation if it is not for mutual benefit. Irish colleagues would certainly agree with that and it lies at the heart of everything that we are doing. The British-Irish Intergovernmental Conference communiqué identified a number of areas in which Ministers have already agreed to take forward further co-operation. Stephen mentioned trade missions. It is sometimes hard for countries to undertake such missions on their own, so a joint visit is often more economically credible and viable. We have discussed sharing offices in countries overseas where Northern Ireland has no representation: Northern Ireland business people could go to such countries and use the Irish facilities. Other marketing aspects have also been considered. The proposals identified in the communiqué are really only the first fruits of that work. The idea is to work towards the publication of a full report in October.

In addition to an overseeing group comprising officials from both jurisdictions, there are seven businesspeople, including the two joint chairpersons of the North/South Round Table, the two joint chairpersons of the Confederation of British Industry/Irish Business and Employers' Confederation Joint Business Council, and the chairperson and deputy chairperson of InterTradeIreland. Sir George Quigley is also on that committee.

In this respect, we encounter some of the difficulties that we discussed with Mr McNarry. Whereas officials and agencies can look at all the things we do, there may be issues that the business community wants to look at but which lie outside our remit, because they are reserved matters or whatever. Consultants have been appointed to help with the final report in October. The areas outlined are in the communiqué from the last BIIC. We are working towards a fuller report in October, but it is extensive.

12.45 pm

Mr Quinn: May I pick up on Mr McElduff's regional development point? I do not know the answer to his question about Fermanagh and Tyrone, but we will ask Invest Northern Ireland whether they can

advise us on that. To generalise, and it is a point that I made earlier, the Invest Northern Ireland business plan targets include a commitment to put a high proportion of industrial investments in New TSN areas. Those targets are routinely hit. I do not want to anticipate the answer on Fermanagh and Tyrone, but I doubt if it will be as impressive as the answer might have been had you asked about Derry or somewhere else.

Mr Hamilton: By and large, businessmen have to want to invest. You cannot deal with them if they do not want to invest there.

The Chairman (Mr Wells): Finally, a question each from Dr Birnie and Mr Neeson.

Dr Birnie: On the issue of tax credits versus corporation tax, you mentioned some research on low uptake among small firms. What ongoing or additional research are you doing on this? It is a crucial question. Are you confident that private sector investment will be responsive to these incentives? There has long been a debate as to whether businesses here are out to maximise profits, or whether they stop growing when they reach a target profit. If the latter, they will not respond readily to a change in their net profitability.

Mr Neeson: It is apparent this morning that there are too many Government Departments in Northern Ireland. That is not a criticism of co-operation between you and the other Departments.

I want to deal with fiscal incentives. For a long time we have been trying to deal with the grant culture; is that still an issue, and to what extent have other major incentives replaced that?

Dr Hutchinson: The research found that the prospect of tax credits was having limited impact on increasing levels of R&D. That is only one element of the research; we are completing other research directly on FDI. We are looking at modelling the impact on the economy of creating 3,000 high-quality jobs per annum until 2015. We are forecasting where those jobs should be located and the impact on wages and on wider productivity. A wider FDI research project looks at the changing nature of FDI. It is not just manufacturing, it is becoming more orientated towards the service sector, which is not capital intensive. So there are issues for the Government support package for non-capital-intensive FDI.

Dr Birnie's other question on enterprise is critically important. Northern Ireland has low rates of business start-up, and low rates of business growth. There seems to be a ceiling for business growth. They service the local economy, but do not look for foreign markets to export and penetrate. We are looking at the reasons for that and what can be done by Government to make businesses grow more.

Mr Quinn: A PricewaterhouseCoopers (PWC) report, which was reported in one of the local papers today, made exactly that point. Northern Ireland firms tend to regard themselves as mature when others would say that there was still potential room for growth, so they may well settle for certain levels of productivity and profitability.

Mr Neeson's point about too many Departments echoes the words of the Secretary of State in the middle of July; to paraphrase him, there is unfinished business after the review of public administration (RPA), and the effects of the RPA will have implications for the departmental structure. Ministers will start to work their way through that as we go forward.

Mr Hamilton: The grant situation has changed dramatically, if we look at the average interventions and the range available. I suspect, however, that some would say that there is unfinished business; that there is still too much of that in Northern Ireland — people wanting to do something only if they get a grant for it.

Grants may well be necessary, and that is why we fought to have continued access to regional aid, which we were successful in securing until 2013. The key is that they must be the right grants in the right sectors for the right businesses. There is no point in getting just any investment. It must address what we need, add value in the right sectors, build clusters, or whatever.

We have also been pressing Invest Northern Ireland to diversify the range of products that it offers, to take more loans, and to take more equity. INI has told us that it would rather take a portfolio approach, and be able to look at investments across a range of activities. There are obvious difficulties with that because the public sector quite properly expects every single investment to work. Invest Northern Ireland would like to have dialogue about that to see if there was an approach that was more in line with our needs.

There is no easy answer to Sean Neeson's query. A great deal more needs to be done to help companies to help themselves and to internationalise, including export trade. We are making efforts to do more in that direction, again with our colleagues in the South, who face the same sorts of problems in many areas.

The Chairman (Mr Wells): Ladies and gentlemen, thank you. Having listened to the complexities of Mr Quinn's comprehensive list, I should withdraw my comment that this matter is less complex than for DoE or DRD. It is clearly a complex and difficult Department to run.

Mr Dallat has to be away for 1.30 pm. Is everyone else available to complete the third session? Does anyone have any pressing engagements?

Mr McNarry: I have a problem.

The Chairman (Mr Wells): I wanted to make sure that we had at least seven members left.

Mr Weir: Could we finish at 1.30 pm?

The Chairman (Mr Wells): It will more likely be 1.45 pm.

Mr McElduff: The Sinn Féin commitment is to the end.

Mr McNarry: To the end of what, Barry?

Dr McDonnell: You are just new, and you are a troublemaker. *[Laughter.]*

The Chairman (Mr Wells): It looks as though we will be OK.

Mr Weir: Is David Ford coming back?

The Chairman (Mr Wells): No, he is not.

Mr Quinn: Before we conclude, I would like to leave you with a brief postscript. I have known John Simpson for many years, and I love him like a brother. *[Laughter.]*

The Chairman (Mr Wells): But —

Mr Quinn: He made a point about implementing strategies, and I agree with that. I have worked in several Northern Ireland Departments, and I am aware of the physical development that has taken place in this region in places such as Strabane, Limavady, the Comber and the Toome by-passes, on the Belfast to Dublin road and on the Westlink. There has been an explosion of investment in water and sewerage over the past two or three years, most if it, of course, resource-driven.

Coming back to DETI's remit, the fact that Northern Ireland led the UK and perhaps even Europe in achieving 100% broadband access is an implementation achievement.

I take John's point that it has taken too long to get the visitor's centre at the Giant's Causeway moving, but what got it moving was the personal commitment and endeavour of a senior civil servant. That person is not represented in this room this morning, so I am not claiming credit for it myself, but the Civil Service and Departments have some implementation achievements to point to.

Mr Hamilton: Those of you around the table who are former members of the Committee for Enterprise, Trade and Investment will know how difficult that was.

The Chairman (Mr Wells): We remember it well.

The Committee Clerk: You have undertaken to provide information on businesses in Fermanagh and Tyrone and on the demographics of inactivity rates and verification rates. You are also conducting research on the economic impact of FDI in different regions and on tax credits versus corporation tax. The subgroup would welcome an insight into that, within the time frame, if possible.

Mr Hamilton: We should have a chat about that, but we could drown you with paper.

Mr Quinn: We will take that request away and meet again to discuss it.

The Chairman (Mr Wells): Thank you, gentlemen. We are grateful for that useful presentation.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): Good afternoon. I welcome Enterprise Northern Ireland (ENI) and thank you for attending at such short notice. After your short presentation, members will ask questions.

Mrs Ann McGregor (Enterprise Northern Ireland): I am the chief executive of ENI, and I have been with the organisation since its formation in 2000. Ken Nelson is the chairman, and he is also chief executive of LEDCOM, which is our local enterprise agency in Larne. Dr Nicholas O'Shiel is the vice-chairman, and he heads our policy group. He is also chief executive of Omagh Enterprise Co Ltd. I will provide a brief background to ENI and then talk about the important issues for the Northern Ireland economy.

ENI is an economic development agency. We focus on entrepreneurship, business start and business development across all sectors, and act as an umbrella organisation for 32 members. We lobby on their behalf and act as a policy voice for those agencies and for small businesses. There are over 5,000 tenants in enterprise agencies. Our objectives are to develop a cohesive organisation across Northern Ireland, delivering high-quality consistent services to small businesses. We also want to ensure that we can sustain that service at a local level.

ENI's role is to increase the business birth rate. Northern Ireland has the second-lowest business birth rate in Europe, and that is a high priority. We want to sustain and develop those locally focused businesses that are developed through the sector.

We welcome the opportunity to contribute to the work of the subgroup. We will comment on all elements of your terms of reference, but the Northern Ireland economy is our key area of expertise and development, so we will probably focus most on it, if that is OK.

As I said earlier, our network consists of 32 independent enterprise agencies, and we are led by 330 voluntary directors, along with key influencers from local communities. Many representatives around this table have had interactions with enterprise agencies in the past as well.

1.00 pm

Enterprise Northern Ireland has a network of 200 staff, and all of its business advisers are independently professionally accredited, and have expertise in small business development. We have 2 million sq ft of

property, including training and IT suites so that we can deliver a service at the front door. Local enterprise agencies are not core funded. Enterprise Northern Ireland pays for its own activities, and it also tenders for public service contracts and is paid on an output basis. Its funding does not come from the public purse as such, although much of its funding comes from Government Departments such as Invest Northern Ireland.

Enterprise Northern Ireland is the main mechanism for support at a local level. We work closely with Invest Northern Ireland, but we have an independent view and a specific focus on micro businesses. As well as representing that sector, we deliver programmes such as the Start a Business programme, which involves Northern Ireland-wide access to start-up support.

Enterprise Northern Ireland runs the Tradelinks and MicroTrade programmes, which we run on a cross-border and all-island basis. The MicroTrade programme runs in partnership with InterTradeIreland and the city and county enterprise boards, where we try to encourage cross-border linkages and trade.

The Tradelinks programme is more significant, supporting 600 small businesses to trade on an all-island basis, to increase their capacity and to grow as micro businesses. There is no Northern Ireland-wide programme to support existing micro businesses, so we are doing it on an ad hoc basis through those other programmes.

Enterprise Northern Ireland also has a loan fund and a social entrepreneurship programme. I will not go into the details of each of those programmes. We are also working to help micro businesses trade on an international basis through a trade bridge programme supported by OFMDFM.

Enterprise Northern Ireland's key area of success over the past few years has been the Start a Business programme, which has supported, through funding from Invest Northern Ireland and local councils, the delivery of 8,520 businesses in a four-year period, compared to its original target of 6,270. That is due to the centralised cohesiveness of the network, good systems and processes and good management information systems.

More than 36,000 people have participated in that programme, so if they did not go on to start a business, they did at least increase their capacity through training and networking with other individuals.

The programme has been reviewed independently and has come across as highly valued by participants. We believe that there should be an ongoing commitment to volume start-up, because, even taking dead weight into account — where people say that they would have started anyway — 2,000 new businesses have started with the creation of about 2,000 additional jobs. The impact on the community has been a turnover of

between £70 million and £113 million. Each of those micro businesses created in the local community has an annual turnover of at least £60,000, and they are important.

Enterprise Northern Ireland is not saying that the Start a Business programme is perfect. It could be changed and developed to make it more flexible. At the minute, it is a standard programme with the same product offered to everyone. It could be redesigned to include more on exploring enterprise and developing businesses. Help such as grants could be skewed towards those who live in areas of neighbourhood renewal or in targeting social need areas. However, all in all, it is an important programme.

Enterprise Northern Ireland's concern about the Northern Ireland economy is the fact that Invest Northern Ireland has a major focus on inward investment and support for technology-based business. That is laudable and important, but we do not believe that that provides a total solution to the Northern Ireland economy in terms of employability, peripheral areas or disadvantaged communities.

ENI is concerned that neither DETI nor Invest Northern Ireland have statutory responsibility for locally focused businesses. In an environment of budget cuts, it seems natural that this area may be given reduced priority and value.

In the Republic of Ireland, for example, the city and county enterprise boards have statutory responsibility for such businesses and a core delivery budget to support them. That situation simply does not exist in Northern Ireland. ENI strongly disagrees with the view that locally focused businesses will happen anyway and do not need support.

Mr Ken Nelson (Enterprise Northern Ireland): Thank you, Chairman and members, for the opportunity to be here today. ENI strongly emphasises that local business is an important part of the economy and is concerned that the priority given to support for local business may reduce. There is a fair amount of change in the offing, as all members know. There is the review of public administration and the implications of the change to seven, 11, or however many super councils.

Invest Northern Ireland is also changing its policies and has indicated that it may move away from supporting local businesses. The social entrepreneurship programme that Invest Northern Ireland has just announced will run for only two years. Although the social economy receives much attention and many column inches, tangible support given to the social enterprise programme and to social entrepreneurs is limited — and it is time limited. ENI is worried about where the policy vacuum will leave local businesses and social enterprises.

I noted and acknowledge Wilfie Hamilton's comments about trying to encourage micro-enterprises to engage more in international trade. However, there is a big job to be done in building the capacity of local businesses before they can do that, and this is where local solutions and local support are needed. The networks and programmes in which ENI is involved can provide that support. We want such support to remain at the heart of the policy agenda on the local economy.

Dr Nicholas O'Shiel (Enterprise Northern Ireland): Thank you for inviting us here today. Following on from what Ken said, ENI wants to get across what it would like to achieve in Northern Ireland over the next 10 years and to stress the contribution that small businesses can make to developing the economy over the longer period of 10 or 20 years.

We were interested in some of DETI's comments. Undoubtedly, Northern Ireland has the necessary Departments, organisations and strategies, but ENI can pick up on their implementation. We see ourselves as being on the ground and able to implement policies and strategies locally. The challenge over the next 10 years will be to get the Northern Ireland economy to where we all presumably want it to be.

Mrs McGregor: There is a strategy for accelerating entrepreneurship in Northern Ireland. However, our concern is that the strategy is not cross-departmental either in budget or in focus — and it should be. All Departments approved the strategy in principle but, from an ENI perspective, it feels as though they are still operating in silos and that Invest Northern Ireland is taking the lead in that area. DEL and DARD have a role to play, and the challenge is to integrate budgets and people to ensure that the approach is co-ordinated and that people are not cutting across one other.

ENI simply cannot figure out why no one has statutory responsibility for this sector and would encourage the Assembly to ensure that a Department is given such responsibility. ENI welcomes the transfer of power to local councils. However, we fear that because of the lack of transitional arrangements there will appear to be seven, or 13, or however many, approaches to entrepreneurship unless one Department has the overarching responsibility that will ensure a common approach to enterprise across Northern Ireland. ENI is also concerned that although power may transfer, the budget may not. How will local councils fund and support locally focused businesses as they go forward?

ENI is asking DETI to put a framework in place for entrepreneurship, which will be implemented by councils working in partnership with ENI and other providers.

We should be accountable to the Assembly for any agreed targets, and there should be common corporate provision. As I said earlier, 10 years ago there was an

inconsistent approach to small-business support. A person who lived in Limavady might have received a grant of £500 but no training, a person who lived in Larne might have received £5,000 and training, and a person who lived in another area might have received only training. At some point, that scenario resulted in Northern Ireland having the lowest business start-up rate in Europe. We now have the second lowest, so we have made some progress. We are at least moving in the right direction. Our concern with the RPA agenda is that that momentum will be lost.

Mr Nelson: The DETI officials commented on the low business start-up rate. Although that has been a challenge for us all, it is important to note that businesses that do start up in Northern Ireland stay in business longer. The survival rate of business start-ups in Northern Ireland is much higher than in the rest of the UK. That is important to note, because it says something about the support that is in place for those starting a business. The challenge is to introduce more people to the enterprise culture, to help them to set up a business and to help that business to grow.

Mr Neeson: I wish to declare an interest. I am a member of the board of Carrickfergus Enterprise Agency Ltd.

Mrs McGregor: That ties in with my earlier comment. John, did you not have some connection to Coleraine Enterprise Agency at some point. No?
[Laughter.]

Mr Dallat: Chairman, I want to ask a question.

Mr Neeson: First, I wish to congratulate Enterprise Northern Ireland on the success of its business programme. I am just concerned about the programme's future. What will happen to it?

Secondly, you raised concerns about the loss of continuity of support in the run-up to the RPA. How can those concerns be dealt with?

Mrs McGregor: Somebody must have statutory responsibility for it, as I keep saying. We need to recognise the value of our locally focused businesses and to ring-fence some form of budget that will provide support. At present, support is of a stop-start, ad hoc nature. Consistent support and a consistent budget are needed. DETI, or someone else, must be responsible for an overarching policy framework and for ensuring that we produce good annual research through the Global Entrepreneurship Monitor (GEM) and that we go up the scale rather than down it.

Mr Nelson: Greater engagement is also required. Enterprise Northern Ireland has seen no evidence to date that the local economy is high up the agenda in either the work that is being done in the RPA process or in the preparation work for the launch of the RPA in 2008-09. Those who are preparing for the RPA should

engage with ENI or others to ensure that local businesses get that support. I make that point to ensure that it is on the agenda at this stage, because surely a great deal of planning work and engagement are under way at some level. The economy should be part of that engagement.

Mrs McGregor: In our engagement with organisations such as the Society of Local Authority Chief Executives (SOLACE) and the Northern Ireland Local Government Association (NILGA), we noticed that there appears to be a great deal of focus on legislation and on its implementation in areas for which councils do not have power, even though they already have local economic-development powers. Therefore it appears that the issue is on the back burner. Suddenly 2009 will arrive, and we will be saying: "What are we doing about small-business support?"

Mr Neeson: It is important for you to know, Chairman, that there will be a shadow period. It is more likely that elections to the new councils will take place in 2008.

Dr O'Shiel: On the same point, we are concerned that, without statutory responsibility and without a commitment to and a profile of small businesses, budgets and resources for small businesses might get squeezed.

Moreover, if there is a transition of responsibility from Invest Northern Ireland to local councils, will adequate resources also be transferred? Will there be a time lag between the handover and the assuming of responsibility so that resources can be allocated and put in place? Small and local businesses would suffer if that happened.

1.15 pm

Mr McCausland: This is a very important sector. You mentioned the 32 local enterprise agencies across Northern Ireland and their engagement with local communities. There seems to be quite a variation across the local enterprise agencies in their engagement with local communities, their transparency and openness, and their contact with local politicians. Could more be done to encourage those aspects? Some local enterprise agencies are very good at engaging with their communities; in other areas, engagement does not happen at any significant level.

If we are to maximise the benefit of the local enterprise agencies for communities, we need engagement with the stakeholders in a community.

Mr Nelson: That is an interesting observation. I have just taken on the chairmanship of the organisation, and Nick has been vice-chairman for a couple of years. We have been working on quality development, which includes corporate governance and raising the quality capacity in each member. We have a programme of continuing professional development for all staff. We

have a strategic process that engages all the directors. Part of that is recognising that there is a wide group of stakeholders with whom it is important to work closely. Our members are taking that message on board and are responding to the new circumstances.

The fact that we are here today shows that stakeholders recognise the value of Enterprise Northern Ireland and its members. That feeds back to our members, who respond accordingly. That is a challenge for us, but we are engaged in it.

Dr McDonnell: You said that you have about 5,000 tenants across 32 agencies.

Mrs McGregor: That was at the most recent count; it could be higher now.

Dr McDonnell: How long does a tenant stay with you?

Dr O'Shiel: It varies. Our initial remit is to attract tenants into a centre and then give them the support that they need. There is no fixed number of years — three years or five years, for example — after which a tenant must move out. We have about 40 businesses in the centre of Omagh, and in any given year of the past three to four years about eight of them would move out and eight would move in. There is a turnover, or a "churn" as we call it, although I cannot tell you specifically how long each tenant might stay.

There are several reasons for tenants leaving; they might outgrow us, for example. Although some of the centres are quite large, we do not supply 10,000 sq ft or 20,000 sq ft to people. Therefore somebody who has been with us for two or three years may outgrow us and want to buy or develop their own premises. There is no hard and fast rule. The enterprise centres provide a start-up, incubation role: when a company expands or develops it will have to go somewhere else to find space. Of the 40 businesses that we have, the average employment level is about four or five persons.

Dr McDonnell: In the past, the accusation was made, perhaps wrongly, that it was hardly worth starting up a business in some local enterprise agencies. All that happened was that existing small businesses treated the local enterprise centre as a source of low rent. Is there any credibility in such claims?

Dr O'Shiel: We do not say that all our tenants stay for three years and then move on; some tenants stay longer than others. To my knowledge, at least in Omagh, our rents are commercial. A potential tenant will ask about rents, and we will tell them where other spaces are available in the area. The tenant will make his or her own decision. If a tenant comes to us it is for business reasons, not because we are perceived as being cheaper. We are not necessarily cheaper.

In fact, in some cases, someone across the road who has premises that have been lying vacant for a while might offer it at a reduced rent. We do not see

ourselves as discount renters; we rent space at the market or commercial rate. Other factors such as space and the support we provide will determine whether firms come.

Dr McDonnell: What is your overall budget and how do you derive it?

Mrs McGregor: Our budget has grown annually. In the first year, our budget was £1 million. It is currently £6 million, which includes a loan fund pot of approximately £2 million. Each of our 32 members contributes to the core to enable it to run. We also tender to organisations such as Invest Northern Ireland and councils for programmes such as Start a Business. The annual budget for that is £4.5 million but as regards fees to Enterprise Northern Ireland it would be worth about £1.5 million. We manage larger budgets than we actually gain fees for.

Dr McDonnell: How much would each member contribute?

Mrs McGregor: Each of our 32 members contributes £1,500 a year. When Enterprise Northern Ireland was formed, Invest Northern Ireland supported it and provided three years' funding. We raised £30,000, Invest Northern Ireland gave us £30,000 and the International Fund for Ireland gave us £30,000. That was the situation for the first three years. That funding has now ceased so we are effectively self-sustaining.

Mr Nelson: It is important to recognise that although Mrs McGregor has described funding in terms of the core organisation; we are a member-led organisation. In each individual local enterprise area (LEA) one third to one half of the income comes from the rental of property, and the remainder comes from services delivered — payment on outputs. I would re-emphasise that no LEA receives core funding. This is a different situation from that which prevails in the Republic of Ireland where there are county enterprise boards that provide core funding for staff costs.

Each board must ensure that an LEA is self-financing, can pay its bills, and is paid only on outputs.

Mrs McGregor: I administer the Start a Business programme on behalf of Invest Northern Ireland. An LEA would deliver a lead-in assessment, which would comprise a training session perhaps, and their fees would go on to a management information system and would be paid to them every year. That is why the figure for the centre seems high. The LEAs would be paid £55 for a lead-in assessment and £175 for eight training programmes. The subgroup will realise that we were talking earlier about dealing with 36,000 clients and 8,500 businesses over four years. It is a case of money in, money out.

The Chairman (Mr Molloy): I draw members' attention to the submission and the response to the

terms of reference so that we can relate those two issues together.

Ms Gildernew: Further to Dr McDonnell's question, I am very familiar with the areas within my constituency, and to me it is not a bit strange that once companies get through the incubation period there is a reluctance to move out. There are a number of reasons for this. It is not that rent is cheaper, but there is an infrastructure in and around them that they rely on and in which they support one another. If companies staying within enterprise centres is not a problem then we need to increase capacity in order to encourage new firms to take up occupancy alongside those established firms. We need to ensure that they have the support that they are relying on each other for as much as they are relying on Enterprise Northern Ireland. In Dungannon, rent is not cheap. Companies are there because the resources they rely on are around them.

As regards business starts — and forgive me for being parochial — Fermanagh may have a good level of business starts but it has a very poor level post-start up. There is a lack of sustainability within that sector.

Our neighbour is County Monaghan where there is a wonderful entrepreneurial spirit. When you travel around that county you see signs for shoe factories, or furniture or kitchen stores along every road. There seems to be far more of that indigenous entrepreneurial spirit there, and it is only a stone's throw away from us.

Is it a lack of core funding and statutory responsibility that gives companies a few miles down the road a head start? What do we need to do to encourage more business start-ups and sustainability?

I am a firm believer in supporting indigenous investment. Foreign direct investment is not the answer in a rural constituency. ENI supports indigenous investment, and it is one of the few successes that has not been hampered by the lack of infrastructure to the same extent as other sectors.

In relation to the subgroup's terms of reference, what does your sector need to grow and to give more support to small businesses to maintain them as an alternative to bigger foreign direct investment enterprises?

Dr O'Shiel: I have a couple of points. Long-term structure is the big answer. The last 10 years of enterprise support have been like a tap that has been turned on and off. Any enterprise agency of the 32 that comprise ENI could simplistically say that, as Ken said, 40% to 45% of their income comes from property and 55% to 60% comes from programmes.

Since European money has come to Northern Ireland over the last number of years, the subgroup will be aware that there have been many programmes to support and develop businesses. Our programmes run from between three and 18 months, but any

programme, by definition, will come to an end. The longest running is probably the Start A Business programme, but, in itself, that is run in three-year cycles, and there have been times when, two and a half years through a cycle, there have been intensive discussions on whether there will be another.

Once the hurdle of whether there will be another programme cycle has been cleared, our big challenge in recent years has been to secure resources. On each occasion — and this is not a complaint; simply a fact — the resources have been squeezed and squeezed.

One of the major arguments that ENI wants to communicate to the subgroup is that if small businesses were given policy priority, it would not be bidding for programme resources in an ad hoc manner every six months or three years. It would not be in a situation where its resources are the easiest to cut. A balance must be struck between local small businesses and foreign direct investment. Without going into too much detail, ENI knows that that is not the answer for the more rural areas.

A couple of years ago, Invest NI commissioned a good report at great expense, which said that foreign direct investment would largely be concentrated in Belfast, although some may go to the west and to Derry. That is not a criticism of Invest NI or its report.

Foreign direct investment has moved from the manufacturing sector to more service-based sectors. What do foreign investors want? They want young people. What do young people want? They want a centre of population, somewhere to live, culture, nightlife, and so on.

Considering global foreign direct investment over the next 10 years, competition is one reason that many foreign investors will look elsewhere. Any foreign investors that come to Northern Ireland will be small but perfectly formed and will probably locate in population centres. It is very unlikely that they will locate in rural areas, which highlights the importance of small businesses.

That is probably a long-winded answer to your question, but structure is the key factor. It is important that someone has long-term responsibility to ensure that local business support is a priority. We all say that it is important; it should be made important and the resources should be attached to it.

Mrs McGregor: There should also be some continuum of support. Through the standardised Start a Business programme, ENI has proved that an impact can be made. However, to stimulate entrepreneurship and encourage people to become self-employed rather than staying unemployed or working in the public sector, serious resources must be applied at education level and to the long-term unemployed.

With the new neighbourhood renewal targets especially, ENI is trying to reach those people who are still economically inactive. There is no Northern Ireland-wide programme or resource applied to that — it is stop-start and ad hoc, with different agencies involved.

Effectively, when people complete the Start a Business programme, they are abandoned. Unless they are directed to other programmes, such as Tradelinks, there are no resources to continue supporting them. Two years ago, ENI piloted the successful Develop a Business programme, and Invest Northern Ireland acknowledged that it generated good added value to review a business one or two years after its creation to see whether it had the potential to grow and to encourage it to develop.

Sometimes, even after two years, businesses are afraid to take risks and to go outside their local communities to develop cross-border trade or to employ more people. The micro-business sector is effectively abandoned. Therefore, a continuum of support is critical.

1.30 pm

Mr Nelson: Another factor to bear in mind is that small business owners and owner-managers often face a lot of confusion. There are so many things out there that they can find the whole picture of economic intervention confusing, and help is needed to get them through that maze.

Nick and I have worked in this field for about 15 years. In my experience, the best results have often come when we have acted as account managers, being seen as the point of contact for a business and guiding it through the range of options that are available. The businesses see us as local people to whom they can turn, and they expect us to be able to inform them of opportunities for funding or training and to direct them through those processes. Often, the businesses are busy doing what they should be doing, and their staff do not have the time to attend all the seminars and gather all the relevant information. They want someone to present it to them. That local focus and account management role is important. Confusion is widespread among small business owners.

Mr Dallat: My congratulations to ENI. Perhaps, in the interests of honesty and fair play, I should state that I am a former member of a local enterprise agency. *[Laughter.]*

We have spoken at length about the culture of enterprise. Would it be useful for a new Assembly to encourage the education sector, from primary school up, to develop the basic skills that young people need? I am thinking about money management, budgeting, marketing and research. My experience is that many people with good skills in making products lack the basic skills that they need to get started. I recognise the

work of Young Enterprise Northern Ireland (YENI) and people like that, but my impression is that such support is erratic and that the priority given to enterprise depends on the ethos of individual schools. What are ENI's views on that? Is involving the education sector critical? Should the Assembly consider lobbying the examination boards and the Departments?

The Chairman (Mr Molloy): It could be part of the curriculum.

Mr Nelson: Yes, in an ideal world, enterprise activities would take place at education level, start-up level, and business-development level. ENI works in those areas and with YENI, but the thing that would make the most difference in the next few years would be the introduction of funding other than ad hoc project funding. ENI could do useful work in schools. It interacts with schools, but that is limited and is always as part of a programme. In ENI's ideal world, enterprise would be introduced in schools, furthered in the start-up sector, and developed, as our colleagues said earlier, through training on export markets, innovation and R&D.

Mr McElduff: Earlier, John Simpson acknowledged the key role of regional institutes in the developing success of the Celtic tiger economy in the Twenty-six Counties. Does ENI have any comments on a future further education strategy and how it might feed into the economy?

Mrs McGregor: Through the Association of Northern Ireland Colleges (ANIC), ENI works closely with the further education colleges and believes that there is a role for both organisations in the development of the Northern Ireland economy. To show members how that might operate in practice, I shall ask Nick to outline how he works with Omagh College of Further Education.

Dr O'Shiel: For the past four years, ENI, Omagh College of Further Education and Omagh District Council have had a formal arrangement with the University of Ulster, which is called the Omagh University Partnership.

We found it difficult to get the university to interact with local businesses, partly because of their size and needs. Local small businesses do not see innovation and research and development as being for them. Omagh College, the university and the enterprise agency have links with the companies and can deal with them, and we introduce them, through Omagh College, to lecturers, depending on their skills. We also reach outside the college to the university, and that cycle continues. That is one example of how it can work.

Mr Weir: I apologise for being outside for part of your presentation. From what I heard, there were two points that resonated strongly with me. I was struck by what you said about the lack of co-ordination between Departments and agencies. Clearly a wide range of

Government activities impacts on economic development and on the organisations that you have been working with. Do you have input into, or are you consulted in any way on, Government policies and strategies in skills issues in the Department for Employment and Learning or infrastructure priorities in the Department for Regional Development (DRD)? Earlier, John Simpson criticised DRD for not co-ordinating the roads infrastructure to cater for the needs of the economy. You also mentioned the rate of duty on fuel. Is there any co-ordination or consultation with you on that?

You raised concerns about the Review of Public Administration. You said, and I think that it is true, that the focus is on legislation. I declare an interest through my involvement with the Northern Ireland Local Government Association (NILGA). You mentioned both NILGA and the Society of Local Authority Chief Executives (SOLACE). To be fair, the pressure to focus on legislation is not coming from any of the local government organisations; it is coming from the Department of the Environment, whose attitude is “Let’s get the legislation in place and then we will try to forget about everything”. Legislation is only 10% of the review, at most. What is important is what happens to implementation and delivery after that. At times, we felt as if we were trying to push the Government through treacle. If any of the political parties can be of any help to you in getting those issues focused, we would be keen to hear from you, particularly on resourcing.

What contact has there been between your organisation and the DOE on transferred services? Several of us are concerned that there has not been enough focus on transferred services, of which you are part. Finally, on resourcing again, some of us are concerned that some of the functions that are being transferred to local government are not bringing with them the necessary resources. The budgets for the Planning Service and the Roads Service have been reduced.

One of the criticisms of yesterday’s announcement was that it concentrated on big projects, but that there was very little investment in roads that will be handled by local government. It would raise concerns, both from local government and economic development points of view, if you thought that your budget would not be adequately resourced in local government. Apart from the lack of reassurances, is there anything specific that you can draw to our attention that you feel indicates that your budget will be squeezed before going into local government?

Mrs McGregor: We are pushing for consultation with the DOE and other Departments; coincidentally, I meet DOE representatives tomorrow. I was to meet them a few months ago, but the meeting was postponed because they were busy talking to councils. We are driving that initiative; no one is coming for us.

Mr Weir: Most councils have not noticed that the DOE has been talking to them. That may be the excuse with which the DOE fobbed you off.

Mrs McGregor: We want to talk to the DOE tomorrow about how it is handling transition.

I know that we keep harping on, but what will Invest Northern Ireland transfer if no one there officially has statutory responsibility for locally focused businesses and it has pressures on its own budget for inward investment? Will it transfer its current £6 million entrepreneurship budget? That is being reduced year on year — it used to be £10 million. I do not know what will be left to transfer by 2009.

Mr Nelson: Consultation has been ad hoc. We have pursued consultation opportunities, so we would welcome anything that you can do to ensure that we are more widely consulted. We have a valuable input to make. All the points that you mentioned, such as the skills issue, are critical to business. We would like to have more input into that.

We have costed solutions, and, if it helped, we could give you further information and return to it. We do not have that today, but we can show you the interventions that we feel could be made at pre, post, and start-up level and the budget figures that are needed. You could then assess whether the economic development budget allows for it.

Mrs McGregor: It would be important to understand how councils plan to deliver local economic development. Do they plan to be responsible for the local economic development strategy and build on the existing resources and infrastructures through local education authorities, further education colleges and other organisations? There may be concerns that councils would set themselves up as delivery arms and that the infrastructure that has been built up would be ignored. For the sake of all local providers, we would be keen to ensure that that did not happen.

Dr Birnie: Thank you, Chairman. I thank the witnesses from Enterprise Northern Ireland for coming. Compared to the inward investment route, do the number of jobs that your agencies create and the cost of each job that is created provide good value?

Secondly, repeating the question that I asked at the end of the DETI evidence session, to what extent do small business start-ups or small business owners and managers pursue growth? Do most of them reach a certain level of income and then stop growing? Years ago, commentators used to say, pejoratively, “Once you get your BMW in the garage, you stop investing.” Or do they try to maximise their profits and aim at, say, 50 employees?

Mrs McGregor: The total cost per participant through the start-up business programme is £1,055.

That includes a grant of about £450, which used to be £750. Enterprise Northern Ireland's input is about £600 per client. That includes a lead-in assessment, six training sessions in marketing, IT and management, plus some post-start up mentoring and a web package.

Taking the "dead wood" argument, even if you aggregate that sum up, the cost is about £8,000 per job. The dead wood in a programme is no more or less than in any standard Government intervention, so we are not performing better or worse than any Government-supported organisation.

Mr Nelson: The picture is probably patchy, and it is hard to get a clear answer across the board. I suspect that the red tape against which many businesses come up is a factor. Therefore profit maximisation is not the only issue. Businesses must consider whether they want the hassle that is involved in expanding, because an adequate return is perhaps all that they need for their families. Therefore reducing the red tape and making it easier for such businesses to expand is a factor.

1.45 pm

The Chairman (Mr Molloy): We asked this question of Invest Northern Ireland: how does a successful family business become an export business? Are grants and Government guarantees in particular available to help them move out of their comfort zones?

Mr Nelson: Are you asking whether there are incentives that will encourage them to do more trading outside?

The Chairman (Mr Molloy): Yes.

Mr Nelson: Yes, a lot could be done. If there was an inbuilt incentive, perhaps capital allowances could be applied to exporting or international trade. I do not have a solution for you today, but we could come back to you on that.

Dr O'Shiel: That is a valid point, and there is no doubt that a comfort factor exists. However, globalisation will probably challenge that comfort factor over the next number of years, even though some people will be happy making a comfortable living locally. We are in a changing world, and that must be considered.

About two years ago, Enterprise Northern Ireland proposed an add-on to the sort of problem that you raised when you discussed business development. We suggested targets and said that we would address every 10 businesses that were in this comfort zone, and perhaps three to four of those would go on to export. Without harping on about it too much, that project was a victim of a budget cut. Eighteen months ago, Enterprise Northern Ireland tendered for the Start a Business programme, and we had to develop a business section for it. We won that contract as a collective organisation, but in the period between winning it and signing up to agree it, the £1.5 million for it went.

Mrs McGregor: Chairman, I will send you some written comments on encouraging family businesses to export. We could also give you examples of what has worked in other programmes.

The Chairman (Mr Molloy): Thank you for your presentation, which was useful. With regard to the transfer of councils' powers, it is important to continue to work with councils so that we do not get into a quango/council situation.

Mrs McGregor: I agree. Thank you for the opportunity to give evidence; it was much appreciated.

The Committee Clerk: Chairman, a substantive draft press release is being circulated. I have included some quotations from the various submissions. Members may make amendments, and I will issue it when you are content.

The Chairman (Mr Molloy): Have members read it?

Mr McElduff: I suggest that, because of the subgroup's ongoing work, the phrase "continues to" take evidence be included in the heading. It would also be helpful if the press release stated that John Simpson is an economist.

I also concede to Alasdair McDonnell that he is a recently elected MP, which should be shown in the list of attendees.

Dr Birnie: My first name has been misspelt.

Ms Gildernew: Enterprise Northern Ireland made the important point about how the lack of statutory responsibility impedes its work. That should be included in the press release.

Could the paragraph on John Simpson's presentation be expanded to include some of his comments? It was very informative, and the press release does not reflect the volume of his contribution.

The Chairman (Mr Molloy): I remind members that the minutes have to be corrected and that those who make presentations have the opportunity to make amendments.

The Committee Clerk: We will consider any suggestions that you may have, Michelle.

The Chairman (Mr Molloy): Stephen Quinn should also be given his title.

Do members have any other points?

Mr Weir: John Simpson's contribution was particularly helpful. Could he provide a short follow-up document?

The Committee Clerk: We could try to ring him.

Mr Weir: In the interests of having a balanced picture, it would be useful to have even a short paragraph on what he said. It would be better to contact John Simpson because I am always very reluctant to précis

somebody else's work. Given that the contributions of DETI and Enterprise Northern Ireland were highlighted to a reasonable degree, it would be useful to highlight John Simpson's work, which I found useful.

The Committee Clerk: I will also add a sentence about the statutory responsibility that Enterprise Northern Ireland mentioned. I will enquire whether John Simpson wants to provide a few additional lines.

The next item is the date of the next meeting. The subgroup will have two meetings on Thursday. One or two members have yet to confirm their attendance. We ought to have a quorum. The meeting will last about an hour. I will try to compile summary document of emerging issues, and have them ready by close of play tomorrow.

Mr Weir: We are endeavouring to find a second party member to attend the later meeting.

The Committee Clerk: There has not been time to discuss what has happened at previous meetings, so that will be an hour well spent. If the subgroup is given an extra week to finalise its report, members who also sit on the Preparation for Government Committee should bear that in mind.

Dr McDonnell: When is the extra meeting?

The Committee Clerk: The extra meeting is at 3.30 pm on Thursday. There will be a meeting at 10.00 am as normal, and a one-hour session on emerging issues in the afternoon. We will need to have a quorum. Hansard will provide an official report, but proceedings will not be in public.

The Chairman (Mr Molloy): It would be useful if members arrived early to get business under way.

Adjourned at 1.52 pm.

SUBGROUP ON THE ECONOMIC CHALLENGES FACING NORTHERN IRELAND

(EVIDENCE SESSION)

Thursday 3 August 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Francie Molloy
Mr Roy Beggs
Dr Esmond Birnie
Mr John Dallat
Mr Alex Easton
Mr David Ford
Ms Michelle Gildernew
Dr Alasdair McDonnell
Mr Barry McElduff
Mr David McNarry
Mr Sean Neeson
Mr Peter Weir

Witnesses:

Mr Tony Hopkins	}	Industrial Task Force
Sir George Quigley		
Mr Michael Ryan		
Mr Peter Bunting	}	Northern Ireland Committee, Irish Congress of Trade Unions
Mr John Corey		
Mr Michael Kiddle		
Dr Robson Davison	}	Department of Education
Mr Will Haire		
Mrs Catherine Bell	}	Department for Learning and Employment
Mr Chris McConkey		
Dr Aideen McGinley		

The subgroup met at 10.05 am.

(The Chairman (Mr Molloy) in the Chair.)

The Chairman (Mr Molloy): I have apologies from Mr Paisley Jnr. Mr Easton is attending in his place. Mr Dallat is here in place of Ms Ritchie, and Mr McElduff is in place of Mr McLaughlin.

Mr Easton: Mr Chairman, I will have to leave at about 12.00 noon as I have another engagement to attend.

Dr Birnie: I have to leave at 11.15 am, but I hope that a substitute will replace me.

The Committee Clerk: Members should try to avoid leaving in the middle of an evidence session.

The Chairman (Mr Molloy): Are members content with the draft minutes of the meeting of 1 August?

Members indicated assent.

In matters arising, the Committee on the Preparation for Government (PFG) has moved back the deadline for the preparation of the subgroup's report by one week until 25 August. Additional Chairpersons have also been appointed. The Alliance party has nominated Naomi Long, and the Ulster Unionist Party has nominated Jim Wilson. With the agreement of the PFG, they have been added to the list of Chairpersons. The SDLP was to nominate by close of play on 2 August.

Mr Dallat: Alban Maginness is the SDLP nominee.

Ms Gildernew: Mr Chairman, who are the other Chairpersons?

The Chairman (Mr Molloy): Naomi Long, Jim Wilson and Alban Maginness.

The Committee Clerk will explain the format for the evidence sessions.

The Committee Clerk: There will be four evidence sessions today, so I recommend that you allow 45 minutes for each. The witnesses have all been advised of that. I am aware that, in the past, some witnesses have taken rather longer than 15 minutes to make their presentations, so you might need to speed them along from time to time.

With regard to future business, the extra week to complete the report will make all the difference, certainly for the Committee staff. With the original deadlines, the plan was to spend the final week drafting the emerging recommendations and writing the draft report until the very last day. That would have been very tight.

I suggest that the subgroup slots in a written evidence session on 15 August, because there will be quite a few written presentations, and the subgroup will not have an opportunity to read and consider them otherwise. That means that the members can look at and discuss emerging recommendations on 17 August. The following week, the subgroup can consider the draft report, which will be the week ending 25 August. If members agree, we can arrange the work plan on that basis.

The Chairman (Mr Molloy): Are Members content with that? We should not try to have any more evidence sessions, as we will become overloaded otherwise. We should use the time available to benefit the subgroup in drawing up the draft report.

The Quinn Group is not available for the evidence session on 10 August. It has offered to give a written submission instead.

The Committee Clerk: Next Thursday the evidence sessions will be with Moy Park, the Ulster Farmers' Union, Wrightbus and the Department of Finance and Personnel.

The Chairman (Mr Molloy): Is the Northern Ireland Council for Voluntary Action (NICVA) the new name or the old name?

Mr McElduff: I think that the Northern Ireland Voluntary Trust changed its name to the Community Foundation for Northern Ireland; NICVA remained the same.

The Chairman (Mr Molloy): OK. The closed session this afternoon will start at 3.30 pm and last about an hour. We must have a quorum, and we will consider the emerging issues. To date, we have just been taking evidence and we need an opportunity to discuss the issues that have emerged from the evidence sessions.

The Committee Clerk: A few members have indicated that they may not be able to make it. Can members confirm their attendance, to make sure that there will be a quorum?

Mr Weir: From the DUP, Wilson Clyde and I will be attending.

Ms Gildernew: We are good to attend.

Mr McElduff: We are absolutely committed.

The Chairman (Mr Molloy): Mr Dallat, are you able to attend this afternoon's session on emerging issues?

Mr Dallat: I am.

Mr Neeson: I am not able to attend this afternoon, but David Ford will be attending.

The Chairman (Mr Molloy): Last time, Mr McNarry made a boast.

Mr McNarry: I am not sure.

Dr Birnie: I am OK to attend.

The Committee Clerk: The afternoon session will begin at 3.30 pm and last about an hour. It is a key opportunity for the subgroup to consider and think about the emerging issues.

The Chairman (Mr Molloy): Members will have received the paper on emerging issues this morning.

The Committee Clerk: Two papers have been issued this morning: one is a summary of the various evidence sessions; the other is a research paper. I have also asked Paul Moore, who is assisting the subgroup, to prepare a paper. Members will have their own views, but the papers are there to assist them. Dr Gilleece has also prepared a paper, which will be distributed at this afternoon's session.

The Chairman (Mr Molloy): Are we ready for the presentation from Sir George Quigley?

Mr Neeson: Sir Gorgeous George.

Mr McNarry: Galloway is not coming in here.
[Laughter.]

Ms Gildernew: Sean, if this relationship develops, will you need to avail yourself of the Cherry Room?
[Laughter.]

The Chairman (Mr Molloy): Hansard is recording the proceedings!

Questions should be related as much as possible to the subgroup's terms of reference. Short questions will perhaps receive short answers.

I welcome Sir George Quigley, Tony Hopkins and Michael Ryan from the Industrial Task Force. If you would like to make a short opening presentation, members will ask questions. Thank you for attending at such short notice. The subgroup considers it important to seek views before it completes its report, which will be debated in the Assembly.

Sir George Quigley (Industrial Task Force): Thank you very much. I shall be as brief as I can. There is some ground that I wish to cover.

We were absolutely delighted to be invited to give evidence to this important subgroup, because getting the economic dimension right is essential for the future welfare and enduring stability of Northern Ireland.

We all hope that the position is swiftly reached whereby local Ministers take the critical decisions on that economic dimension. However, it is vital for the crucial issue of corporation tax, about which I shall speak later, to be decided as an indispensable component of the devolution settlement itself. The credibility of an Executive assuming responsibility, but without the tools to do the job, would quickly be put at risk.

I hope that it will be apparent from our presentation that the invitation to give evidence on the subgroup's three terms of reference has been taken very seriously. I may curtail the oral presentation in the interests of brevity, but I hope that members will all read the complete text. We will be pleased to engage in discussion later to elaborate those points to which I merely allude in the presentation.

10.15 am

To address first the major impediments to the development of the economy, the key point is that our economic structure is simply not fit for purpose. The wealth gap with the rest of the United Kingdom persists, with gross value added per head at about 80% of the UK average; in Scotland it is close to the average. At double the UK rate in the past 10 years, job growth has been good. However, our ability to catch up with the rest of the UK is hampered by the worrying negative trend in labour productivity: between 1998 and 2004 there was a drop of 7%, from just over 88% of the UK average to just under 82%.

Productivity in the production industries, including manufacturing, improved to slightly above the UK

average; however, productivity in the service sector declined from 88% to a very poor 78%. It was in the service sector that the job growth occurred — almost 17%. Manufacturing, however, dropped by 13%. The gross value added of the service-sector jobs is only 72% of jobs in manufacturing.

It is clear that the structure of the Northern Ireland economy has been changing, but in precisely the opposite direction to the creation of the high-value-added economy that is the declared aim of Government policy. Restructuring has been taking place through an employment boom in low-productivity jobs. On that basis, the possibility of closing the wealth gap with the rest of the UK — still less of drawing level with the Republic, which has overtaken the UK — is remote.

The imbalance between the public and private sectors is not conducive to closing the wealth gap. The proportion of regional output spent by the Government on transfer payments, such as social security, or providing health and education services, is as much as 71% of gross domestic product (GDP). The public sector accounts for 35% of all employment but only 27% of gross value added. It therefore lags behind the wider economy in productivity levels. Public money directly or indirectly supports very strong consumer spending.

Simply cutting the public sector, as some suggest, would achieve nothing. It will have to find its appropriate level in a rebalanced economy that has a greatly enhanced market sector. Such enhancement is urgent, since the Government has announced that public-sector growth in the UK is set to drop, first to 3%, and then to 1.9% per annum, from the unprecedentedly high level of 4.9% in recent years.

Economies that have to stand on their own feet cannot grow sustainably unless they have sectors that generate growth in net exports. However, the relative dynamism of a region's export base is also critical. Regions with an above average output of tradable goods or services will also tend to have an above average per capita income, which we do not. Northern Ireland's manufacturing sales outside the Republic and the rest of the UK amount to only £3.5 billion per annum. Sales of services are unlikely to be more than a small fraction of that. To achieve catch-up with the rest of the UK and to close the wealth gap — and catching up with the average is no great ambition — Northern Ireland needs to achieve a massive increase in the size of its export base.

The conclusion is inescapable: Northern Ireland needs a far larger, export-driven private sector with higher value added, higher productivity and higher earning power. We need to be far more deeply integrated into the global economy. However, the existing private sector base lacks critical mass. However much its performance may be enhanced — and it can be enhanced

— it cannot on its own get Northern Ireland onto a new economic trajectory, any more than the Republic's private sector base could have done.

We need to attract a much stronger flow of inward investment of the right kind — and I underline the importance of “the right kind” — to achieve the private sector base that I have just described. That will not happen without a competitive corporation tax rate. Failure to succeed on that front will constitute, in your terminology, an insuperable impediment to the development of the economy.

Underperformance by the existing base will also impede development. The growth task will fall largely to the companies in the technology and market sectors that have, or can develop, a competitive position. The Industrial Task Force has a great deal to say about the need for companies to understand technological change, develop their international trade capabilities and devote adequate resources to research and development. We recommended that a centre be established to help companies to brief themselves more effectively on relevant developments in technology worldwide.

The Government can assist the existing base; Invest Northern Ireland can encourage, stimulate and support. However, in the final analysis, the responsibility for growth must be vigorously and effectively discharged by business itself.

I will move on to the second area of the subgroup's remit, which is to consider the fiscal incentives that might promote foreign direct investment (FDI) and indigenous investment.

My first point is that the analysis that I have just given argues for a greatly increased flow of inward investment. As well as embarking on the long, slow task of growing your own timber, you must buy in the capabilities — innovation, skills and marketing outreach — of established, high value-added, technologically driven, profitable companies worldwide. That cannot be done without the ability to compete on corporation tax.

Given Northern Ireland's location on an island, of which the other half is able to offer a headline rate of 12.5% compared to our 30%, anything greater than 12.5% would not be competitive. A report by Goodbody Stockbrokers a year ago was unequivocal on that point:

“The 12.5% rate ... has been integral in sustaining Ireland's position as one of the leading recipients of foreign direct investment (FDI) in the world ... As an example ... in 2003 Ireland received 4.6% of all FDI flows globally. We put this success down to the favourable corporation tax rates offered by the Irish Government.”

That is 4.6% for a country with a population of around 3.5 million people.

Between 1995 and 2004, the FDI flows to the Republic of Ireland, translated into sterling, came to around £70 billion. That was 25 times the figure for Northern Ireland, which was around £2.8 billion. Some 90% of the Republic of Ireland's manufactured exports and 70% of its services exports are by foreign-owned companies. Its sales of manufactured goods outside the British Isles amount to almost 14 times the figure for Northern Ireland. FDI flows act on the economy qualitatively as well as quantitatively. Northern Ireland has simply not had that kind of impact or influence on its economy.

Unsurprisingly, the Organisation for Economic Co-operation and Development (OECD) economic survey report on the Republic of Ireland in 1999 said that the:

"massive inflow of direct investment [had] been the major formative shock influencing the economy in the 1990s."

The International Financial Services Centre is a showcase for the policy. A tax partner in the Dublin office of PricewaterhouseCoopers said recently:

"The last big differentiator is low taxation. We would be extremely foolish to throw away that advantage."

I do not hear anybody in the South saying that that advantage should be thrown away.

A significant figure in the United States, who is very well versed in Irish affairs, recently wrote me a letter that was very supportive of the corporation tax proposal. He said:

"With all of the corporate and financial clients that I advise, the corporate tax rate is at the top of the list when we discuss potential foreign investments."

That gives a low-tax location a real head start in negotiations. A multitude of studies now demonstrate the importance of tax in the decisions of companies, as the decision to locate can often be a fine one, easily affected by differences in taxation.

Of course, global FDI ebbs and flows. However, it is crucial that we position ourselves to get a bigger share of what is available. When tax is so important, being competitive on everything except tax will not achieve that.

I have seen it argued that our headline, or standard, tax rate of 30% does not really matter because, when tax allowances are taken into account, the effective rate of tax is much lower, and the gap between the rate here and that in the Republic becomes insignificant. However, the published studies do not indicate that. They measure the effective tax rate in the same way as does a company doing its appraisal of various potential investment locations.

A 2005 study by one of the prime European research institutions, covering all 25 EU countries, found that the effective average tax rate for the Republic was 14.7%, while that for the UK was 28.9%, which is nearly double. The UK's was the seventh highest, and the Republic's was bettered only by Cyprus at 9.7%, Lithuania at 12.8% and Latvia at 14.4%. In fact, the Republic's headline rate was better than those in either Latvia or Lithuania.

That is not to say that a low headline rate is not important, because it is. It is important for successful and profitable companies, which we want in Northern Ireland. Of course, the sheer market arousal effect of a low headline rate is very potent, as the Republic has discovered.

There is also a concept that is known as the effective marginal tax rate, and confusion is often caused when that is cited in discussions of taxation as a location factor. It is important to be very clear that, according to the research, the effective marginal tax rate has no statistically significant impact on location decisions. The important fact is the effective average tax rate. I would be happy to discuss those somewhat technical points, because they are important.

So far as inward investment goes, being cheek by jowl on the island with a state that is able to attract most of the significant growth and follow-on growth that comes to the island has been, frankly, a serious disadvantage. However, if the tax disadvantage were removed, Northern Ireland would derive immense benefit from sharing the island with a state that is already so globalised. It would not be a huge step for the host of foreign companies who already have the Republic in their viewfinders to widen the lens a little and take in the whole island. It is a delusion to talk of an island economy when there is such a serious impediment to the free flow of investment into and within the island.

A strong economic cluster that extends over the whole island and derives strength from the capacity that is available in both parts enhances the ability of both to participate fully in the global trade and investment flows. That could be very relevant, given that some surveys draw attention to the high cost base and skills shortages of the Republic. In other words, this need no longer be a zero-sum game as regards the two halves of the island.

It is interesting that neither the Prime Minister, nor the Chancellor nor the Secretary of State, has ruled out changes to corporation tax; that has created the opportunity for the issue to be considered on its merits. To fail to press it to a conclusion would, in the judgement of the Industrial Task Force, be to lose an opportunity to set Northern Ireland on the path to a new economic future. That opportunity is unprecedented

and unlikely to recur. Benefits would not only accrue to Northern Ireland; the benefits to the UK national interest of a stable, prosperous Northern Ireland are self-evident.

Moreover, stimulating an increase in the tax base by lowering the tax rate, as happened so effectively in the Republic, is the only means of reducing public-sector dependency and curtailing the £6 billion-a-year drain on Exchequer funds. Eleven out of the 14 OECD countries that lowered their company tax rates between 2000 and 2004 increased their corporate tax receipts. For that reason, it is wholly unreasonable to suggest that the Northern Ireland public-expenditure block should be cut by the amount that the Treasury would lose in the short term in corporation tax receipts.

The reduction in corporation tax would be a major strategic initiative designed to enable Northern Ireland, for the first time, to stand more on its own feet to the mutual benefit of the Treasury and the region. To take away some of the existing economic props while a more robust structure is in gestation would be counterproductive as well as — particularly in the context of a new Executive — politically unrealistic. If, as we are told, the goal is a more sustainable economy rather than one stuck indefinitely in the rut of public-sector dependency and unable to catch up with either Great Britain or the Republic, a major catalyst, rather than mere incremental tinkering, is required. The Industrial Task Force is not aware of any alternative means that have been suggested for achieving sustainability.

10.30 am

I have focused on the relevance of a corporation tax change for inward investment, but it could also be expected to administer a beneficial shock to the existing base. The business bodies at UK national level have been arguing strongly that a reduction in corporation tax is a key factor in enabling business to compete. It would be odd if local businesses were uniquely immune from the positive effects of tax change.

The Industrial Task Force has commissioned further work on the corporation tax proposition. This will seek, *inter alia*, to assess more precisely the economic gain, as well as the likely effect in the short and longer term on the tax yield and on the annual Treasury subvention. Importantly, it will also identify other elements of the company tax regime — in addition to the low headline rate — which have made the Republic highly attractive to FDI. Since the Industrial Task Force sees its role as being primarily to support the thrust of the political parties on this issue — in other words, you — the results of that further work will, of course, be placed at the subgroup's disposal.

The case for achieving economic growth by significantly enhancing fiscal incentives to encourage

expenditure on R&D has been examined in a recent report by Prof Richard Harris, commissioned by the Economic Research Institute of Northern Ireland (ERINI). The report suggests that there are more fundamental reasons than cost for firms not investing in R&D. The basic problem is not a resource gap or the cost of R&D, but a capabilities gap, and changing capabilities takes a long time. The report concluded that, on its own, an R&D tax credit — which, of course, would be expensive — is unlikely to remedy the lack of an R&D culture in the Province.

That accords with a report on the UK generally by PricewaterhouseCoopers's London office, which looked at the take-up by SMEs of a range of tax breaks. The report found that most small firms do not change their plans or behaviours because of potential tax rewards. Instead, they see them as a reward for work they would do anyway.

Even if it could be demonstrated that such tax breaks are effective, they would be primarily relevant to the existing industrial base. There is no evidence that they would be relevant in the context of the location decisions of FDI. They would not exert significant leverage on the fundamental issue, which is radical economic restructuring. They would, therefore, be no substitute for the corporation tax proposal and would not be directed to, or achieve, its purposes.

In the context of fiscal incentives, there has been some discussion on the reduction of fuel duty. I will not go into that as it is covered in my paper, but the argument for it on business cost grounds alone is not on a par with the strategic arguments to be adduced for a reduction in corporation tax. We can deal with that issue later, if the subgroup wishes to do so.

Finally, I turn to the construction of an economic package, or a peace dividend, to contribute to economic regeneration. The fundamental requirement is that an incoming Executive should be able to demonstrate that it has the means to make a successful assault on the critical problem — the unsustainability of a grossly unbalanced economy which, despite massive annual transfers from the Exchequer, cannot achieve the average wealth level for the UK. Without a competitive tax rate, the necessary radical restructuring will simply not be achieved.

It would be counter-productive to trade such an initiative for other measures, which when viewed in a historical perspective, simply represent more of the same.

That is not to say that there is no need for other compatible initiatives that contribute to the restructuring objective. Such initiatives do not necessarily require more money. In some cases, it may be a matter of directing existing resources more effectively. That is why without a detailed examination of the relevant budgets, which would only be possible from within

Government, it is difficult to quantify the resource implications of such initiatives.

I shall do no more than offer five brief guidelines. First, if the key to a sustainable economic future lies in a major expansion of the market sector, it is vital that Invest Northern Ireland be adequately resourced to match the competition in state aids. To boost the performance of companies in such critical areas as R&D, technology licensing and export marketing, it is important that INI be as well equipped and effective as Enterprise Ireland in the Republic.

Secondly, the important untapped source of labour supply, which is represented by our disproportionately large economically inactive population, must be equipped to enter the labour market. There is also a need to upgrade the skill levels of the population.

Thirdly, setting firm targets for eliminating the long tail of underachievement in the education system and closely tracking and tackling obstacles to that is long overdue. Making the profile of the education system match our economic ambitions should be part of the ongoing agenda.

Fourthly, tourism should be contributing three times as much to GDP as it currently does. Again, firm targets should be in place to make that happen.

Finally, with regard to infrastructure, it is important to recognise the big increase in the projected amounts available for capital spending and, therefore, to assess the validity of the balance within those numbers. Indeed, I have heard people argue that one should devise a scoring system for individual projects, because if growing the market sector is to be the centrepiece of economic policy, infrastructure deficits that could frustrate that policy should clearly have priority.

I have not dealt with the issue of business rates, because I understand that that is going to be the subject of a separate study.

An economic package constructed on these lines could usefully supplement the reduction in the rate of corporation tax and improve the supply-side conditions that enhance the attractiveness of a host location. It is essentially and inevitably more of the same — although its elements could hopefully be more effectively targeted and better delivered than hitherto. It cannot achieve the necessary step change. It is, therefore, no substitute for the reduction in corporation tax, which is needed to attract the global investor without whose help Northern Ireland simply cannot get on to a new economic trajectory.

The Chairman (Mr Molloy): Thank you, George.

Mr McNarry: Good morning, Sir George. It is good to see you looking as well as ever. That is one secret that you must pass on, never mind anything else.

Presentations by business and commerce-related groups have so far laced the flavour of the cocktail that may result in a reduction in corporate tax. Without wishing to be abrupt — I have to ask this, because the question will be asked outside — can the business sector be justifiably accused of using the current political climate of talks to restore devolution to promote selfishly alternative incentives? Is it badgering the political parties, while they prepare for a devolved Government, to extract a special package from the Treasury or Gordon Blair?

Mr Weir: Surely you mean Tony Blair or Gordon Brown?

Mr McNarry: Whatever I said, I will reverse it.
[Laughter.]

It is important for those who have chosen to go down the political route to know whether they can pull off a reduction in the corporation tax rate. The same applies to the introduction of water rates, as the public are up in arms about that. There is an expectancy that MLAs would do something about that if the Assembly were restored tomorrow. The UUP would do something about it, but I cannot speak for the other parties.

Finally, how consistent with the direct rulers is the Industrial Task Force in its request, or demand, for a reduction in the corporation tax rate? Is it getting anywhere with them, and are they listening? Are they making any promises, saying that it is a good idea and that they will think about it?

Sir George Quigley: That is a fair question, and I will answer it in two parts. First, I will deal with your question on whether this is a selfishly driven agenda by the business sector. I can only speak for the Industrial Task Force — but I would be surprised if what I say does not apply more generally. I have been amazed by the extent to which the debate in the business sector has focused on macroeconomic issues. In other words, the Industrial Task Force was driven to this conclusion. It is not the kind of natural conclusion that one would reach, because it is a difficult one, but the Industrial Task Force was driven to it following its analysis. If one simply has to seek more outside investment to make anything of the Northern Ireland economy, and if that requires us to be competitive on the corporation tax rate, as well as on everything else, there is no option but to go for the only weapon capable of delivering the outcome.

Business colleagues have said that they are concerned about the economy; therefore, they would be happy if the lower corporation tax rate were limited for inward investment purposes. Northern Ireland businesses would be happy to take the pain of foregoing a lower corporation tax rate for indigenous businesses, provided that we get a weapon that will make this place go forward. Ultimately, more outside

investment will benefit everyone, and I have heard people make that point. However, it would be difficult to implement, because one does not want indigenous businesses to be disadvantaged, especially if businesses from outside wish to invest in the same field. I have also heard people make that point. Lowering corporation tax is difficult. However, if it is the only way in which Northern Ireland will get up to the right level of economic performance, and it is the right thing to do, we must go for it.

With regard to your question about progress with direct rulers, the Industrial Task Force's objective was to prevent direct rule wiping the issue off the table before anyone could debate it. We have been successful in that, inasmuch as the Secretary of State, having read our report, said that the issues that it raised were important and merited serious consideration. In other words, he did not tell us that a debate on the issue was out of the question.

When we met the Prime Minister — the Taoiseach was also there — he said that it was interesting that the Republic had benefited from it and that we must seriously consider the matter. When we met Gordon Brown — and I met him privately for discussion — he did not say that a lower corporation tax rate was simply not on, but he could have done so. Direct rule ministers are taking the view, and the Prime Minister said this, that if we want the UK Government to radically reform the economy, a lower corporation tax rate is more likely to be introduced if local politicians support the idea.

The Prime Minister was not saying that the lower rate was bound to be granted if it were put forward by local politicians; he was saying that if there was a route towards a lower rate, it was that route, not the route of business going to direct rule Ministers and expecting a definitive decision from them.

In common parlance, it is all to play for: the door has been left open, and it would be a great pity if the once-and-for-all opportunity to do it were passed over.

10.45 am

Mr McNarry: I am grateful to Sir George for his explanation.

I take the point of what direct rule Ministers, the Prime Minister and the Chancellor have said to you in not dismissing this. Was there a sense that they would not dismiss it if the proposals were to come from local politicians, but that they would dismiss it if local politicians were not able to put themselves in a position to make those proposals?

Sir George Quigley: They were not going as far as that, as that point did not arise in that form. However — and we all hope that this will not happen — if one were in a situation where devolved Government did

not prove possible, one would still be left with the big issue: will Northern Ireland simply go into decline because the public sector is not growing and the productivity gap is widening. Where will it end up? The baton would have to be passed on.

Mr Michael Ryan (Industrial Task Force): I am one of the businessmen on the task force — and some of you have been to those forums. I have made it clear, with respect to the potential reduction in corporation tax affecting already indigenous businesses, that from a Northern Ireland plc point of view, I would be prepared to accept the fact that it did not apply to my company.

My company does not have anything to prove regarding its investment in Northern Ireland over the past 15 years. If the lower rate were to apply to new FDI only, I would accept that. On the other hand, to reinforce this from a business point of view, and with the global economy as it is, we must do something different, even businesses such as ours. As businessmen in the community, we have to deal with the global pressures that force us to reassess our businesses and look for more radical solutions than we would have considered previously.

From discussions amongst ourselves, we decided that it was time to try to do something different. If that meant that established businesses would not avail of it, then, from a Northern Ireland plc viewpoint, there are bound to be spin offs, as Sir George mentioned. Even if my company and some of the larger companies in Northern Ireland were to expand, and even if we were to double, it would not make enough difference. We cannot expand with the people who are already here — even if we doubled our business, which would be unbelievable for us, and for companies such as Seagate Technology and Caterpillar. New people must come in — how can we achieve that?

The Chairman (Mr Molloy): Time is running out, so please keep questions short and answers brief.

Mr Neeson: Of all the organisations that have come before the subgroup, the Industrial Task Force is the first to focus on the single issue. Are the other fiscal incentives that are in place working? We have talked about the impact of industrial derating before, but has it had an impact on attracting inward investment? Secondly Sir George, you talk about the rebalanced economy. Who will drive it? Will it be the business sector, the Government or what?

Sir George Quigley: In answer to the last question about who will drive a rebalanced economy, I look forward to an economic future when market activity will, hopefully, drive the economy much more effectively. In other words, as I said during my presentation, companies must get up and go and make things happen. They must be ambitious for their futures. In doing so, business contributes not only to

Northern Ireland's economic future, but, because economics, politics and stability are tied up together, it contributes to its political future as well.

The Government can do certain things, such as creating a business-friendly environment, which has been a big factor in the South. Other important factors include consistency in policy and infrastructure or, for example, where the Government intervene in training arrangements. However, without a catalyst to bring companies through the door, there is nothing for anyone to work with.

The South has had much success in attracting a huge mass of investment. In turn, that success gives everyone in the education system the goal to address how to meet the needs of that inward flow of investment and to get the infrastructure and telecommunications right. There is a strong stimulus to do things right simply because people are battering at the door saying that they have come to invest and that that is what they want. By introducing a driver, the positive forces for the development of the economy are internalised.

In considering fiscal incentives for R&D, members may wish to read Prof Richard Harris's report, if they have not already done so. He makes the point that tax credits alone do not develop a culture attuned to R&D, etc. The impediments have nothing to do with the expense of R&D: it is about getting into the minds of companies that R&D is part of the company breathing process in the same way as training or reaching new markets.

There is no evidence yet that tax credits produce the kind of change that we all want. Critically, tax credits would be relevant only to the industrial base that is already here: they would not do anything for bringing in companies.

Mr Weir: Thank you, Sir George and colleagues, for your presentation. You have made a persuasive case for the reduction of corporation tax. Let me play devil's advocate on a couple of points to see your reaction.

You stated that the responses from the Secretary of State through to the Prime Minister — or perhaps more appropriately through to the Chancellor — have been along the lines that the serious issues that have been raised deserve serious consideration. Such responses often smack to me of the answer really being no and Ministers not wanting a public row. Or Ministers may feel that although they know that they will not agree to something, there is some merit in holding out a carrot suggesting that it could happen, because that applies additional pressure to restore devolution, which is clearly the Government's principal objective. If the Government have not closed the door, and clear benefits could flow from a reduction in corporation tax, I wonder why they have not introduced it by now.

Secondly, it has been suggested that a reduced rate of corporation tax in one region of a country may breach EU guidelines, as it may constitute state aid. How do you answer that point, and can you provide us with any worked examples within the EU of a country where one region has been given a different tax regime to another? That would be useful if we are to make the case for a reduction in corporation tax.

Finally, I see the benefits of a reduced corporation tax for foreign direct investment. However, on page 13 or 14 of your presentation, you say that you believe that a reduced corporation tax would give:

“a considerable boost to the hospitality industry.”

Will you explain why that would be, as I am not clear on how that would be of particular benefit to the hospitality industry?

Sir George Quigley: As far as the attitude of the Government is concerned, only time will tell.

All that business can do is to place the ball properly on the field and give all the support that it can. In this case, the strikers are the local politicians, and I believe passionately that it is they who can get the ball into the net. That will have to be as indispensable a part of a settlement for devolution as the political aspect.

It would be totally unfair for an Executive that does not have the tools to do the job properly to be forced to make many unpopular decisions and fail to deliver. Once that happens, the British Government will be over the hills and far away, and the Executive will be left holding the baby. If the Executive were to ask Government for this radical change, Government would simply say that the Executive has its public expenditure block, and it can do whatever it likes with it. We now have the opportunity of a lifetime.

Surmounting EU obstacles will be a challenge. However, if Europe wants to do something, it will be done. A compelling case would have to be made. Spain and Portugal have been able to make some changes to their tax regimes.

Mr Weir: I appreciate that you cannot expand too much on that issue, but if there were examples of areas where different tax regimes have not been challenged or overturned, it would be useful for the subgroup to know about them. For instance, the Azores has been mentioned. You could perhaps put any examples in writing to the subgroup.

Sir George Quigley: There are a few successful examples. We are in a unique position on this island because Northern Ireland is cheek by jowl with a strong player that will always be able to outbid it for really attractive investment opportunities. That type of relationship does not exist in any other part of Europe. Where else has a North/South Ministerial Council? Where else are there interstate bodies, and so forth?

We are in a unique position to mount a sustainable argument. We need to get the best possible argument, and we must ensure that it sticks.

Mr Tony Hopkins (Industrial Task Force): The timing of this initiative is the key point. I approach this issue from a different perspective; I was at the sharp end during the 1980s and the early 1990s, competing with the Republic for inward investment through the Industrial Development Board (IDB). Almost everything was similar, North and South, although in some ways the North had a better infrastructure, a better economic background and our people were just as talented. However, we always failed on the corporation tax issue. It was a block on every discussion that we had with a major company, and many companies would not even speak to us.

At the end of the 1980s, we had a bash at changing the situation. We made valiant attempts with the Treasury, with the backing of the Northern Ireland Civil Service. Although the case was sound, we were seen off because although many aspects were exactly the same as they are now, we had no leverage. Given the precarious nature of our economy — productivity is going down, we are gaining jobs but they are not the right types of jobs to build an economy that can become self-sustaining — the timing of this initiative presents us with an opportunity to do something major and radical.

Sir George Quigley: In the hospitality industry, our hoteliers — the people providing facilities and so forth — are competing in an island market. Visitors come to the island, and we want them to spend time in Northern Ireland. However, the service providers are paying UK rates of corporation tax. People in the industry have told me that that disadvantages Northern Ireland. Therefore, it would be very odd indeed if people could not benefit from that type of tax change. If you told people elsewhere in the UK that they could have their tax rate reduced to that level, they would jump at it.

11.00 am

Mr McNarry: Did you know that members are now contributing to the economy? This morning, our mileage allowance was reduced.

Ms Gildernew: Gentlemen, you are very welcome. It is interesting that you say that any rate above 12.5% would not be competitive. You are basically arguing for the harmonisation of tax rates across the island.

I approach this matter from a slightly different perspective. Other contributors have recognised that FDI will not go to rural areas. That investment goes to Belfast and perhaps Derry, but other than that, it will have no impact. Other contributors have said that the Barnett formula may be looked at again and that less money may go to our overall budget. I am concerned about the impact of that on rural areas. How do you

see the situation developing if jobs are all located in and around Belfast?

Another interesting area was mentioned in the final stage of your report, which addressed education and skills. We all know that numeracy and literacy levels are not what they should be. At the moment, we have smaller classes, and that presents opportunities for more time to be given to individuals in the classroom. That is a huge opportunity for us, but the education budgets are being cut, and we will lose that opportunity to raise the level of educational attainment. The budget for adult learning has also been cut. What impact do you think that that will have?

I noticed that you mentioned the lack of skills. You are clearly saying that we must invest more in education, in schools and in adult learning to increase the skills level and get those who are, at the moment, economically inactive into the workplace. We need those people, and we need them to be sufficiently skilled to take up that challenge.

Sir George Quigley: Absolutely. That is very important. There are two matters that one is always keeping in tension and, hopefully, in harmony. One is the collective good, for which we must revivify the economy and raise its performance to a high level. We are climbing Everest; we are not just climbing a few thousand feet. At the same time, we must ensure that individuals have maximum opportunities, and that means equipping them with the wherewithal to participate in the labour market.

If people do not have numeracy and literacy skills, they are not able to get on the first rung of the ladder. That is very important, but unless we are equally effectively developing labour-market opportunities, there is no point in producing many skilled people and many people who go on to higher education. We must do that in individual terms, but we also want to give those people opportunities. At the moment, far too many people are having to find their opportunities outside Northern Ireland, or they are taking jobs in Northern Ireland that are far below the level at which they could usefully be employed. I agree with you totally about the importance of an emphasis on education.

Could I also respond to the point about the location of investment? One very interesting thing about the experience in the South is the extent to which business and inward investment has been prepared to invest all over the state. For example, from memory, something like 50% of projects last year were located away from the Dublin area.

One of the most interesting inward investment projects I have seen for a long time was announced ten days ago in the South. A company in the huge Johnson and Johnson group will make stents for people who are challenged in a cardiac fashion, so to speak. That company

will undertake development work and production, employing 460 people. Where is that investment going? Cashel. That investment will affect the whole area. Why should investment not go to Enniskillen? Why should it not go to Strabane, Ballymena, Coleraine, or wherever?

Ms Gildernew: The difference is that there is a motorway to Cashel, which I pass frequently on the road to Cork.

The existing roads infrastructure allows investment in Cork, Limerick and Galway.

Liam Nellis presented an interesting slide on high performers and high earners, and another on educational attainment. They were damning. Border areas experienced the lowest levels of educational attainment. Overall, there were very few high earners in the North in contrast to the Twenty-six Counties. From that point of view, Cashel may be a more attractive prospect than Enniskillen will ever be. We do not have the roads infrastructure to get people that far west; that represents a disadvantage. How can rural areas compete and benefit from this increase? I fear that we will be left far behind and that a new economic wasteland will be created: Fermanagh and Tyrone.

Sir George Quigley: Let us stuff Northern Ireland with inward investment proposals, and there will be no wastelands. Infrastructure ought to be very carefully proofed, to see where failure to do it would impair economic objectives. If the road system to Enniskillen is going to impair the ability to create opportunities in Fermanagh, it ought to be addressed. We cannot be content with simply saying that in 2020 or 2050, some parts of Northern Ireland are not going to attract investment because people are not adequately educated and the infrastructure is inadequate. That would be an unacceptable proposition.

Inward investment will become a driver; without it there would never have been such investment in infrastructure and in second- and third-level education in the South. It is a tremendous driver for change in all areas.

Mr Dallat: I taught for several years in the Republic, where there was no selection. Are we still living with prejudice against vocational education? Is that a factor? Are we still exporting our brightest people to the best academic institutions in Britain? How much is that affecting the needs of employers? What can a new Assembly do to break down that prejudice and address the huge problems it has created?

Sir George Quigley: Your point about very bright people leaving is well made. I was a member of the Dearing Committee on higher education seven or eight years ago, and I argued passionately in the Northern Ireland chapter — which I got all my colleagues throughout the UK to support — that we needed far more higher education places in Northern Ireland.

Absolutely nothing was done about it. It is so obvious a point that it scarcely bears consideration. However, far from doing that, for a long time the universities in Northern Ireland were the only ones in which numbers were capped.

Mr Dallat: That is still the case.

Sir George Quigley: So here we are. Whereas Scotland has the equivalent of two universities underpinned by a mass of students coming in from outside Scotland, we are exporting people. How can we credibly say that we want to build up a knowledge economy and a region that shines in world terms, when we have not been able to provide the higher education facilities that we need?

Also, you are right that the primary level is critical. I do not advocate great schemes, but institution by institution, we must be able to measure progress on a five-year basis until we have no one emerging at age 11 with a reading age of seven and a numeracy age of seven or eight. It is appalling that that is happening; it means that whatever might happen at secondary level, those people are deprived of a future.

Mr Dallat: In the short term I get the impression that industry has been saved to some extent by migrant labourers from eastern Europe.

It has also come to my attention time and time again that the skills of those people are not matched to the needs of the employers. We heard some examples in previous evidence sessions. The most recent example was of a highly qualified engineer, with additional qualifications in transportation, working in a car breaker's yard. How damaging is it when the mechanisms in place to assess people create that kind of situation?

Sir George Quigley: We are all at the early stages of this. So far, immigration has been relatively low compared to the South, where 8% of the workforce is now from overseas — which is incredible for a country that had net outward migration for years. We are only starting to find out how to use people properly. It has taken 2,000 years to find out how to use the indigenous population properly, so it may take a few more years to find out how to deal with those coming from outside.

The Chairman (Mr Molloy): Gentlemen, we are running out of time, so I propose to take three short questions together from Alasdair McDonnell, Barry McElduff and Esmond Birnie.

Dr McDonnell: Thank you very much, Sir George. I apologise for missing the first part of your presentation, but I certainly got the gist of what you said.

You have already covered some of my points during the extensive questions that you have already answered. For me, the economy ties back to creating employment and to education. How do we tackle underachievement in education in inner-city areas, particularly in Belfast?

That is a major drag on the economy. How can we get a bigger slice of the island economy? Should the tax regime be fixed? Are there other options if that is not possible?

Mr McElduff: My question concerns political stability and how it might impact on the economy. I invite the Industrial Task Force to offer an opinion on how the continuation of direct rule would be bad for the economy in the North.

Dr Birnie: First, to what extent might the corporation tax proposal be vulnerable to the phenomenon of transfer pricing, which has happened in the Irish Republic? Further to that, might the corporation tax advantage be nullified in the future — or even the near future — through moves made with regard to the United States Internal Revenue Service?

Secondly, does the Republic of Ireland experience of having a low corporation tax rate genuinely prove the point that it leads to higher R&D? The Southern Irish R&D rate is not notably high.

Sir George Quigley: With regard to getting a larger share of the island economy: if we do not get corporation tax, we can nibble at the edges of it. We can try to do more to get companies North and South interacting with one another. InterTradeIreland is doing a very good job, not just in promoting trade relationships. After all, 27% of Northern Ireland's exports now go to the Republic. That is the same percentage as goes to the whole of the rest of Europe.

Much has been done to get the trade interactions going. Again, people in the pharmaceutical cluster in the South and those in the very minute cluster in the North, for example, can be encouraged to interact more with one another. Frankly, the big mover will be the freeing-up of investment flows. That would really open the door 90 degrees, whereas anything else would open it 5% or 10%. It would mean pegging away at more of the same, and that will include more of what InterTradeIreland is there to do.

11.15 am

In order to tackle educational underachievement, the situation must be micromanaged. What made the eastern Pacific education system so good was that individual schools related to their communities. They understood that three partners were involved: the parents; the school; and the pupils. Northern Ireland must adopt that same mindset, which is that the school must add value to every single person who comes through its doors. Everybody here would agree that one factor that holds back performance is parents' and teachers' low expectations. Our mindset must be transformed.

Schools in Northern Ireland that have done very well have adopted some interesting practices. There are schools in Belfast and in Derry that are among the

top performers despite being situated in difficult social areas. Those schools do not have — or, according to one's expectations, should not have — much external support, yet they are doing extremely well. They have adopted many innovative measures, including involving parents through having them take classes in the school and setting up after-school initiatives where kids can do their homework free from neighbourhood distractions. Therefore, we must micromanage rather than settle for the broad-brush approach that leaves it to the system to make things happen.

I was asked whether direct rule is good or bad for the economy. Looking back over the past 30 years, which is beyond the memory of some of you, I can think of a number of people who were fully committed to Northern Ireland. Stan Orme was a radical political figure in many ways, but he was absolutely solid on the economy, as was Roy Mason. Both were prepared to do significant things for Northern Ireland, and both fought their corner with the Treasury in order to get special things done here. Those days are largely gone. Direct rule Ministers may be well intentioned and may be doing their best, but decisions will always be taken in line with priorities that are not necessarily Northern Ireland's priorities.

You people are steeped in the local situation; you can say what is right for this place's future, and then single-mindedly go for it. That is my general answer to the question, so I hope that you will be sitting in the seats of power very soon.

As Dr Birnie knows, transfer pricing is pretty strictly regulated internationally. If there were any question, for example, of wanting to adapt corporation tax to transactions between Great Britain and Northern Ireland or between companies, that can be readily done, and the accountants that one talks to say that there is not really an issue there. Moreover, people in the International Financial Services Centre in Dublin worried about companies putting up their brass plate, but doing nothing more than that. I think that means were found to counter that. Good, practical answers exist to all those questions.

I was asked whether the situation between the Republic of Ireland and the United States Internal Revenue Service could change. What is great about the inward-investment process is that it is good for both the US and the Republic of Ireland. Shareholders in the United States are getting a very good deal. They make good profits by locating companies in the Republic of Ireland. If any attempt was made to change that, pretty powerful lobbies in the US would say: "No, of course the countries that we go to get benefit, but we get a lot of benefit as well." One should not underestimate the power of the Irish lobby either in the US.

People in Ireland will be very reluctant to see any change. I quoted a personal, confidential letter that I received on the US stance. I cannot reveal the identity of the writer, except to say that it was someone who would have been pretty sensitive to the considerations that Dr Birnie mentioned.

As for research and development, it is very difficult to develop a regional system of innovation of the sort to which Dr Birnie alluded. All the experts say that developing such a system is a long, slow process. That is where we must almost jump a stage and latch on to what the big global companies can do on a massive scale. It is interesting that Prof Richard Harris's report mentioned the importance of an inward investment policy that brought in the big players who, because of their economies of scale and scope, can do research and development on a massive scale.

I hope that some of the research and development activity going on and the links being made to local academic institutions would rub off on the indigenous base. However, that could take years of effort. There are few examples worldwide of where it has been done successfully.

The Chairman (Mr Molloy): Thank you, Gentlemen. I am sorry that we had to rush at the end of a very important contribution. Thank you for attending. We have your documentation. Perhaps you could send the subgroup any information that you have on examples of the co-operation about which Peter Weir asked.

Sir George Quigley: Thank you very much, Mr Chairman, for the reception that you gave us. We will do our best on Mr Weir's question, although I suspect that there may be little information on the issue. We will be breaking new ground to some extent, but why should we be afraid of that?

The Chairman (Mr Molloy): You are very welcome, Gentlemen. I apologise for the overrun in the last session. I hope that we can keep the questions and the submissions in this session short.

Mr Michael Kiddle (Northern Ireland Committee, Irish Congress of Trade Unions): The panel is John Corey from the Northern Ireland Public Service Alliance (NIPSA), who is also a member of the Northern Ireland Committee, Irish Congress of Trade Unions (NICITU); Peter Bunting, who is the assistant general secretary of NICITU, based in Northern Ireland; and I am Michael Kiddle, chairman of NICITU for the next two years.

Mr Peter Bunting (Northern Ireland Committee, Irish Congress of Trade Unions): I thank the subgroup for giving us this opportunity. It is important that trade unions have an input into the drafting of economic and social policy in Northern Ireland, specifically in an economic context. We are aware of the dysfunctional nature of Northern Ireland's economy and its almost weekly exacerbation by the loss of jobs.

Over the next year, about 1,500 jobs will haemorrhage from the Ministry of Defence, 500 from the Prudential Assurance Company Limited, from Visteon in west Belfast and from other companies — Teletech Europe in Duncairn Gardens looks to be under threat. That will lead to a huge loss of disposable income in Northern Ireland. That loss, allied to the increase in domestic rates, the high energy charges and the imposition of water charges, will have an adverse domino effect on the services sector.

The economic outlook in Northern Ireland is gloomy. With that in mind, we set out to have a debate on the economy and have drafted a statement on the economy, 'Not Old Wine in New Bottles'. In recent years, the same old theories and propositions have been advanced on how to cure the ills of the Northern Ireland economy. We have set out our position in this document. It is all predicated on our belief that it is imperative — and, I must emphasise, on an economic and social basis only — that the Assembly and the devolutionary process be instituted. That will become clear during the presentation.

The trade union movement believes that the ills of our economy cannot be solved by direct rule. Direct rule is currently the Treasury's main vehicle for recouping as much money as it gives to Northern Ireland in the subvention — for example, through the proposed water charges. Our propositions will not be implemented by direct rule; the best way forward is to engage in a devolutionary process, which offers democratic accountability on the economic and social aspirations and objectives.

The document addresses a number of issues. The first is the argument that the public sector is too big. Our view on that is simple: the private sector is too small and the public sector is not too big. We primarily believe that the crucial missing link in Northern Ireland is the absence of a wealth- and job-creating sector, an enterprise sector and an innovation sector. There is also a lack of enterprise, and, importantly, the only way to overcome that is by mobilising the human, social, economic and political will. That can only occur with devolution, the absence of which will not create any momentum or dynamic in the economy.

Mr John Corey (Northern Ireland Committee, Irish Congress of Trade Unions): To return to the Committee's terms of reference: the first task is to identify major impediments to the development of the economy. We very often hear that the size of the public sector is an impediment to the development of the economy. At best, it is presented as too large; at worst, it is presented as a drain on the private sector and damaging to the private sector's interests. One argument is that the availability of jobs in the public sector acts as a disincentive to people seeking jobs in the private sector. The trade unions do not share that

analysis. Our submission tackles some of the arguments, and I would like to address four points that I think the subgroup should particularly consider when producing its report. The argument about the size of the public sector in Northern Ireland is such a populist one that it must be addressed and tackled head on.

My first point is that GDP comparisons are often made between Northern Ireland and the UK as a whole, and that Northern Ireland compares very unfavourably with the rest of the UK. However, we strongly argue that making such a comparison is not comparing like with like. Compare Northern Ireland to a similar region in the UK — if there is a region that exactly matches Northern Ireland — and one will find that the GDP figures are more comparable. However, other factors are difficult to measure in that, in comparison to the rest of the UK, the size of Northern Ireland's public sector is also dictated by economies of scale. Northern Ireland must set up an infrastructure of public services, whereas a single region of the UK may not have to set up the same infrastructure — it may have access to services that are on the same land mass. Those comparisons are not valid and should not be used to attack the public sector in Northern Ireland.

11.30 am

The second point concerns the number of public-sector jobs in Northern Ireland. Wildly varying statistics are given about those jobs compared to the private sector. The data that we have indicate that the Northern Ireland public sector accounts for 27·1% of employee jobs, compared to 21% in the UK. It could be said that the Northern Ireland figure is higher, but again, that would lead to regional comparisons and comparing like with like. The figure of 27·1% rises to 31·4% if you include reserved functions, such as security and UK central Government Departments.

A figure of 60% is sometimes quoted for public-sector jobs in Northern Ireland. That is not a true figure. If every conceivable public-sector job is included, that figure is around 30%. However, the health and education sectors account for 70% of that 30% — those are frontline staff. No matter what argument is made about the size of the public sector, the number of staff in the health and education sectors will not fundamentally change, because the trend is to employ more staff to provide more priority services. It is therefore important that the data and their relevance are understood. We argue that public services should be staffed to meet the public needs, no more and no less.

The third point, which is relevant to the Northern Ireland economy, is the trend advocated and pursued by direct rule Ministers and the Strategic Investment Board to shift jobs from public services to the private sector through private finance initiatives (PFI). Of the many instances of that, two current examples come to

mind. First, Civil Service personnel work is being shifted to the private sector, with the loss of around 600 jobs. Secondly, the Civil Service accommodation estate is being shifted. Around 76 Government buildings are being shifted to the private sector, with the potential loss of 500 Civil Service jobs.

Some have argued that that is part of the so-called rebalancing of the economy; others have argued that it is designed to incentivise the private sector in Northern Ireland. We fundamentally disagree with that: it is our considered view that PFI mechanisms do not ultimately mean better value for money for the taxpayer.

However, in the context of the Northern Ireland economy, the use of PFI for public service infrastructure and delivery of the type that I have indicated is not in the interests of Northern Ireland business. The key bidders for those contracts are not indigenous companies. For example, the bidders for the Civil Service buildings include a company called Mapeley. That is a Bermuda-based company that has been criticised by the House of Commons Public Accounts Committee for having a similar contract with the Inland Revenue but obviously not paying tax in the UK on that contract.

We are concerned about the process and programme of private finance initiatives in Northern Ireland. Not only do we disagree with PFI from the point of view of how public services should be delivered, it could be damaging to the Northern Ireland economy. It is important that that point is understood and dealt with.

The fourth and last point I wish to make in relation to the economy concerns the Review of Public Administration (RPA). The Committee may not have considered that RPA is highly relevant to its considerations on the impediments to the economy or on how matters might progress. However, the relevance of RPA is that it will mean massive change in public service delivery and, potentially, the location of public service jobs across Northern Ireland.

Our concern is that the trend will be to centralise jobs in the greater Belfast area as part of the out-working of RPA, and there is already evidence of that. For example, Departments — whatever number may exist, and Peter Hain expressed his views on that recently — are planning to locate in the central Belfast area or in the Stormont Estate. There is a clear statement of policy that two Departments, now based in Bangor, should be moved back to Belfast or to the Stormont Estate. There are major questions about where the policy on the dispersal of public service jobs across Northern Ireland now stands and where jobs will be located as RPA works its way through.

Public service jobs have a big impact on local economies. For example, locating 500 public-service jobs in Omagh will impact on the local economy there. Removing them will also have a big impact. There is a

major issue in relation to the economy of Northern Ireland flowing from the RPA, reinforcing the need, which we have already expressed, for a proper examination of the RPA process from the point of view of policies on dispersal and equality and its impact on the rural economy as regards the location of jobs.

Those are the points that I want to emphasise on the relevance of public-sector issues and the importance of a debate on public sector versus private sector in relation to the economy.

Mr Bunting: Following on from that, there is a lack of a manufacturing base in Northern Ireland. Traditional manufacturing industries have been haemorrhaging and in many cases have disappeared. Much play has been made, particularly by the Northern Ireland Business Alliance and many other commentators, on the issue of corporation tax and how we can best drive the Northern Ireland economy.

Our view is based primarily on the fact that analysis, which shows that corporation tax has been the primary factor driving the Republic of Ireland's economy, does not stand up to examination. When the Celtic tiger was born — in the embryonic sense — the corporation tax rate in the Republic of Ireland was 47%. Other than corporation tax, a range of contributing factors have been involved; and, by the way, corporation tax was only reduced over the past seven years when the economy in the Republic of Ireland was well-rooted and was driving forward.

The pragmatic view is that such a reduction will not happen in the United Kingdom and Northern Ireland. The Treasury will not allow it to happen because of competition from Wales and the north-east of England, etc. It is a no-no.

We advocate having particular criteria under which companies would be rewarded amounts that they would gain from reduced corporation tax in a grant-aided manner. When Northern Ireland advocates a devolutionary process once again, the Treasury will still control fiscal matters. However, the allocation of grants can be within the domain of the Northern Ireland Assembly.

Our view is that grant aid should be equivalent to the difference between the corporation tax rates in the Republic of Ireland and Northern Ireland. It should be used as a reward to help companies with R&D or, where possible and where there is a concentration of SMEs, be targeted at the dynamic clustering and networking of suppliers, sub-suppliers, sales outlets, public agencies and cross-border networks. Eighty percent of economic activity in Northern Ireland is accounted for by SMEs. We are saying that that is where such rewards should be placed. They should be based on performance indicators.

We believe also in the creation of a range of trade-association run business networks. Businesses would

pay a fee to join a trade association in which it could share market intelligence and technology transfer and diffusion. Where possible, the Government would fund technology acquisition grants for SMEs. Only network-registered companies could avail of those Government grants, equivalent to taxes liable in excess of the 12.5% profits.

One other criterion would be productivity. If a productivity indicator showed that a company was increasing its exports by a certain percentage, it would also be entitled to receive those grants.

This is not just a scattergun approach. Not every company would receive a reduction in its corporation tax. There is no guarantee of results or that jobs and wealth could be created and reinvested. The argument for a blanket reduction in corporation tax is ill thought out and, for some of the reasons that I have given, has many flaws.

Esmond Birnie mentioned transfer pricing and the EU approach to harmonisation of taxation. It is better that those decisions come from our democratically accountable Assembly and that grants are based on proper criteria.

In public procurement, £16 billion is going to be invested in Northern Ireland. We are of the opinion that within the terms of the relevant EU legislation, tackling social disadvantage and addressing the problem of economic inactivity could be built into that procurement programme. For example, in the Titanic Quarter, if “Bunting Construction Company” wanted to tender for a job requiring 200 craft workers, I would be obliged to take on 50 apprentices from economically disadvantaged communities.

The European Union's Recital 33, which regulates public procurement, outlines a range of measures to tackle disadvantage and long-term unemployment through, for example, training young people. We advocate that within that public procurement policy — which spends public money, after all — the tendering system should have measures built in to tackle disadvantage and to help those who have fallen through the net of the education system.

Currently, construction is the only identifiable growth industry in Northern Ireland. In our public procurement subcommittee, we work under the aegis of the Secretary of State and the Central Procurement Directorate. We are also working with the Secretary of State to regulate the construction industry, which is riddled with the “bogus self-employed”. We hope that new revenue regulations to be introduced next year will eliminate some of that.

It is also imperative that the apprenticeship system is regulated and will no longer be associated with Jobskills, through which people were paid £40 a week and had no employment rights because they had no

employers. In reality, their employer was the Department for Employment and Learning. Michael may comment on that later, but the construction sector must be regulated in such way creates opportunities to improve skills and to learn in the workplace.

Learning in the workplace and lifelong learning are crucial to the improvement of skills in the population, particularly among the 47% who left the education system without any qualifications. Lifelong learning, as you aware, is a European phenomenon and was part of the Lisbon Agreement. The British Government are pumping millions of pounds into it.

Our difficulty in Northern Ireland is that many employers are reluctant to engage with us on this scheme, whereby their training costs are paid for by the British Government and through the aegis of the trade unions and workplace learning.

We have had huge difficulty, and I will give you the example of the Victoria Square site. We could not get agreement to run a workplace-learning project there, even though the contractor employs over 200 or 300 people in construction jobs, particularly as general operatives. We must improve the skills of a huge range of people in Northern Ireland, and we must concentrate resources on sciences and technology in higher education. We should have enough accountants and solicitors by now, and I mean no disrespect to those professions. Sorry, Peter, I am not talking about you. *[Laughter.]*

Mr Ford: He is a barrister.

Mr Bunting: Worse again.

I do not want to compare Northern Ireland too much with the Republic of Ireland, but we have a land border and we must deal with that. A pharmaceutical company in Clonmel in County Tipperary announced recently that it was creating 460 jobs. For any of you who know Clonmel, it is quite a small town far out and decentralised from many areas. The crucial factor about those 460 jobs is that the company hired 80 people with PhDs to conduct research and development. If, out of a workforce of 460, that company is hiring 80 people with PhDs, there is no danger of it moving to east Asia any time soon. We need that type of inward investment in Northern Ireland.

11.45 am

Northern Ireland has had a brain drain, particularly from one side of the community, and that has caused loads of problems. We need to build all-island economic synergies or cross-border economic synergies — whichever description you choose. Transport 21 in the Republic of Ireland is building up the infrastructure on the west coast. We believe that that initiative should be driven forward and that Northern Ireland should avail of it up through Enniskillen, Strabane and Omagh, and as far as Derry/Londonderry. In that context, we would

also decentralise our economy towards the western part of Northern Ireland, which, with good infrastructure, would, hopefully, create some degree of inward investment in that area. We should avail of that cross-border dynamic.

Northern Ireland must have cross-border economic activity, and we must remove the blockages that inhibit a lot of cross-border activity. I must emphasise that that is an economic and social view and not a constitutional position. We can say that InterTradeIreland is wonderful, etc, but the barriers to that cross-border activity are centred on the lack of labour mobility, transport infrastructure and mutual recognition of skills and accreditations between the Republic and Northern Ireland. As well as that, the system of banking and bank charges is prohibitive. A transaction from the Republic to a Northern Ireland bank incurs quite extensive charges. Those issues must be addressed.

Last, but not least, I return to our argument that devolution is imperative. To drive a situation similar to that in the Republic of Ireland, we need to build — I hesitate to use the word partnership, because it is much devalued — a social compact between employers, politicians, trade unions and the community and voluntary sector. The compact does not have to take all from the Republic of Ireland, but should take lessons on the social and economic way forward. Northern Ireland needs to take that approach rather than maintain the adversarial conditions in which a lot of its dealings have taken place, particularly on the industrial front and between the businesses, trade unions and employees.

Northern Ireland must get away from the low-pay, low-skilled industry that it has attracted, which really is another failure. Through the Freedom of Information Act 2000, we requested documentation from the four revenue compliance officers in Northern Ireland whose job it is to ensure that employers conform to the minimum wage. On 65% of visits, they discovered that employers were not paying the minimum wage. In Northern Ireland, there is huge exploitation of workers. If that were rolled out to all the industries and areas that the revenue compliance officers could have visited, it would show a shocking picture of horrendous exploitation.

NICICTU has huge anecdotal evidence of migrant workers being exploited. Migrant workers are very welcome wherever they work in Northern Ireland. However, there is further anecdotal evidence of the displacement of indigenous workers by migrant workers, with one case involving 50 workers in a factory in Monkstown that makes either radiators or windows. In that sense, the influx of migrant workers also creates a recipe for unrest, social upheaval and racism, so we must be careful.

Both the previous Stormont Government and the Assembly had the autonomy to introduce and implement specific employment rights. That is another reason why NICICTU advocates the democratic accountability that is part of devolution.

The Chairman (Mr Molloy): Will you take a couple of questions, Peter, because we are running out of time?

Mr Bunting: My last point is the lack of emphasis on the social economy; I have already dealt with vocational training.

Mr Ford: Peter, you said that you did not believe that the lower rate of corporation tax in the Republic was the primary factor in its economic success. You emphasised support for research and development rather than a blanket reduction in corporation tax. If the Treasury agreed to reduce the rate of corporation tax in Northern Ireland to 12.5%, would NICICTU oppose that in principle or is its opposition based on its pragmatic consideration that it would be easier to attain support for research and development?

Mr Bunting: I would oppose it in principle, because, in one sense, it is public money and because of transfer pricing. Money allocated to companies and employers must be results-based: it must be given on the premise that companies will be up skilled, results will improve and wealth and job creation will emanate from the award of such grants.

However, David, if the Treasury succumbs to that argument, give me smelling salts and pick me up off the floor.

Mr Ford: My second point relates to part of John Corey's presentation. I accept the argument that in Northern Ireland, the public sector is not too big; rather, the private sector is too small. However, we must consider our history — and I speak as a former employee of the public sector. As a former NIPSA member, I now find myself sitting beside a doctor, looking across at a teacher, while a barrister has just left the room. How do we deal with the perception that, for many people, entering an established profession is the height of attainment? In trying to increase innovation and enterprise in Northern Ireland, how do we avoid people thinking that the best employment routes are into established professions rather than going into business to build the economy? Your general point seemed to be that there should be less dependence on FDI and more on indigenous growth.

Mr Corey: I am not sure how to persuade people that the best careers lie outside the professions. Naturally, parents look towards the traditional professions, so they may need more persuasion than young people.

I am not convinced that those who enter the professions necessarily enter public services. Many professions span both the public and private sectors.

Peter Bunting's more relevant point is that it seems reasonable to promote particular sectors in education, such as science, engineering and technology. In the past, that would have been done in a more structured way when Government would say that to encourage people to enter the professions, they wished to target resources at university education. Therefore, the economy is tied back into education. I am not sure whether that fully answers your question. It is a difficult issue.

I want to return to the question on corporation tax. From a trade union point of view, our primary interest is to secure sustainable, highly skilled, well-paid employment, which would lead to a good economy. We are not convinced that reducing corporation tax in Northern Ireland to the levels of the Irish Republic would automatically improve the economy. In fact, the evidence points to the contrary.

If the grant route, rather than the corporation tax route, is used to incentivise investment in companies, that will be in the control of a local devolved administration. If the corporation tax route is chosen, that will be in the control of the Treasury. Northern Ireland would have no control because the Treasury could change its mind. The corporation tax issue requires further examination. The social partnership element of the Irish Republic's economy, which dates back to 1987, plays a significant role that country's economic growth.

Dr McDonnell: Thank you for your stimulating presentation.

How can we tie the economy to the creation of high-paid jobs? How will we tie that into educational underachievement? Although 50% of our young people go to university and are successful, I am worried about the 20% to 25% who fall off the ledge. That is a waste to the economy and to everything that we want to achieve.

Mr Bunting: You are quite right. Recently, NICICTU placed an advertisement for a basic administrative position; of the 10 to 12 people who applied for the job, five had degrees. We have an educated population, but how do we attract investment? Grants can be given to research and development. The difference between 12.5% corporation tax and whatever profits are made might well be above that.

There must be fiscal incentives to attract inward investment and drive the Northern Ireland economy. That must include job creation and wealth creation. We must change the curricula in many of our further and higher education colleges to meet the needs of particular industries, such as biomedical sciences. For example, the Republic of Ireland had "regional colleges", most of which are now "institutes of technology". In the

Waterford and east Cork area, there is a cluster of pharmaceutical and biomedical companies. Waterford Institute of Technology changed its curricula, particularly in the sciences and technology, to meet the needs and demands of those companies. We may have many highly educated people in Northern Ireland, but are they educated in the right disciplines?

There must be synergy between what we want, what type of industries can locate here and whether we have the educated labour market that will feed into that and produce results, particularly in R&D, for the companies that we must attract to Northern Ireland.

12.00 noon

Mr Dallat: I was interested in your revelation that you are in discussions about Government procurement policies. I wonder how damaging the effect of software is, particularly when contracts worth very large amounts have displaced SMEs, particularly in rural areas. I understand a personal identification number (PIN) is required to access a website to see when those contracts start. How damaging is that to employees' rights? When employees lose jobs, they are forced to come back as subcontractors, working for less money under less favourable conditions. What should a new Assembly do to change that? Those measures were sold on the premise of economies of scale. The public were told that they would get a better service at a lower price. I have received evidence that that has been a complete shambles.

Mr Kiddle: I take it that you are talking about the construction industry?

Mr Dallat: Yes, and the Roads Service.

Mr Kiddle: The construction industry in Northern Ireland is fragmented, in that 60% to 70% of people employed in that industry are what we term "bogus self-employed". Although apprenticeships are being taken up, they are administered through the Department for Employment and Learning's Jobskills scheme.

Apprentices have absolutely no connection with the company for which they are work. Basically, they go to a technical college, which places them with a company that receives grant aid until the apprentice reaches National Vocational Qualification stage 2 (NVQ2), which takes roughly 18 months. During that time, apprentices are used to make tea and are not taught the necessary skills. When they go to the technical college for the day or two on which they are supposed to, often the teacher — whether of joinery, bricklaying, plastering etc — is not there, so a teacher from another department, such as English or history comes and says: "Right, boys and girls, just do what you normally do. I am going to do some marking." They are not being trained.

Once apprentices reach NVQ2, they are thrown on to the scrap heap because the employer, under that scheme, from NVQ2 to NVQ3, is supposed to employ them under proper terms and conditions until they finish. If members want evidence of that, I can provide as much as they want: we get about eight or nine calls a week from irate parents, saying exactly that. The employer then goes to the technical college and picks up another couple of lads. It is mainly boys who take apprenticeships in construction. We have not yet managed to bring young ladies into the industry because of its nature.

There is a raft of things that are wrong with the construction industry. We have proposed a new apprenticeship scheme, which would revert to the old four-year apprenticeship. The first year would be spent at a technical college, where apprentices would learn all about health and safety and the essential skills that are lacking in many young people who leave schools today. They also undertake job sampling, involving jobs such as plastering, bricklaying and all the traditional trades. That enables them to pick a trade. After that initial year, a company takes them on from day one for a three-years apprenticeship under a proper contract of employment, which is important because it gives them a sense of belonging and employment rights. That means that they cannot be exploited by an employer and thrown on to the scrap heap halfway through a course. That is very important.

Another area that we are considering is whether the year that apprentices currently complete in technical colleges could be done during a young person's final year at school. Coming up to pupils' final years, teachers know who will stay to do GCSEs or A levels and move on to the next academic year and who will not. Creating the scheme that I have mentioned would give those people who lack academic skills a vocational area to enter.

We are also discussing social inclusion and, particularly, migrant workers. We have already given evidence to the Secretary of State about the exploitation of migrant workers by construction companies in Northern Ireland, and we will continue to do so.

Mr Bunting: To come back to what the Assembly could do, the wording of the conditions for awarding contracts is now more subjective. Article 53 of European Council Directive 2004/18/EC provides that public contracts should be awarded "to the tender most economically advantageous from the point of view of the contracting authority" as the determining factor, as opposed to the lowest price offer. If it were in charge of its own future, the Assembly could insist, lobby or decide to put small subcontractors in there as being economically advantageous to Northern Ireland.

Mr Dallat: Thank you. That is very useful.

Mr Corey: It is reasonable for public procurement policy in Northern Ireland to be tailored to the structure of the local economy and its enterprises. If there is a high preponderance of small businesses, the policy should enable those businesses to compete.

I recall having that argument 10 years ago with the Northern Ireland Housing Executive (NIHE) over contracting out work, when NIHE was seeking to privatise its direct labour organisation. We argued that a mixed system must be maintained to allow small local businesses to compete for work. One thing that has changed with public procurement is that it has tended to go with what is perceived to be the lowest price and, therefore, the most economical option.

The Chairman (Mr Molloy): We are again running out of time. Members should be concise.

Ms Gildernew: As mentioned in your report, cleaning contracts in hospitals were subcontracted and then there was an outbreak of MRSA. It does not necessarily add value to do that; corners can be cut, and it failed in that scenario.

Your presentation was very good. We have heard from many economists and capitalists, and it was important to hear your views on the social economy and our responsibility to ensure that there is employment near to where people live. Someone who has a four-hour daily commute from Belfast to Enniskillen has no time or quality of life. They cannot be at home to help their children with homework. We have a social responsibility to ensure that people can have jobs near their homes, including the west.

I want to tease out your ideas about the economic corridor along the west coast of Ireland, which feeds into Enniskillen, Strabane and Derry. How much does the infrastructure discriminate against us? If you travel from Limerick through to Galway and on to Sligo, the roads infrastructure starts to fall below standard. Will we miss out on that economic corridor?

Mr Bunting: You will certainly miss out on the economic corridor if the infrastructure in the west of Northern Ireland is not drastically improved. I noticed yesterday a few views about improving the road links between Derry, Strabane, and Omagh. Ten years ago, I often travelled from Dublin to Sligo to Donegal or Enniskillen, and I knew when I was in Northern Ireland because of the quality of the roads. That is no longer the case; quite the opposite.

I am interested in building the transport infrastructure to attract investment into western — and the rest of — Northern Ireland. It is worth noting that locating everything in the centre of Dublin, for example, has had adverse implications for young people trying to get onto the property ladder and driven up prices in restaurant, bars and retail for everyone.

I am also interested in other aspects of decentralisation. A feature of Northern Ireland policy is targeting social need (TSN). As well as the more obvious needs in Belfast, there are many small rural communities across Northern Ireland that are suffering huge disadvantage, such as lack of transport and lack of access to education, night schools and childcare — a whole range of services. Both targeting social need and building the infrastructure of the west of Northern Ireland are vital to attract foreign direct investment and to encourage growth of indigenous employment. We would also like to see Lisahally port developed. That is crucial to the development of the whole north-west area.

Mr Beggs: You said earlier that you oppose a reduction in corporation tax, yet it has been pointed out to us that that is a very important measure for attracting new foreign direct investment. We accept that a reduction will be difficult to achieve, but do you accept that it could be the key tool in attracting new foreign direct investment, which would mean new jobs? If it were limited to that, would you still oppose it?

With regard to R&D tax credit, it has been widely accepted that it would be a sensible policy. However, it is difficult to change the behavior of small firms, which predominate in Northern Ireland and which may be slow to take up that. You advocate R&D grants. That is a good idea, but how is it to be funded? From our limited block grant, more is now spent on health, education and infrastructure, so from which Departments would you take the moneys required for R&D grants? The Department of Enterprise, Trade and Investment's budget has been cut.

Mr Bunting: That is your responsibility, Roy, not mine.

Mr Beggs: At present it is the responsibility of the direct rule Ministers.

Mr Bunting: I accept that.

Mr Beggs: So which Department would you take money from to provide these grants?

Mr Bunting: Northern Ireland is a post-conflict society, and it has not really benefited in a sustainable manner from European funding. It is crucial that there be a peace dividend, and that has to come from the British Government to build up Northern Ireland. That is an economic argument. Either we can remain a drain on the Treasury, or we can become a net contributor to it. It is in Britain's long-term interest to invest in the development of a sustainable economy. The economic argument is that you have to speculate to accumulate. I am not interested in where the money for the grants comes from, but it must not be taken from Joe Bloggs out there, who is suffering enough. I commented earlier on the lack of disposable income and on the haemorrhaging of the disposable income that is available, which will have an adverse effect on jobs in Northern Ireland, and particularly in the west.

So I cannot answer your question, but I shall reflect on it and come back to you.

In relation to corporation tax, we believe that businesses here need another source of funding that would encourage R&D, the clustering of SMEs, and the development of business networks, and it must be productivity- and performance-related. Many workers get paid by their results. We are saying to companies that it is not a case of throwing good money after bad, that it has to be performance-related. The proposal on corporation tax would apply to all companies.

12.15 pm

We are saying that the benefits of the equivalent of corporation tax should be grant aid for companies that develop R&D and engage in business networks, particularly SMEs, in which market intelligence is shared. There should be benefits for technology transfers, for an increase in productivity or exports, or for job creation. Those should be rewarded with the equivalent of what we are all talking about — the difference between the corporation taxation levels here and in the Republic of Ireland.

It is not simply a matter of throwing money away, because there is no guarantee that it will make a difference. If every company avails itself of corporation tax reductions, who can guarantee that it will make a difference to anyone but the individual who owns the company? How does it tackle social disadvantage, create employment or employ those who have gone through the education system for which we have all paid? It does not, unless we get results.

Mr Beggs: My question was based on new foreign direct investment.

Do you agree that a cocktail of policies may need to be developed to help a diverse range of companies?

Mr Bunting: I want to make two quotations; I do not wish to keep reading. A tax wedge is significant, but there is no guarantee that a lower rate of corporation tax will lead to more jobs or to better quality jobs. There was a period in the Irish Republic when there was virtually jobless growth. In the period when employment grew substantially, tax reductions contributed to significant increases in real take-home pay. The tax wedge is the difference between what it costs an employer to employ someone and what that person takes home. The reduction in the tax wedge contributed to employment growth in the Republic of Ireland, especially for the lower-paid. According to the Republic's National Competitiveness Council:

"the low labour 'tax wedge' ... now represents a competitive advantage for Ireland"

through the PAYE system, the tax wedge and what that costs. The Organization for Economic Co-operation and Development stated:

"It is clear from the literature review that the effects of taxes on economic performance are ambiguous in some areas, and unsettled and controversial in others."

Clearly there is a whole debate about whether corporation tax is really the panacea for all our ills. I doubt very much that it is. What do we need? We need a workforce educated in science and technology. Invest Northern Ireland's strategy for 2006-08 says that it is about investment in wealth — it is about investment in wealth and investment in jobs. From our perspective, that wealth should create jobs. We are not alone in thinking that.

There are two issues: one concerns where an investment goes — R&D creating sustainable employment is one example; and the other is that Northern Ireland's infrastructure must ensure easy access and egress to and from the country, but particularly for exports.

We have had a conversation with Mr Beggs about this before. Trying to avail ourselves of the Republic of Ireland's success in cross-border economic activity — I use that term because I know that people are offended by "all-island" — is crucial to Northern Ireland. In the very capitalist world in which we all live, I have never known a situation in which capital is not chasing capital. Capitalism's very nature is for capital to chase capital.

Sir George Quigley said earlier that only 7% of our exports are to the Republic of Ireland. That is absolute madness. We must remove the blockages to cross-border activity, such as labour mobility, banking charges and mutual recognition of accreditations, in order to achieve a flow back and forward.

The Chairman (Mr Molloy): We could keep going.

Mr Bunting: Yes, we could talk all day.

Mr McElduff: Most witnesses have told us that it is in our best economic interests for the political institutions to be restored. I ask ICTU to comment on that view.

Mr Bunting: I wish to emphasise that NICICTU makes autonomous decisions in Northern Ireland on matters that affect its policy, and is not impacted on by those decisions made in the Republic of Ireland.

Trade union policy is to support the Good Friday Agreement. We believe that the Assembly is crucial to the welfare of the people of Northern Ireland, irrespective of their political or religious affiliation.

The fact that the disadvantaged face a domestic increase in rates, the haemorrhaging of jobs, the imposition of water charges, the privatisation of public services and the loss of our manufacturing industry is not all your fault; it is the fault of the global economy. The only way to rectify it — and I come back to the fiscal versus grant-aided argument as well — is by

getting our Assembly back up and working on behalf of the people of Northern Ireland. We say that purely from an economic and social standpoint.

The Chairman (Mr Molloy): That brings NICICTU's evidence to a successful conclusion. Thank you very much for your presentation and for answering questions. I am sorry that time has beaten us.

Mr Bunting: Thank you, Mr Chairman, for the invitation. 'Not Old Wine in New Bottles' is quite a broad canvas, but we are working on several streams that contribute to it. We hope that as it goes forward, as the new phraseology has it, we will send you copies of the more developed strategies in it.

The Chairman (Mr Molloy): We keep returning to the subgroup's terms of reference. Sometimes, we drift into all sorts of variations on its themes.

Mr McNarry: Barry McElduff does that. He keeps drifting into discussions on the institutions. There is another Committee for that, Mr Chairman.

The Chairman (Mr Molloy): I know, but he is not on it.

Dr McDonnell: Barry is only learning; he is only new here.

Ms Gildernew: Please do not patronise Barry McElduff when he is not here to defend himself.
[Laughter.]

Dr McDonnell: One of the reasons that there are economic problems in Fermanagh and Tyrone is that — [Laughter.]

The Chairman (Mr Molloy): You may not want this recorded.

Mr Weir: It is like one of those "Complete the following in not more than 10 words" sentences.

The Committee Clerk: You are still being recorded for Hansard purposes.

Mr McNarry: Somebody made a comment about your hairstyle, and that is in the Hansard report.

Mr Weir: I cannot see Hansard actually recording this.

The Chairman (Mr Molloy): Gentlemen, you are very welcome. Thank you for coming along today. The subgroup is trying to condense as much as possible into the time available. There will be another presentation after yours, and I ask members to be concise with their questions. Would you like to open with a short presentation?

Mr Will Haire (Department of Education): Thank you very much. I hope that the subgroup has received our paper. We welcome this opportunity because we believe that the education sector can make a very important contribution to the subgroup's agenda and to economic development. Former US President Bill

Clinton recently emphasised that in a knowledge-based economy, what you earn is based on what you learn. I suppose that that is where the key aspect of our thinking comes from.

There are many challenges for education. We must make sure that we make the maximum contribution, providing a base for skills, including numeracy and literacy, and interpersonal skills in schools by how we play our role.

Our paper sets out the four main questions that challenge us. First, is the overall performance of the school system sufficiently strong for the needs of the economy? Secondly, are our standards of literacy and numeracy, in particular, improving at the appropriate pace? Thirdly, does the curriculum give sufficient emphasis to the needs of the economy? Finally, and related to that obviously, is the provision for careers, employability and enterprise sufficiently effective?

Those are the four areas in which we are trying to provide a lead at the moment. I would like to quickly run through some of the themes.

Truly, there are great strengths in many aspects of the Northern Ireland education system. We have a higher percentage of young people achieving two As at GCSE level than England. We have had a drop in the number of pupils leaving school without any qualifications. However, we cannot be complacent about our position. We are seeing England improving faster in some ways and moving closer to us. If you take the whole gamut of GCSEs, England is ahead of us because of our long tail.

Another major issue for us is that there are 20 secondary schools in which 20% of pupils, or fewer, get five As at GCSE level. Hence, a lot of the provisions in the Education (Northern Ireland) Order 2006 are trying to address those issues and include a revised curriculum and entitlement framework, and new arrangements for admission to the post-primary sector. A major issue that the Department is pushing ahead on is school improvement.

Northern Ireland stands up well internationally on numeracy and literacy skills. We are in the upper part of the Organization for Economic Co-operation and Development studies, which is encouraging. However, once again, we are not improving as fast as we would like, and there are many schools in which we have major problems in numeracy and literacy and where we are not seeing that improvement. Numeracy and literacy are the bases for all skills. We are not getting that done, and it is key. Adult literacy and numeracy problems come from that, and it is a major challenge.

12.30 pm

I have a strong feeling that the curriculum that was introduced in 1989-90 pushed us towards focusing on

an academic style of education. That fits in with the fact that 50% of young people go on to universities, as our Department for Employment and Learning (DEL) colleagues will tell you. That statistic is very powerful in some ways, but we are perhaps pushing people too far into an academic route.

We are concerned that the more professional and technical areas have perhaps lost out, and that some of the skill shortages in areas such as information and communication technology (ICT), construction and engineering may have resulted from the curriculum's academic focus.

We are seeing some radical shifts. The 2006 Order is obviously shifting the curriculum, but we have already lightened the curriculum for 14- to 16-year-olds. DEL and the Department of Education have been working on the vocational enhancement programme, which will create better connections between further education (FE), training and schools. We will use that and other recent packages to establish more effective connections between schools' pre-apprenticeship work and training and FE. There are encouraging signs from that.

There are also encouraging signs that grammar schools are teaching more vocational subjects. The "Learning for Life and Work" strand of the new curriculum is being promoted. The new curriculum entitlement framework means that everyone has access to more vocational courses. It also means that there has obviously been a big investment in ICT.

Education for employability is an element of the "Learning for Life and Work" strand, and we are focusing on secondary-level pupils to help them prepare and gain the skills and qualities that they need for their careers. Therefore, a stronger emphasis on career planning has been developed in the curriculum. The Departments are working together to radically review careers education, which has not been good enough.

We are also working on establishing better links between enterprise and business. There are already schemes on youth enterprise and connecting with business. The Departments are also working on the certificate in business enterprise so that young people are prepared for work in the business world.

I hope that I have given you a quick overview. Those four areas are key to the process.

The Chairman (Mr Molloy): I ask members to keep strictly to asking questions.

Mr McNarry: To paraphrase the third paragraph of the Department's submission, you say that, given the extent of the economic problems and changes that were alluded to, the education system must be aware of the importance of its contribution, and so on. The submission then lists the key areas in the future of the economy where schools have a major role to play.

For Mr Haire's benefit, the evidence given so far, particularly from the business and industrial sectors, has clearly shown that they attach importance to education. However, marked in that evidence is decreasing vocational attainment. That remains at a hardy level, which poses the question of tackling underachievement.

As permanent secretary, will you assure the subgroup that the reforms being introduced by your Department will satisfactorily address the concerns of today's captains of industry about the need for vocational skills? Will those reforms address the terms of reference of this subgroup, one of which is to discuss impediments to the development of the economy? I ask because I would not like this subgroup, in light of events that are taking place in education, to suggest that educational reforms could cause a potential impediment to the development of our economy.

Mr Haire: It is important to see our reforms as a basket of reforms. Much of the debate has focused on particular aspects of those reforms. The key elements are to have a wider curriculum, to ensure that everyone has access to that curriculum and to ensure maximum quality throughout the system.

The 2006 Order is designed to produce a new curriculum across the education process and to create greater flexibility so that people can access a wider range of the courses that business wants. However, it is also about helping young people and their parents choose the appropriate courses at a later stage.

All the international evidence indicates that, by the time children reach the age of about 14, business wants them to start focusing on those areas. Up to that stage, the curriculum should be kept broad. That is what the 2006 Order is about. The key element in the process, which has not been debated in Northern Ireland, is that we must empower our schools and focus on quality educational outcomes. We must examine those outcomes and focus our debate more directly, whatever our structural issues.

People can access a wider range of the courses that businesses ask for. However, it is also a matter of helping young people — and their parents — to choose the appropriate courses at a later age. All the international evidence indicates that students should start to focus on those areas from the age of 14, and that the curriculum should be kept broad until then. That is what the Education (Northern Ireland) Order 2006 is about.

The key element in the whole process, which has not been debated in Northern Ireland, is to empower our schools and to focus on quality educational outcomes. Those outcomes and outputs must be the focus of our debate, much more so than they have been to date. That is the key, regardless of the structural issues. I

assure members that these policies are key, and pushing this forward is key to meeting the needs of business. In discussions with the Department, the business world has always welcomed the process being broadened in that way.

Mr McNarry: I will not ask the permanent secretary for a response to my question now — unless he can give it — but it would be most helpful if he could respond in writing as quickly as possible. He mentioned contact with business. What education and skills has the business world asked for? It would be most helpful to find out what the business world has asked of the Department and what the Department's response has been.

Mr Haire: I am happy to do that. Often the business world looks for literacy, numeracy and interpersonal skills. Perhaps the question would be better answered by a joint response from my Department and DEL.

Mr Weir: Many of us have grave concerns about the headline issues involving educational changes, which some feel will have detrimental educational and economic impacts.

Mr Haire, I welcome you to the Committee. I am sure that you are glad that the subgroup's remit does not include cuts to special needs education, school closures or the future of the South Eastern Education and Library Board. I will focus on a couple of detailed points.

As regards performance indicators, much evidence has been gathered on low levels of qualifications. Mr Haire, I would like you to come back with more information. You quoted a few performance indicator statistics. For the subgroup to make a judgement, particularly on trends in performance indicators, it would be useful if you could provide figures on high-level qualifications and on the percentages of people who leave school without any qualifications. The subgroup could consider the annual headline figures for the past 20 years, and the comparative figures for the rest of the UK. If the subgroup is to make recommendations, its research must be academically sound. It must not leave itself open to criticism.

Secondly, although universities fall in DEL's remit, DE works closely with DEL. School-leavers in Northern Ireland still have relatively high achievement levels. Are you concerned that limited places in higher and further education here mean that Northern Ireland simply exports a large percentage of its best people, which weakens opportunities and employment capability?

Mr Haire: I would be delighted to give the subgroup a range of statistics. We kept our paper short and did not include too many figures, but I can give you a raft of them.

I am familiar with DEL, as I left it only six months ago. That Department produced a detailed paper about a year ago that considered the implications of the flow

of students leaving Northern Ireland. Dr Aideen McGinley will be able to give the subgroup a copy of that paper. It is a complex issue. If more places are made available, will more students stay? Why do students leave? The paper attempts to flesh out those questions, and subsequent research will set out the pros and cons of the issue.

It is an interesting question. There is no doubt that the loss of talented people from the region is a major issue. The question is: are we losing those talented people because the jobs are not here, or because the right skills are not being encouraged? How do we turn that back? Consider the north-east of England. How many parts of England have lost jobs? The Republic lost many people for a long time. Working out how best to use higher education is very difficult.

Pro rata, Northern Ireland produces twice as many doctors than any other region of the UK. That is a wonderful thing to do, but —

Ms Gildernew: Is it a case of quantity over quality? *[Laughter.]*

Dr McDonnell: Doctors are very good people.

Mr McNarry: It is a pity you stayed. *[Laughter.]*

Mr Haire: Our economy has focused on the public sector and the professions, so our education system has been somewhat skewed. Parents assume that those are safe jobs. If Northern Ireland is to generate wealth, how can that message be got across? That is why I emphasised the need to do a lot of work with industry and business — and parents — on the economic choices that will be available when the public sector gets smaller. Those are important issues.

Mr Weir: There are two issues in relation to further and higher education. First, are those sectors sufficiently focused on wealth generation? Secondly, George Quigley referred to an issue that has been rumbling around for years. About ten years ago, when he was a member of the Dearing committee, it was estimated that around 40% of those students who went on to third-level education left Northern Ireland, and, of that percentage, 40% indicated that they would have stayed had there been places available. The fact that there is a cap on numbers in Northern Ireland highlights not only the skills mix that is required to move from university into employment, but the sheer lack of availability of places.

Do you have any views on that?

Dr Robson Davison (Department of Education): Again, this is outside the Department of Education's remit, but drawing on my DEL work, the issue boils down to how many of those who leave Northern Ireland are reluctant leavers at the age of 18, and how many choose to leave. The work that Will refers to in DEL would suggest that it is a much smaller

proportion than has been advanced in some of the arguments over the years.

The percentage of leavers has been going down reasonably steadily. It is still between 25% and 28% of the annual cohort of higher education students. That amounts to there being about 3,500 or 4,000 students a year who leave for higher education in the Republic or in England, Scotland or Wales. It is a question of how many go through choice, and how many go because they cannot get their first-choice place at a local university. That is the core of the issue, and there are different views on the exact proportions.

Mr Haire: Remember also that we are coming into the stage in tertiary education of dealing with the problems that we face in primary schools. In the near future, fewer 17 and 18 year olds will enter the system. Before more investment is targeted at universities, that decline must be considered.

Ms Gildernew: There are two areas that I would like to cover. I will not refer to the science and technology curriculum, as we have already dealt with it. However, we must focus on primary schools and generating interest at a young age.

The subgroup has received some very interesting presentations. John Simpson was here on Tuesday morning and talked about a situation in primary schools, specifically children of five, six or seven years of age whose:

“behavioural patterns are no longer appropriate for an educational environment.”

He was referring to the youngest children in the education system who are not able to learn and grow there. That is a product of dysfunctional communities.

Are measures being taken to support parents and, in order to empower schools, to create more co-operation between parents and schools? Morale in schools is very low.

12.45 pm

I am 36. If I was punished at primary school and told my parents, I was punished again. If children are punished in schools now, their parents want to know why they have been chastised. There has been a cultural shift. What is being done to ensure that children are receptive to learning?

Last week, InterTradeIreland made a presentation to the subgroup, and it would be worthwhile for you to read it. The presentation said that skills in border areas are the lowest and that educational attainment is lower than elsewhere in Northern Ireland. It said also that, on an island-wide basis, there are far fewer professionals and high earners in the North. The lack of skills in border areas — North and South — must be addressed. The border has been an impediment to attaining skills

and being able to make a difference in the value-added economy.

Dr Davison: I am surprised at that data. The Noble indicators for educational attainment suggest that the problem is much more urban than rural. There are major difficulties in rural areas, but it appears to be more of an urban problem.

Mr Haire: We will consider that issue. Economic activity was mentioned also, where people with skills move away because they are looking for jobs that are not available here.

To go back to Ms Gildernew's first issue, there are big challenges in early years education. Evidence shows that investment in early years is a key aspect. From November, the Department will take over responsibility for early years learning. Previously, it was split between the Department of Health, Social Services and Public Safety and the Department of Education. We invested heavily in nursery and pre-school provision, and indications are that we have met all parental requests for that. About 90% of parents want to take up pre-school places for three year olds onwards. To ensure the best support for pre-school children, the Department's job is to consider the whole process and the organisations that are involved.

The second issue is the enriched curriculum process, the foundation stage, or the stage for P1 and P2 children. Children in Northern Ireland start school at a much younger age than anywhere else in Europe. All the evidence shows that children — especially boys — need a lot of work and training in social skills before they can move on to learning skills. The Department is freeing up that stage and putting in more classroom assistant support to try to help.

With regard to formal reading, in the past, four year olds were sat down and given a book, but many children are not ready to do that now. However, there are others who are ready, and there could be more flexibility.

The third aspect is extended schooling, which is very much about trying to give schools the ability to have breakfast clubs, after-school clubs and parent clubs to try to help with the school/parent/family breakdown. It is vital that parents are seen as educators and part of the education process.

I have visited schools and talked to some parents groups. The parents said that their groups were great, as they had been terrified about coming into the schools, and the parent clubs had helped to break down that fear. It is absolutely vital, and the Department is moving on those areas. It is a challenge. Social issues are affecting schools now, and the schools must address that. New teachers especially must be made aware of the social work skills involved and understand that those skills are much more relevant now than in the more formally structured society of the past.

Mr Neeson: Given that there are about 50,000 spare school places in Northern Ireland, how will the Department encourage a more integrated system of education? I am not talking about building new schools, but about sharing resources. Dr Davison was in Carrickfergus recently, where an A-level pilot scheme is due to start. Such a scheme has been successful in Ballycastle.

Dr Michael Maguire from the Northern Ireland Business Alliance put forward the scenario of developing responsive education to meet the needs of the developing economy. What is the Department doing about that?

Mr Haire: Sir George Bain is conducting a strategic review of education, one aspect of which is to assist the Department. There has not been an effective planning process for schools; the process has been demand-led. The Department has not considered that issue with particular regard to shifting demographics: the impact of a nine-year decline in pupil numbers has not been thought through. Tough and complex decisions must be taken. It is also difficult to decide what is the best level or size of school to produce good quality education, taking into account that the needs of rural and urban areas will differ.

Sir George Bain is helping the Department to examine the entire planning process. He is offering various views on that and is considering the best use of sharing. The figure of 50,000 spare school places sounds high, but there must always be some excess capacity in the system because people move around. However, the Department recognises that not only will that figure increase unless the issue is tackled, but that Northern Ireland does not have the right form of school estate to deal with the curriculum and the needs of young people. Various models must be considered to deal with that process.

In the past couple of years, both DE and DEL have consciously gone out of their way to build a dialogue with business on the question of responsive education. DEL is setting up sector skills councils that relate to different business areas. Arising from that, we are considering pre-apprenticeships for young people from the age of 14 who might be interested in an apprenticeship or in business. Apprenticeships could be offered in a much wider range of jobs — for example, in financial services — and not only in the classic, more traditional skills.

A benefit of that is that it helps people to decide where they want to focus their careers. A big problem with many of the DEL schemes was that they were attended by 16 year-olds who did not know what they wanted. They bounced around trying out various options and were unsettled. You really want them to try to focus earlier, and the Department of Education is working with DEL on that.

Dr Davison: Two dimensions of the revised curriculum provide the answer to Mr Neeson's question. It allows significant flexibility, unlike the 1988-89 curriculum, which was very constraining. For pupils over the age of 14, schools, teachers and principals now have much more freedom, within the revised curriculum framework, to respond to what is happening in their locality and to the needs of their particular district or county.

Mr Neeson is correct to say that I was in Carrick, and I found what those in Ballycastle had to say most illuminating. The new curriculum will promote a much higher degree of collaboration in a system that previously strongly encouraged competition. The opportunity for collaboration is being opened up, and, interestingly, in some areas, people are grabbing that opportunity ahead of the actual legislative requirements to do so. The head teachers in Carrick have gone a long way towards setting up a structure that will enable them to look much more creatively at what should be done for 14 to 19 year olds. That model is emerging in other places and it will gather pace over time.

Mr Beggs: Your submission contains an interesting statistic: in Northern Ireland, 1% fewer pupils leave school with no qualifications than in England. How can you be sure that the introduction of the comprehensive system will not remove that advantage and create more underachievement? How will you prevent that?

My second question concerns the slow pace of change in education to reflect the needs of the economy — and I dare say that that question applies to the Department for Employment and Learning also. I remember being consulted on Curriculum 2000, and I highlighted the importance of vocational education meeting the needs of industry. Why has it taken six years to progress that issue? The pace is ridiculously slow.

Your submission refers to a review of careers guidance, with a view to publishing a strategy for an all-age independent careers guidance service. Mr Dallat and I were members of the Committee for Employment and Learning, which identified this issue in 2001-02. Four years later, the Department is still only creating policies. Do you not accept that an independent careers guidance service is more likely to reflect the needs of the local economy? When academics give careers guidance advice, there is a danger that they could promote their academic preferences.

Mr Haire: You will want to raise some of those issues with the Department for Employment and Learning as well.

Five per cent of young people leave school with no qualifications and that is 5% too many. You asked about the "comprehensive system", as you described it. The Department of Education's focus must be on more

than structural issues. We must ensure that our education system gives everyone basic, useful and relevant qualifications. We must ensure also that we have a wider curriculum. The narrowness of our education structure has not met the needs of the 5% of young people who leave school with no qualifications. We need a wider range of courses and processes, and we are determined to achieve that.

In relation to Curriculum 2000, my understanding is that there was a delay on Key Stage 3 because teachers were unhappy and had concerns about certain aspects. It went back for further consultation — it was very important that it was consulted on fully. That is where the delay came from. The good news is that, for some time, we have used our powers to disapply Key Stage 4 to free that up. We had already started to move.

The Department for Employment and Learning undertook a review of careers guidance, which progressed many issues. Last year, Dr Davison, Catherine Bell and I examined those issues, and we believe that much more work needs to be done.

Understandably, schools and colleges give careers advice, but they give that within an institution. Somebody has to stand outside the institutional structure and tell young people that there are other options. It is all very interesting. The Education and Training Inspectorate (ETI) examined all the educational institutions in Newry and concluded that there is not enough width.

Mr Beggs: Why is the pace of change so slow?

Dr Davison: It is an interesting perspective. If half a dozen teachers were brought in here, they might have a different view, which would be that the Department is forcing change far too quickly. However, there is a serious point to be made, and I had better be careful about how I make it. In 1988-89, the Government decided the detail of the curriculum. However, there has been a growing realisation that the imposition of a curriculum might not be sensible, and the Department, therefore, engaged in a long period of consultation on the understanding that, if you want real change, the principals, teachers and boards of governors will deliver it. There was a serious and long period of consultation on the curriculum proposals.

1.00 pm

A very significant shift is under way. Mr Beggs and I debated the importance of vocational education in the days of the Committee for Employment and Learning. This is really a response to that long debate about the place of vocational education. The new revised curriculum means that vocational education will have a significant place in all schools for all children over the age of 14. Imposing those changes quickly is attractive on the one hand, but, on the other, it will introduce subject areas into schools with which some of the teaching staff are not familiar. Those schools may need

different teachers from those that they have currently; they will need materials, courses and programmes. There are many practical considerations about the ongoing significant shift from where we are now to where we intend to go.

Those are not justifications for slowness, but explanations of why, perhaps, matters are different this time.

Dr McDonnell: Thank you very much for your presentation, which was short, succinct and to the point. I keep coming back to a point that has been bounced around by several of my colleagues. Sean Neeson mentioned the 50,000 empty school places. How, in practice, do we sort out the tail end of both primary and secondary education? We can sort that out in theory in this or in many other rooms.

I believe that we have all failed if 5%, never mind 20%, of our children leave school unable to function properly. I cannot put it any clearer than that. Their reading, writing and counting abilities are limited, and they are almost unemployable or only semi-employable. If we sort that situation out, it will lift the whole system and the top end will, by and large, take care of itself.

This question comes down to two things. First, the Department and its agents create leadership and management in the system. Leadership and management are very scarce in some places. I have seen some heart-sick schools, which I do not wish to name, be turned around suddenly by the injection of a bit of leadership. The Council for Catholic Maintained Schools (CCMS), which has been quite ruthless in some of things that it has done to help struggling schools, has impressed me.

Where are we with that rationalisation? You mentioned 20 schools that are poor performers. I presume that those are secondary schools. Surely to God we can find a mechanism to rationalise those schools. I feel some personal guilt that while I am involved in politics and public administration, there are children who are not getting the education that they deserve. I believe that that situation pulls our whole economy down. If we solve that problem, we will reverse the trend.

The bright kids are great, and they will succeed one way or another, even if they need a bit of help here and there. Dare I say it, how do we help the poor child from the Shankill or the lower Falls? Michelle touched on that matter earlier. How do we support children from unstable family backgrounds or those single parents who do not get enough domestic support?

Mr Haire: That is an absolutely central issue for us. The boards and CCMS have been asked to support plans for rationalisation, to produce those proposals and to work out how to remove some of those spare places.

We have received responses from some boards, and we have asked the boards to continue that work. The Sir George Bain review is also ongoing. The aim of that review is to look at the process and the wider, long-term structures to help support that. That work is key to this issue. Some boards have been worried that some of that work has come out in the press.

Dr McDonnell is right to raise the question of how to connect schools to the community. I have spoken to Ms Gildernew about early years provision, the connectedness of extended schools and trying to make those connections between schools and communities in all areas of need, but particularly inner cities. Communities and schools must tackle the issue together. School leadership is essential.

We have a very strong investment in the professional qualification for headship to develop leadership in schools. Five hundred school leaders have qualified already; another 500 are in the process. It is often not only the head, but the senior teaching team that can change a school. There are schools in very tough environments where one senior management team is getting excellent results, while others are not. Leadership is a key differentiator, and we must help schools choose, support and develop it. We have not focused enough on that to date, and it is central to school improvement. We must be willing to make those decisions.

Dr Davison: That is one of the biggest issues that we face. Mr Haire has tasked me with reconsidering school improvement policy. We must look at it quite radically and consider earlier interventions in cases where, through inspection or data monitoring, we see that standards are falling. We need to give serious thought to the nature of those interventions. Currently, interventions tend to be broadly supportive; we do not adopt an approach involving sanctions. We must think hard about a balance of interventions for school improvement.

Certain structural and cultural elements in Northern Ireland make headship difficult. It is difficult to move principals around schools. The CCMS has had a degree of success in doing that, but that ease of movement has not been matched in the controlled sector. All the research suggests that leadership is the key factor in school improvement.

The closure of schools is another element. We all know that if the Department agrees a development proposal to close a school, there is a great deal of opposition, even if the standards are not appropriate. Those are significant factors in the crucial question of how we raise standards in schools that are currently poorly performing.

Mr McElduff: The skills strategy of the Department of Education and Science is credited with making a

major contribution to the Celtic Tiger economy. Are there any particularly strong elements — or perhaps an underpinning philosophy — to that strategy that might guide us in the North to develop a similar, suitable strategy?

Mr Haire: Changes since the 1950s and a broadening of Irish education have been key to that contribution. That agenda has been seen across Europe, with broadening the educational process common to all developed economies. The curricular and structural changes that we have described are very much in line with broadening the process. There are very important areas in which we can learn from that agenda. It is about the basics of a broader curriculum and skills; maintaining quality of educational input and content; keeping choices open and varied; and having a range of options for learning.

For example, a key element is the introduction of work experience for 14-year-olds. That engages young people who are not attracted by the classic academic education, but who learn by seeing and doing. We are very conscious of the need to be flexible as regards styles of learning. We work with further education colleges and training organisations in conjunction with the schools; hence the vocational enhancement programme. From talking to young people, we see early signs that it is a success. They find it easier to study subjects such as mathematics when they have seen their function in the workplace.

Dr Davison: When I talk to colleagues in the Department of Education and Science or to professionals anywhere in the education service in the Republic, I find that they understand that there is an economic purpose to education. I am not sure that that is deeply embedded in the way we look at education in our part of the world. There is still a view — which is not wrong — that education is good for you and that a civilised person must be educated. I am not sure that we adopt the idea that there is an economic purpose to education to the same extent as in that strategy. The curricular changes in particular are designed to open up that breadth of purpose.

Mr McElduff: Your presentation dealt very well with that issue.

Mr Dallat: In education, millions, if not billions, of pounds are tied up in state-of-the-art science laboratories, music suites and assembly halls. Direct rule Ministers talk about the empty spaces. Surely there is an underuse of that resource that could be directed, not just to the 250,000 people who have been failed by the system, but to local people who constantly need to upgrade their skills to meet the new challenges of industry. Why was the community-school concept, which was started years ago in Monkstown, Ballymena and other places, dropped? Has anyone taken an overview of the

huge resources we have and the very limited way in which we apply them? The rising costs of further education are going to leave people in rural areas even more isolated than they are at present. Would it not be more intelligent to talk less about the empty spaces and more about what use could be made of those spaces?

Mr Haire: First of all, the Bain review will look not only at school provision but at further education (FE) provision. You are right: they are connected. The FE system uses schools quite extensively in some of its work, and we encourage that.

I mentioned the “extended school” concept. Because of their work patterns, parents often want children looked after, but there are other benefits such as homework clubs and other resources that help young people.

The Bain review will work to ensure that the best use is made of facilities. That includes sports facilities; AstroTurf pitches are very expensive to run. We have to plan how councils and schools can work together on this. We have also talked to the Department of Culture, Arts and Leisure about it. The advantage for us is that the “extended school” concept answers the need to make sure that schools are viewed as part of the community.

I cannot answer your question about the community schools; I do not know enough about the history to say why that was not developed. However, we are trying to examine these issues. The schools are expensive public assets, and we need to use them well.

1.15 pm

Dr Davison: I have a couple of points to add. The collaboration that will develop through work on the curriculum provides an opportunity to make more effective use of the existing schools estate. That will involve both schools and further education colleges, and that is a hopeful sign. We also received some funding as a result of the ‘Renewing Communities’ package to test the notion of the full-service school, which is a school that will deliver childcare and health services as well as education. We must make an effort to work with colleagues in other Departments to see whether we can shape that.

I was away from schools for a long time, but since my return I have visited a fair number. Although the concept of the community school may have disappeared, many schools that I have visited are aware of the fact that they should use their facilities for the benefits of the wider community. I guess that some are much better than others at doing that, but I see signs from my previous work in schools that they are alive to the possibility.

The Chairman (Mr Molloy): We will have to bring this evidence session to a close. You certainly provided the subgroup with much information. Thank you very

much for attending, for your presentation and for taking questions. The subgroup will take a brief break before hearing from the next delegation.

Mr Haire: Thank you very much.

Adjourned at 1.16 pm.

On resuming —

1.29 pm

The Chairman (Mr Molloy): We begin again. I thank the witnesses from the Department for Employment and Learning (DEL) for coming at such short notice. Perhaps you would make a short presentation, and members could then ask questions. We would like to finish within the half-hour.

Dr Aileen McGinley (Department for Employment and Learning): Thank you, Mr Chairman. I thank you for hearing us over your lunch break; we were worried that we would come between you and your lunch.

The Department welcomes the subgroup's invitation. With me is our deputy secretary, Catherine Bell; she is our expert on the skills agenda, further education and higher education, among other things. Chris McConkey is the head of our central management unit; he will keep track of any information that you would like us to provide. I will hand out a one-page summary of the Department's corporate plan and a one-page summary of the skills strategy.

1.30 pm

All the documents referred to in the summaries are available if the subgroup wants them, but we did not want to overload members. Also, we have copies of the addresses and web contacts. The key point that we wish to emphasise is that DEL — and this is down to my predecessors, one of whom is Will Haire — has looked long and hard at the importance of skills in the economy.

The Department works in two ways: first, to promote learning and skills and to prepare people for work; secondly, to help people into the workplace by addressing barriers to employment. Therefore, the Department must deal with both ends of the spectrum, trying to promote a well-educated and skilled workforce, while helping those people who find it difficult to get into that workforce to do so.

Members should have a copy of our presentation. We will use it as the means to run through the issues.

The Success Through Skills strategy, which was launched in February, should be of particular interest to the subgroup. The original inquiry that was conducted by the Committee for Employment and Learning in September 2001 led to the review of further education — FE Means Business — which will be known to many of you. A lot of work in this area emanated from the previous Assembly, and we are delighted to say that, four years on, we have made considerable inroads. The Success Through Skills strategy is a framework on which hangs the work of the Department and the interfaces between DEL and other Departments. I will come back to that later.

There are four key themes. The first concerns understanding the demand for skills. We need to be sensitive to what employers and the business sector need so that we can provide the skilled labour workforce that is required. The second theme is about improving the skills levels in the workforce. We do that in a number of ways, such as looking at essential skills, including literacy and numeracy — which the Committee touched on during the evidence session with the Department of Education officials — careers, management and leadership and investors in people. The third theme addresses improving the quality and relevance of what DEL does. It is not enough to provide training; it must be relevant and of high quality. Finally, the fourth theme targets barriers to employment — what we need to do to up-skill people and bring them back into employment through programmes such as Welfare to Work.

There are major links between DEL's work and the 'Economic Vision for Northern Ireland', which the Economic Development Forum produced last year. The work of DEL is at the heart of that vision. There are four strands to the economic vision: enterprise; skills and employability; innovation; and infrastructure. The work of DEL touches on all of them — probably not so much with physical infrastructure — so DEL is key to delivering the economic vision.

I turn now to the questions posed by the subgroup in its terms of reference. I will not go over the major impediments to the development of the economy at length because I am sure that they have been reiterated in the evidence that has already been given. Northern Ireland has achieved a lot. It has the lowest level of unemployment on record, and record levels of economic growth. However, productivity, competitiveness and levels of innovation remain very low and poor.

Northern Ireland is competing in a global market. Not only does that bring focus to the new skills that its workforce needs due to competition from low-cost economies that outsource to countries such as China, it highlights the influx of people to Northern Ireland and the fact that there is a new international labour market. Northern Ireland is losing some of its best people; at the same time, conversely, new people are coming in and providing skills. I am quite sure that, even five years ago, none of us would have thought of the migration issue.

There is also the issue of raising skills levels in the workforce. Again, this points to the issues of literacy and numeracy. One in four adults does not reach basic literacy and numeracy levels; that is not a good record. Due to the holistic nature of the problem, DEL works very closely with colleagues in DE. The point was made that if we could deal with this at the earliest possible stage, it would not be an issue.

I know that the Committee is particularly interested in the high levels of economic inactivity. At 27%, Northern Ireland's rate is the highest in the UK. Ironically, the Republic of Ireland has the same level of economic inactivity. That figure never comes out when people talk about the Celtic tiger. Admittedly, the numbers of students mask that statistic and create positive economic inactivity. We recognise that we need to take that seriously.

There are other issues to consider, such as skills and deficiencies in the workforce and the fact that one third of the workforce is not qualified to level 2, which is the equivalent of five GCSEs at grades A to C. Twenty-two per cent of the workforce has no qualifications, compared to 13% in the rest of the UK. Just over 40% is qualified to level 3, which is the equivalent of craft level. The facts and figures show us that there are serious issues.

Universities conduct over 50% of all R&D and innovation research. Some would say that that is healthy, but we argue that business needs to come up to the mark and that we need to promote private sector investment. We cannot rely solely on universities.

The skills strategy provides a framework within which those deficiencies can be addressed. Under that umbrella, we have strategies such as FE Means Business, the social skills strategy, the welfare to work reform, the new management and leadership programme — for which consultation has just finished — and the review of careers education, on which we are working with the Department of Education. Mrs Bell will elaborate on those programmes shortly. Therefore we must look genuinely at what we need to do. The current Training For Success strategy, which is the review of our apprenticeship programme, is also significant.

I know that when you look at all the documents, you will be tempted to say that we are good at creating strategies, documents and frameworks. You are quite right about that, but we are now at the point of implementation. We have listened and heard and will continue to do so, but we need to act. One small example of that implementation can be seen in the FE sector, where we are getting to the point at which the colleges are merging and principals and boards of governors are being appointed.

However, we are working on all fronts. Indeed, there are four themes across 16 programmes, and because they are all integral to one another, they are being managed using projects in controlled environments methodology. This is a holistic approach: what happens in one strand influences another. Therefore, it is important that we get them to run in parallel. If one does not work, it has an adverse impact on others.

We have looked at models for fiscal incentives elsewhere in the world, particularly the North Carolina

Community College System. We have found that extremely useful, because it creates a ladder of progression through education. That ladder is embedded in local economic development. In looking at other successful economies, including that of the Republic of Ireland, we found that a skilled workforce increasingly attracts foreign direct investment. Often, the skilled workforce is the tipping point that brings in the investment. It is more attractive than financial incentives, although I am not saying that those are not attractive. We have worked very closely and successfully with Invest Northern Ireland in the past few months on some of the recent investments in financial services and the information and communication technology sector. Companies are interested in a skilled workforce and a good, responsive education skills system. We would argue for fiscal incentives, but in fact, the turning point is investment in things such as skills and workforce development.

We can also consider the example of the tax credits for R&D, the business take-up for which is very low. The bureaucracy that is sometimes associated with things such as fiscal incentives and tax credits runs counter to that as an attraction.

If the Department could make it easier for companies and businesses by providing them with support that is “free of charge” or heavily subsidised, that would remove an entire layer of bureaucracy. It is worth making the point that, although fiscal incentives are extremely important, general support is sometimes of more value to businesses, with as little bureaucracy as possible.

Catherine will pick up on the subgroup's third term of reference, which focuses on how economic regeneration can be delivered. I will then make a few concluding remarks.

Mrs Catherine Bell (Department for Employment and Learning): To allow discussion, I will be as brief as possible. As Aideen said, the Department developed a number of strategies in 2001 that are being implemented now. We know that skills underpin economic success. We have defined skills into three types: first, the essential skills of literacy and numeracy, and, increasingly, ICT; secondly, the employability skills of flexibility, problem-solving and team-working that businesses seek; and, thirdly, specific occupational skills. The Department's work centres round all three types.

If Northern Ireland is to compete successfully, we must raise the skills of the people already in the workforce. Three factors are involved in raising skills. First, — and the figures are horrific — only one person in three has reached the Department for Education and Skills (DfES) level 2, which is the equivalent of five GCSEs. Secondly, we must increase the knowledge base of those people entering employment. Thirdly, it

is equally important to reach the people furthest from the labour market — those who are unable to even access it. Also, we want to promote innovation through research.

When the Department was developing the skills strategy, employers told us that they wanted us to be responsive to their demands. Government have made significant financial investments in the further education, higher education and training systems. Our infrastructure is good, but poor performance and a skills deficit in our workforce remains.

Consequently, we have been refocusing further education under the FE Means Business implementation plan to specifically support economic and workforce development. The overarching strategy sets a much clearer set of goals, with an action plan specifically designed to meet employers' needs. The budget for the implementation plan is very much focused on workforce and economic development.

The first strand of the implementation plan deals with the creation of demand and establishing what employers want, which is very difficult. A Northern Ireland Skills Expert Group has been established, with international membership, including representation from Forfäs, which supports the skills expert group in the South, and representation from the USA. The group also includes a director of research from the Sector Skills Development Agency who represents the 25 sector skills councils, representatives from the Confederation of British Industry, the Northern Ireland Institute of Directors and so on.

The group helps to identify not only the needs at a regional Northern Ireland level, but opportunities down the line. We are setting up six workforce development forums, which will be employer-led, with colleges providing the secretariat function, for the six new area-based further education colleges. Their role is to identify local and sub-regional demands, so that the supply and education and training sides can respond much more effectively.

The second issue is to consider the quality and relevance of education. The Department has divided that into three areas. The first is the FE Means Business programme, and the Department is well on its way to establishing six area-based colleges, giving them the prime aim of supporting workforce and economic development.

The second area is to change the curriculum, which involves working very hard with the Department of Education on a vocational enhancement programme, so that young people who do not go on to higher education can leave school or college at 19, not only with a broad education, but with strong professional and technical skills.

We are not going to use the word “vocational”, because people think that that route is for the less able and for people who cause problems. In our economy, we need technician training at levels 3 and 4, and employability skills training.

1.45 pm

We have charged the colleges to work hard with our universities on product innovation, prototyping and business creation. By September 2007, we will have created six area-based colleges and be well on the way to implementing the FE Means Business programme.

Any sophisticated economy has at its heart a strong higher education system. We are looking at the quality and the relevance of our universities' output in foundation, undergraduate and postgraduate degrees, and trying, as much as we can, to ensure that young people leaving university have had employability and entrepreneurial skills embedded into their programmes of study. The work of the Northern Ireland Centre for Entrepreneurship at the University of Ulster and at Queen's University was focused initially on science and engineering, and is now being spread across all areas.

We have asked the Northern Ireland Higher Education Council to join us in developing a strategy to take account of the economic vision, the regional innovation strategy and our skills strategy. Equally, when it comes to innovation and research, 50% of the money goes into the universities, and we are trying to ensure that what the Department puts in for infrastructure helps universities to ensure that some of the research turns out to be of economic and social benefit, and results in spin-out companies.

The last area is the new professional and technical programme, Training For Success, which is currently out for consultation. It focuses on apprenticeship, with the Department of Education introducing a pre-apprenticeship programme for 14-year-olds. We believe passionately that young people should be offered an alternative route; full-time higher education is not the only way to success. However, they have to be able to earn and learn at the same time. The progression will be from an apprenticeship programme to a foundation degree, and then to an honours degree, if they wish, and professional training.

We need to enhance the skills of the current workforce. In the professional and technical programme that we have put out for consultation, we have suggested, resources permitting, an all-age apprenticeship programme, so that we can re-skill the workforce. However, we are really attracted to some of what we have seen in England under the heading of 'Train To Gain', in which free training at level two is available to the workforce. In areas that are important to the local economy, 19 to 30-year-olds can avail of free level 3 training.

For those who are furthest from the labour market, we have been piloting the Pathways to Work programme for incapacity benefit claimants, which is menu-driven and focused on barriers such as health, abuse, or skills problems, so that we can respond more effectively, rather than having a one-size-fits-all approach.

We would like to see an expansion of the return-to-work credit so that people who earn less than £15,000 a year can have up to £40 a week to ease the worry of coming off benefits.

We want to understand demand, improve quality and relevance, and enhance the skills of the workforce in order to bring in the economically inactive. Those are the strands that the Department is implementing.

Dr McGinley: We hope that that shows that DEL has been addressing many of the deficits. As a Department, we bridge education, enterprise and social development. As you have heard, we are working closely with the Department of Education on 14 to 19-year-olds, careers and the Vocational Enhancement Programme (VEP).

DEL is working with DETI and Invest Northern Ireland on foreign direct investment, R&D and on establishing the delivery of employer-led skills needs. Finally, DEL is working with DSD on the Welfare to Work programme.

We are doing some of the joining up necessary to ensure that this is a holistic approach. The ad hoc and fragmentary nature in the past has been the single most important impediment, although that has been through no lack of will. We hope that the cohesion of the skills strategy will drive the engine of economic growth that we all want to see happen.

Dr McDonnell: Thank you very much. I welcome the change that has taken place; it is long overdue. You are relatively new to your position, and I congratulate you and those that have been there longer and have been more involved. It is music to my ears, and to those of most of my colleagues round the table. However, I am more interested in product than promise, and I will have to wait a little while to see what the product is.

We talk about creating a skilled workforce, which, as you said, is needed to gain foreign direct investment. We all want a high-wage, high value-added economy, but much of that can happen only through serious, practical R&D that is extracted from the brainpower in universities and used in combination with companies to create product and wealth.

There is a difficulty here, but there must be some mechanism to get companies to engage in more R&D. In the meantime, we have to stick with the universities. How can we push forward and achieve more R&D?

Secondly, and in parallel with that, is getting proper funding to follow on from the R&D. I am taking about

the university spin-off companies, such as QUBIS and UUTech Ltd, which are suffering from gross under-funding and a lack of sympathy. I do not know how much of that is DEL's responsibility, as it seems to be a twilight zone where everybody and nobody is involved. The sense is that we are wonderful, with brilliant people in universities, and that the fruit should fall from the trees without anyone having to grow it, spray it or cultivate it. There is a gap here, and sufficient product is not getting out because of the lack of capitalisation.

How do we get more R&D, and how do we fund and work the university spin-outs, the high intellectual property and the high value-added that flows from R&D?

Dr McGinley: You are right. The budget falls between DEL, DETI, Invest Northern Ireland and DHSSPS, which funds a lot of our current research. Recently, we launched the United States-Ireland Research and Development Partnership. It reflects exactly your point about looking outwards and bringing in thinking on medical issues, such as, for example, avian flu, diabetes and cancer. We all work well together, but it makes the task more complex.

DEL tends to fund the infrastructure and the universities, to create the physical and other tangible parts of the information and equipment needed. Programme funding tends to come from Invest Northern Ireland and DHSSPS. The two universities are aware that more could be done. There are lot of patents pending, and we must find a way to turn those into something tangible. Recently, Mrs Bell and I spoke to the two vice-chancellors about making things more focused. I welcome the more defined niches for Queen's University, which is heading down a strong science/academic route, and the University of Ulster, which is heading down the entrepreneurial science route. Also, the two universities are working together — the Northern Ireland Centre for Entrepreneurship (NICENT) project is a case in point — along with QUBIS and UUTech Ltd, which you mentioned.

The Government are committed to R&D. We recognise that we need also to stimulate business to recognise that and to get it to product stage.

Mrs Bell will tell the Committee about a number of programmes, such as the Higher Education Innovation Fund (HEIF). R&D must have a firm place in the next comprehensive spending review.

Mrs Bell: As Dr McGinley said, DEL is responsible for funding the infrastructure. However, DEL is also working with the two universities to examine their contribution to the economy. There is no doubt that universities talk about the generalities of R&D. DEL wants to see R&D leading not only to the creation of spin-off companies, but to investment in our own companies. We want more of our top brains to work in SMEs and to take some of the work to them.

Sometimes one could get depressed about the situation. However, considering what UUTech Ltd and QUBIS have produced, and some of the high value companies that have emerged, part of our problem is that we do not celebrate success enough. Success breeds success. In recent months, the University of Ulster has been particularly successful in selling the intellectual property rights to its work on diabetes to a large American company, and it is reckoned that that will generate about £41 million. Not enough has been heard about that. DEL and the universities have a responsibility to build on success.

DEL recognises that SMEs are sometimes reluctant to work with a university: it is like going to a GP and being referred to a consultant. The Department is encouraging the colleges and universities to work in partnership, so that product development and innovation will be done in the colleges and the universities will do the blue-skies research. DEL has created a fund to encourage collaboration between higher and further education, so that the skills from the universities can be transferred to the further education colleges.

The Department agrees that there must be investment, because we are losing the low-value work. Everyone must put their heads together to tackle that.

Dr McGinley: Two examples of such investment are that £94 million has gone into the Support Programme for University Research (SPUR) project, which will run from 2001 to 2008, and over £50 million will go into UK-wide Scientific Research Infrastructure Funding (SRIF) from 2002 to 2008. The money is being invested, but the trick is to ensure knowledge transfer in the third stream.

Mr McNarry: In the conclusion to your submission, you seem to be saying, understandably, that although you want to do much more, the Department might not have the money. My reading is that that is a cop out. Everyone could make the point that there is not enough money. I want to hear your reason for including that paragraph.

Dr McGinley: Skills are fundamentally important to the delivery of the economic vision, and that has an impact on most Departments. Money allocated to DEL for programmes such as Welfare to Work is ring-fenced, and we cannot interfere, because it is Treasury-oriented. DEL spends almost 85% of its budget on further and higher education and on student support, so there is not much leeway.

DEL would like to do much more and has recognised that, internally, it must do more to prioritise in preparation for the comprehensive spending review, and that process has begun. However, we will not be able to do some things. We have dropped programmes that, all things being equal, would have continued to run. For example, Enterprise Ulster and its associated

programmes, which were good in their time, have been wound down. DEL had to weigh up the priorities as they related to that type of programme.

Mr McNarry: I would love to get into a discussion, but I am here to ask questions. I am concerned about your reasons for going to the trouble of including this in your presentation.

What percentage of people who are fit for work are stuck in low-income jobs or part-time work, either not able or not interested — perhaps the most important issue is the latter category — in moving up the promotion ladder? What difficulties do they have?

Does the welfare state have a major or minor impact on attracting people to improve their learning and skills?

2.00 pm

Dr McGinley: We do not have those figures with us, but we can certainly provide the subgroup with them.

Mrs Bell: The fact that people have either low skills or no skills and qualifications — as a proxy, we equate skills with qualifications — is a strong indicator of the problem. We have worked hard to tackle the issue of essential skills. By March 2007, we are charged with putting 18,500 people through the essential skills qualification, which means improving their literacy and numeracy skills. Recent research shows the positive benefit that that has had on esteem, health, and so forth. We will then move those people on to level 2 qualifications. Once someone gains that level of confidence, in many instances, they are willing to invest in their own skills development. It is a question of engagement, which is why it needs to be done through employers and the workplace.

Many people have a fear of entering an educational establishment, whether a school or a further education college, so we are trying to work more effectively with community groups. The FE Means Business programme allows colleges to work with quality community groups. Initially, the community groups provide support, mentoring and encouragement to help people to overcome barriers about benefits, childcare, and so forth. Eventually, they can progress to college.

Mr McNarry: Problems with underachievement have been identified. Are schools picking up on the situation that you described, where school leavers, rather than employers are aware of what is on offer? Those people are not going to find employment.

Mrs Bell: Absolutely. There is a new professional and technical programme. I referred to the apprenticeship programme, but another strand works with young disenfranchised people who either feel that they do not have the academic ability or who perceive other barriers to employment. There is a similar programme for adults. Work so far has been singularly successful; it specifically targets their needs, whether self-esteem,

literacy or numeracy, or abuse problems. The programme is also hard-edged in that we will not allow people to be recycled in that environment. We want them to take whatever time is necessary to get onto the learning ladder. However, once they are on the learning ladder, we want them to be employed and studying part-time so that they are earning and learning. We want to see more lifelong learning, where people invest in their own skills.

You asked also whether welfare and benefits act as a disincentive. If someone has children, he or she needs to ensure that there is a certain income; people are afraid to lose those benefits. We must ensure that benefits, or any other moneys, are protected, so that people can gain the skills to enable them to work. We want everyone to start on the appropriate step on the skills ladder and progress upwards. It would have been lovely to start the skills strategy at level 3, but we could not do that.

Mr McNarry: Is there still a perception that benefits compete with the search for employment?

Dr McGinley: Welfare reforms, such as the Welfare to Work programme, are addressing that important issue. We are driven partly by national policy, but it is intended that, in 2008, a new form of income support, which tests the very nature of that question, will be established. We are proceeding also with the Pathways to Work programme in 10 areas of Northern Ireland. We have already rolled it out in six areas. That programme takes an individual look at people's needs — whether they are lone parents, or over 50 or are on incapacity benefit. It will address people's needs genuinely, perhaps sending them to counselling or placing them into skills programmes.

Last week, I visited a Jobs and Benefits office where the disability adviser and the Pathways to Work adviser were absolutely delighted because one of their disability applicants — a man who had been a scaffolder all his life, but had smashed his knees and was, therefore, incapacitated — had got on to a sign language training programme and was going to become an interpreter. It was great to see the joy and pride that the staff took in getting someone who really wanted to work but needed help with the “how” and the “what”. I should mention also that the review of careers guidance will help to provide a signpost.

The Chairman (Mr Molloy): We are running out of time.

Mr Weir: I shall be brief. Thank you for your presentation. I join with Dr McDonnell in thanking you for the various programmes that you are operating, despite the constraints under which you are operating.

I wish to pick up on two points. I was interested in the remarks that you made about DEL being the bridge to other Departments. One of my concerns is that,

because of the departmental structure, economic development touches on — or is central to — a number of Departments. First, I wonder whether you could expand on any structures that exist for liaison and consultation with Departments or agencies to ensure that, in whatever skills programmes you are running, there are appropriate levels of input from those who are affected directly.

Secondly, you provided information on the idea of helping to focus universities and graduates on a more business-oriented scenario. The other side of that coin may be less of a problem than it was 10 years ago. It was identified in the Dearing Report and is the extent to which there is still a section of school-leavers at the higher end who cannot find places in universities in Northern Ireland. In particular, there are concerns that, although it may not be as big a problem as it was, the caps that are placed on university places in Northern Ireland mean that we continue to export a reasonable percentage of our best talent. In some, but clearly not the majority of cases, that is because people cannot find a place here, rather than because many students want to leave Northern Ireland. What actions could be taken to counter that problem?

Dr McGinley: I will take your first question, and Catherine will take your second. Recently, we have been working increasingly closely with others, including the Economic Development Forum, on which we are represented with the other Departments. We have quarterly meetings with DE and DETI, and regular meetings with DSD, right down to officer level. DEL is represented on all the major strategy groups, such as the regional innovation strategy, and so forth. We work very closely together, and since I have been with the Department, I have seen the blurring of the lines. I have been with the Department for only four months, but since I arrived, a real ethos is emerging about the importance of interdependency. I am not saying that that was because of my arrival, but I assure members that it is getting much better.

Mrs Bell: We are working with others on projects concerning 14 to 19-year-olds, particularly with the Department of Education. Robson Davison came from DEL, so there is great co-operation in the programme that we are running together. Similarly, we work with Invest Northern Ireland. The fact that employers are now saying that skills are at the heart of the matter means that INI and DETI are bringing us to the table.

I turn to the second part of your question on higher education. Yes, Northern Ireland does lose some young people, but not all the brightest and the best at 18 years of age. However, we undertook research and found that the vast majority of the really able who go away, go to their university of first choice. Our trick must be to attract them back. Those who are reluctant to go away are at the lower level of educational attainment.

We would like them to stay in Northern Ireland and work through the further education sector towards foundation degrees.

Mr Weir: Despite the Dearing Report, one would suspect that the figures are even higher. No one is questioning the fact that the vast majority of 18-year-olds who leave want to go. I do not think that the situation is very different from that in other regions, because many people want to go to university away from their home towns. Although I appreciate your explanation, I still do not see a strategy to reduce the number of people who leave Northern Ireland because they cannot find a university place.

Dr McGinley: Opening up the further education sector through the new area-based colleges has helped that situation substantially, as have foundation degrees.

The subgroup became inquorate at 2.11 pm and adjourned at 2.17 pm.

SUBGROUP ON THE ECONOMIC CHALLENGES FACING NORTHERN IRELAND

(EMERGING ISSUES SESSION)

Thursday 3 August 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Jim Wells
Dr Esmond Birnie
Mr Wilson Clyde
Mr John Dallat
Mr David Ford
Ms Michelle Gildernew
Dr Alasdair McDonnell
Mr Barry McElduff
Mr David McNarry
Mr Sean Neeson
Mr Peter Weir

The subgroup met at 3.34 pm.

(The Chairman (Mr Wells) in the Chair.)

The Chairman (Mr Wells): I call the meeting to order. I remind members that seven is the number required in order for there to be a quorum, so we have a quorum and no more. We are expecting one more member to attend, so I ask members to bear in mind that we need to keep seven around the table at all times.

Dr McDonnell: Mr Chairman, I will be under considerable pressure to leave once it creeps towards 4.25 pm.

The Chairman (Mr Wells): I hope that Mr McElduff will be here by then so that there will still be seven members.

Once again, I remind members to keep their mobile phones switched off. Apparently, some of this morning's proceedings could not be recorded because somebody's mobile phone was on. It happened while the subgroup was inquorate, so it may not be crucial. Every now and then I hear the slightest hint of a text message — perhaps the results of the Galway races are being broadcast to members' mobile phones.

Mr Ford: That will be the DUP members.

The Chairman (Mr Wells): I have received apologies from Margaret Ritchie. John Dallat is attending in her place.

Mr Ford: Sean Neeson also sends his apologies.

The Chairman (Mr Wells): I am very glad to see Mr Dallat here. Mr Mitchel McLaughlin is not here, but

Mr McElduff is in his place. I understand that Ian Paisley Jnr is not here. Wilson, are you substituting for him?

Mr Clyde: I am junior. *[Laughter.]*

Dr McDonnell: No better man.

The Chairman (Mr Wells): You have improved enormously, junior. *[Laughter.]*

The Chairman (Mr Wells): Who are the Ulster Unionist representatives?

Dr Birnie: My understanding was that David McNarry would be here.

The Committee Clerk: He put a question mark over his attendance when I asked him earlier. However, we knew that if Dr Birnie were present that the subgroup would be quorate.

The Chairman (Mr Wells): It looks as if this is it, folks. We must make absolutely certain that we keep our quorum.

The Committee Clerk: I had a discussion with the Editor of Debates and the Deputy Clerk about the meeting being inquorate for six minutes earlier today. The decision was that we cannot have an Official Record once the subgroup becomes inquorate. An unedited transcript of the six minutes — minus the portion lost due to the interference of the mobile phone, whosever it was — will be produced so that we will have a verbatim record of what was said.

Mr Weir: Is the quorum rule completely strict? If we start quorate but become inquorate in the course of the meeting, we cannot continue —

The Committee Clerk: It is absolutely strict. Statutory Committees have become inquorate in the past. I had been advised informally that, if the subgroup became inquorate for only a couple of minutes, we could ignore it, which was what we did this morning. Clearly, that was not the case.

Dr McDonnell: Some of us argued earlier that six members might be a better quorum, but some of your colleagues felt that they wanted seven.

Mr Weir: It is a wee bit academic, since we have presumably been given the law engraved on tablets of stone from on high.

The Chairman (Mr Wells): The draft minutes of today's sessions will be tabled at next Tuesday's meeting. There are no minutes as such. The draft transcripts of Tuesday's session, including the evidence of John Simpson and Enterprise Northern Ireland, should have been issued to members. Everyone has seen them. Any corrections should be returned by the close of play on 7 August. Please look at the transcripts to make sure that they are OK.

I want to get a couple of housekeeping issues out of the way. First, and I do not know whether this was

reported this morning, I wrote to myself, and the Committee on the Preparation for Government agreed yesterday to the subgroup's request to extend the deadline for our report by one week, to 25 August. Of course, that is predicated on the Secretary of State's decision on moving the dates for plenary business to 11 and 12 September. We have not yet heard from the Secretary of State on that. However, the Preparation for Government Committee was more than happy to agree.

The Committee Clerk: We discussed that this morning, and it was agreed that there would be two sessions on the draft report and a written evidence session the week before that.

The Chairman (Mr Wells): That will be a busy period for us. The Ulster Unionist Party nominated Mr Jim Wilson for chairmanship, so the subgroup will have five Chairmen. I understand that the Alliance Party has nominated Naomi Long and that the SDLP has nominated Alban Maginness, who, as a former Chairman of the Regional Development Committee, is a very experienced hand. We now have a full complement, which will lessen the burden on Mr Molloy and me and enable us to concentrate on the meetings on the institutional and policing and justice issues. That is good news all round.

The Committee Clerk: If the subgroup is content, we propose to put the three new Chairmen first on the rota and come back to Mr Molloy and you when you are available. That means that the two more experienced Chairmen who have been involved in more meetings will take the last few meetings. That seems a sensible approach.

The Chairman (Mr Wells): Therefore, Mr Wilson will be the first.

The Committee Clerk: Not necessarily. It could be any of the three.

The Chairman (Mr Wells): Is everyone happy with the arrangements? We seem to have a fine mixture of youth, good looks and experience.

Dr McDonnell: Is it reasonable to make proposals or suggestions, or do we just go on a roulette-wheel basis?

The Committee Clerk: It will be on the basis of what is practical and who is available for each meeting. I will check with the three people and construct a rota that suits them.

The Chairman (Mr Wells): Mrs Long has the youth, and the good looks I might add.

Mr Ford: And a fair bit of experience, Mr Chairman.

The Chairman (Mr Wells): We will now move on to the substantive part of the meeting, which concerns the emerging issues. I have found the evidence sessions that I have chaired and witnessed to be extremely helpful. The standard of questions and material presented

to the subgroup have been extremely high. Perhaps I am biased, but I sat on the Enterprise, Trade and Investment Committee with Dr McDonnell for many years and we had much more difficult sessions than we have experienced here recently, and some very interesting and thought-provoking points have emerged.

This morning, members were given a copy of a paper on emerging issues. Did everyone receive it and have a chance to read it? Of course, the paper does not include issues arising from this morning's session. Our Clerks are good, but even they are not that quick off the mark. The subgroup needs to decide whether the paper captures the essence of the issues that have emerged, whether anything needs to be added, or if there is anything in the paper that members disagree with. The subgroup will then need to identify and agree the salient points that have come out clearly in the evidence and in the discussions.

The Committee Clerk: Mr Chairman, a couple of papers need to be presented now. I have prepared a summary of the initial research paper, which was presented by Dr Gilleece. It also lists a lot of the main points of the evidence sessions. I have also asked the Clerk of Business, who has been working for the subgroup for the past few days, to prepare a paper which provides a summary but also goes into some of the potential solutions. A third paper has just been presented to the subgroup by Dr Gilleece, and he will talk to the subgroup about it shortly.

The papers are really aides-memoires — thoughts that we have pulled together. The key issue for staff is to put all of the evidence into a report that the subgroup can sign up to. We must be absolutely clear about the subgroup's direction, and this session will be a hour's worth of thinking about that.

The Chairman (Mr Wells): Is everybody content with that structure? We have until 4.30 pm to come up with the bones.

Mr Weir: I would like to clarify one issue. Are we simply identifying the issues emerging from the evidence at this stage? I assume we are not agreeing any wording on particular issues at this point.

The Chairman (Mr Wells): That is correct. Could we bring in Dr Gilleece now?

The Committee Clerk: That would be useful.

Dr Gilleece: Thank you. As regards innovation, several themes come through in the paper, which help demonstrate a lot of the issues that have been raised. The consistent message that we are getting from the presentations is the necessity for change and for transforming accepted working practice.

3.45 pm

From an economic perspective there are several strategies that are accepted drivers for innovation, and these should be fully exploited. However, the presentations have also emphasised the importance of innovative practices in the public sector and of changing the way we work and the approaches employed to address social and economic challenges. Adopting a new approach is fundamentally the most important reason for the success of the economy in the Republic of Ireland.

Also, from the economic perspective, a factor common to successful regional economies in Europe is the key priority given to innovation, in which R&D is key. Regions such as Emilia-Romagna in Italy; Baden-Württemberg in Germany, and Silicon Valley in California are acknowledged as having highly successful innovation systems. They fully exploit their innovative capability and consequently enjoy the benefits of rapid growth. A more R&D-intensive, innovative and knowledge-driven economy tends to result in better, more sustainable jobs and higher wages.

Innovation does not refer just to economic strategies; it is also concerned with reviewing and changing all aspects of our working practices. The Northern Ireland Business Alliance made that point. Innovation's importance is elevated as a result of the globalisation of competition conditions, which is a point that Liam Nellis of InterTradeIreland touched on.

The 1995 European Green Paper on innovation stresses that innovation is not just an economic mechanism or a technical process; it is above all a social phenomenon. With regard to economic development, that often means the commercial exploitation of R&D. Innovation also refers to the adoption of methods of working that, while not necessarily new, are radical changes to a particular organisation or sector. That applies equally to the private sector and the public sector.

The Northern Ireland Business Alliance (NIBA) made the point that radical policy change is required if we are to change the trajectory of the local economy. They believe that this requires a social partnership between the public and private sectors, business and elected representatives, trade unions and the voluntary sector. NIBA highlighted changes in approach in several areas that are required if we are to move from being a public-sector-led to a private sector-led economy.

One of the key points in NIBA's presentation was that public sector behaviour can have a major influence on how the private sector develops. It said:

"If we are serious about making changes, we need a complete review of how the public sector in Northern Ireland is run". — [Official Report, Bound Volume 19, page SG 23].

"The Civil Service is so good at maintaining stability it cannot be agile; it cannot transform. We must break it up with a hammer, so that those who want to get on and do things are not prevented". — [Official Report, Bound Volume 19, page SG 31].

"It will stop your best ideas coming forward, because it is designed to create stability and even out change." — [Official Report, Bound Volume 19, page SG 31].

Change in the Civil Service and the public sector goes beyond structural and organisational change. At crucial points in the development of the Irish economy, civil servants have thought creatively and have taken innovative approaches, and that was instrumental. Dr T K Whitaker, secretary to the Department of Finance, and originally from Rostrevor, prepared a report called 'Economic Development' in 1958 that was a watershed in the transformation of the economy in the Republic of Ireland from being a mainly agricultural society into a modern, industrial-based economy.

By contrast, it has been argued that the civil servants in Northern Ireland appear to be motivated by a fear of appearing before the Public Accounts Committee. The recent controversy about token entertainment that public servants received only serves to make them less likely to act autonomously and, more importantly, to think autonomously.

In the early 1960s the Organization for Economic Co-operation and Development (OECD) held a conference in Washington on economic growth and investment in education. They asked for two countries to volunteer to do a national survey of their entire educational system. The Irish and the Austrian delegates were the only countries that were prepared to risk exposing their countries' shortcomings to the world's gaze. The existence of the team and the OECD report that was produced are regarded as landmarks. In 2003 the Department of Education and Science in the Republic of Ireland invited the EU Directorate for Education to undertake a similar review. That indicates a willingness to invite scrutiny and receive criticism in order to achieve an overriding objective of performance.

Moving on to policy development and delivery, John Simpson questioned the delivery of strategies for innovation, R&D and training. From recently presented facts, it would appear that strategies on innovation and entrepreneurship, for example, did not have the impact that they should. That might indicate a need to change how policy is delivered, but also perhaps how it is developed. According to the economist Mike Smyth, an ever-widening experiential gulf exists between policy-makers and private economic agents. How can that lead to good policy-making?

Perhaps it may be appropriate to harness the potential of the public sector to stimulate entrepreneurship. For public-sector employees, entrepreneurship training and

basic business skills may help to improve policy development and encourage entrepreneurship.

Regarding the education sector, there are three principal features in the education system of the Republic of Ireland that have led to its success: first, the breadth of the secondary-school curriculum; secondly, the high standards of university degrees; and thirdly, the availability of post-school training.

Government has stated that there is a need to embed business training in the curriculum at secondary level in Northern Ireland. The Northern Ireland Council for Voluntary Action would like to see greater emphasis on life skills, personal development and citizenship. However, the overall key issue may concern the breadth of our educational system and the efficacy of any new initiatives that we introduce. The rapid progress in educational development in the Republic of Ireland has been achieved without lowering educational standards, as appears to be the case in Great Britain, at secondary school level and in universities.

I now turn to third-level interaction with industry. John Simpson said:

“FE colleges still, to a large extent, determine for themselves what they offer. That cannot be right.” — [Official Report, Bound Volume 19, page SG 96].

Dr Michael Maguire of NIBA said that:

“We need to be able to push those ideas through a responsive education system that considers its jobs to be one way of helping to develop the economy in Northern Ireland.” — [Official Report, Bound Volume 19, page SG 26].

As far back as 1978, the Manpower Consultative Committee was set up in the Republic of Ireland to allow for dialogue between the Industrial Development Authority and the education system. The education system in the Republic of Ireland is now tightly integrated with the country's foreign direct investment (FDI)-oriented development strategy. The resulting programme from the Manpower Consultative Committee produced a sharp increase in the output of graduates in electronic and mechanical engineering and in computer science. Output of engineering graduates increased by 40% between 1978 and 1983, while the number of computer science graduates increased tenfold in the same period.

The view of the Industrial Development Agency and Forfás, the policy advisory and co-ordination board for industrial development, in the crucial areas of the labour and skills markets, have been more likely to lead to new course initiatives, or pump-priming by the Department of Education and Science or the Higher Education Authority, than any other source.

In conclusion, individual recommendations taken forward in isolation will not meet the challenges facing the economy. The economist Mike Smyth has said that

if the economy of Northern Ireland is to return to a more normal growth trajectory, a unique or abnormal set of policies will be required. This will require creative thinking and the willingness to consider radically new approaches. Innovation is about ambition and taking risks. It is about foresight and vision.

The Chairman (Mr Wells): Thank you, Dr Gilleece. Hopefully, your presentation has helped to set the scene. We will now look at the list that the Clerk has prepared. Again, I emphasise Peter Weir's point that we are not asking the subgroup to put the issues in order of priority or attach any weight to them; we are simply deciding whether the issues are relevant and important. We can return later to the fundamental decisions on how to tackle them. I suspect that that will involve quite a lively debate, but it is best to simply go through them for now. If members have additional points, feel free to catch my eye and I will give you an opportunity to speak.

Mr McElduff: One point that may need to be factored in is the desirability of political stability, or whatever term members want to use to describe it. The business sector is telling us that it wants the institutions restored to bolster economic development. That can be translated as a need for political stability, but an overall political context must be considered, which will not breach anybody's party politics. Business people are basically telling us that they would be a lot happier if local Ministers were making decisions about economic development.

The Chairman (Mr Wells): That issue is referred to at point 15 of the Clerk's list. However, Mr McElduff has approached it from a slightly different angle; we might want to beef that up. Again, the fact that it is numbered 15 does not mean that we think that it is the fifteenth most important issue. Some members might place that among the top three issues.

The Committee Clerk: The second page of my paper notes themes from the evidence sessions. I have simply listed, from memory and from looking through the Hansard reports, issues that have arisen. I emphasise that the order is immaterial and does not reflect importance. That point has been covered. Perhaps, as the Chairman suggests, the subgroup would like to go through the list, adding to it as it sees fit. I can then compile a reasonably comprehensive list of issues.

Mr McNarry: First, I would like to say that Dr Gilleece's presentation was excellent and very helpful. Perhaps my question will sound naive. The Secretary of State has spoken of £16 billion of investment over the next 10 years. It would be helpful if the subgroup could see how that £16 billion has been broken down; that way we could know where the money is going and how it will be used. The subgroup might want to look at the Secretary of State's ideas for using that money

and compare it to our thinking for differences of emphasis as we prepare for devolved government.

The Committee Clerk: We have added the Department of Finance and Personnel to our list. Officials will be coming here next week and may well have those figures. I hope they do. I will see if I can get them.

Mr McNarry: Yes, they may well. This Secretary of State has been burning my ears with this £16 billion.

The Committee Clerk: I am just wondering whether it will be them or the Department of Enterprise, Trade and Investment. I will contact both and get that.

Mr McNarry: What I am really asking is this: he said there is £16 billion to spend, and I want to see how he intends to spend it.

The Committee Clerk: We can get that.

Dr Birnie: Having two papers is confusing, but I will start with the one that the Committee Clerk has drafted. I agree entirely with the point of the first item. Maybe this is getting into more substantive issues, but I am not sure that we should congratulate ourselves too much by saying that we are not much different from Wales and Scotland. We can perhaps have that debate in due course, because they also have relatively large public sectors, and their economies are arguably structurally poor as well.

Item 12 covers much the same area as Dr Gilleece's excellent paper. We should elaborate on item 12 in two ways. As John Simpson pointed out, there seems to be a chronic slowness in implementing policies. Dr Gilleece notes that our Civil Service structure does not seem to be fit for the purpose of putting policy into practice. He also refers to people being scared of appearing in front of the Public Accounts Committee. However, there is inevitably a trade-off: we all want to see absolute probity in the use of public money, and as political representatives and the public's stewards we must ensure that; but on the other hand we encourage public servants to take occasional risks. Invest NI, for example, has to take risks with investing public money to promote higher return in job creation in the long run. We need to highlight that dilemma.

Point 16 in the Clerk of Business's paper refers to the brain drain. We should add to that: it is often assumed that the problem is simply that people are choosing to leave Northern Ireland or are forced to leave due to economic and other conditions. There is another aspect to it: could it be that local businesses and, indeed, perhaps even the public sector, either because it is relatively small, or because of a culture of management, simply do not want to employ certain highly-qualified people here? There may be a problem on the demand side in the labour market here.

The Committee Clerk: It is an interesting point to make, Esmond, because the Department for Employ-

ment and Learning has prepared a paper on why people are leaving. Is it because there are not enough university places, or because there is not enough work?

Dr Birnie: No doubt it is a mix of those, but we need to capture that.

4.00 pm

Mr Weir: I want to make a procedural point. We have three papers in front of us. It might be helpful to pick one paper and go through it. Many issues are identified in the papers, and there will be a fair amount of overlap. We should concentrate on one paper and then move on to the next; otherwise, it will be very confusing.

The Committee Clerk: I recommend that course of action, not as a preference, but because a simple list would be easier to deal with.

Mr Weir: Mr McNarry's point is similar.

Mr McNarry: It is similar. It deals with the point raised by Esmond Birnie about item 12 of the Clerk's paper. Would that allow the subgroup, with your guidance, to examine the reduction in the number of Departments referred to by the Secretary of State?

The Chairman (Mr Wells): Only if we could establish that that is an impediment to economic progress.

Mr McNarry: I agree with the Secretary of State that the Civil Service is an impediment to political progress. However, departmentalising it along economic delivery lines would present another problem. A theme in the presentations was that one bit is doing this and another bit is doing that — Barry McElduff referred to that. The concept of joined-up delivery seems to be all over the place.

The Chairman (Mr Wells): We must be careful not to stray into the work of the PFG Committee.

Mr Weir: The number of Departments is a separate issue, and I share Mr McNarry's view on that. Problems have been identified, but I suspect that Departments have tried to pretend that they do not exist. There is a lack of joined-up delivery on economic development. The number of Departments is less important than the fact that some the responsibilities seem to lie in various areas across half a dozen Departments, and there appears to be a lack of co-ordination and integration. Some Departments deny that there are problems and say that there is full liaison.

The Chairman (Mr Wells): It was clear from the evidence that there was a dichotomy between the Planning Service's aims and aspirations and those of DETI.

Mr Weir: Whatever people might think about individual projects, when DRD or Roads Service make announcements, how are they joined up to show the

benefits to the economy? Those announcements may be of benefit to the economy. However, it is important to realise that, prior to reaching those decisions, there does not appear to have been a great deal of consultation with people in the economic sector.

Dr McDonnell: I agree with Peter Weir and I apologise to Mr McNarry. It is not the subgroup's business to get involved in the number of Departments. It is about communication and connectivity. We had connectivity problems in the old Department of the Environment, where one corner of it did not know what the other was doing. The number of Departments must be dealt with, but it should not be dragged into the economic argument.

Mr McNarry: I do not want to get into the deep political aspect of this matter, but it has been said that there will be a reduction in the number of Departments, and we should at least factor that in and consider how the Departments would work, and how many there might be — be that seven or nine or 11. I did not mean that the subgroup should decide how many there should be.

Dr McDonnell: I accept that. However, from my perspective, the problem is a lack of communication and energy within the Departments, and not how many there are.

Mr McNarry: There is a lack of management as well.

Dr McDonnell: Yes, there is a lack of leadership and management. We could reach the stage where one Department would run everything, and it would resemble a madhouse.

I refer to the paper by Paul Moore. Point one relates to the imbalance between the public and private sectors. The subgroup must consider and agree on the clear requirement for substantial private-sector growth. The problem is not that the public sector is too large, although some trimming, streamlining, refocusing and reinventing of various Departments is required. As in any business, as circumstances change, something that worked 10 years ago may be redundant today.

The big challenge lies in the fact that, in general, the private sector is minuscule, and we need massive growth in it. The subgroup needs broad agreement on some of the parameters around that challenge. The subgroup must be efficient in its efforts to focus on one, two or three projects or ideas to unlock the economy. There is no point in our coming up with 20 ideas.

The Chairman (Mr Wells): Any potential savings and efficiencies could be teased out when the DFP witnesses come before the subgroup.

Mr Ford: During my 17-year career, I experienced three reorganisations of health and social services, and I am not convinced of the Trotskyite concept of continuing revolution in institutional structures. David

McNarry put his finger on it a few minutes ago when he talked about the ways in which Departments work. That ties into what Peter and Alasdair said about the announcement of a £400 million roads package this week, for example.

Witnesses from DE and DEL mentioned that they have co-operated on various matters. If Departments recognise the need for co-operation, and actually co-operate as opposed to merely saying that they are doing so, that would cover some of the issues of concern. However, the problem arises when other Departments make announcements, such as that about the roads package, with no reference to economic drivers.

The Chairman (Mr Wells): As it is 4.05pm, and I am conscious that Alasdair is pushed for time, let us consider the part of the Clerk's paper headed, "Evidence sessions" and go down the list of themes. We may be able to cover some quickly; others will require discussion. Point 1 refers to perceived over-dependence on the public sector.

Mr Weir: I want to pick up on Alistair's point, and, again, this is perhaps more about phraseology. The point is that the problem lies in the weakness of the private sector rather than over-dependence on the public sector. To some extent, those are two sides of the same coin. I realise that we are not trying to agree a form of wording, but it is a slightly different point.

The Chairman (Mr Wells): Is everyone happy with a change of emphasis to tidy that up?

Members indicated assent.

The Chairman (Mr Wells): Do members wish to comment further on point 1? It is obvious that it must be included, and there is no argument on that.

Dr Birnie: It may be statistically correct that the size of the public sector in Northern Ireland compares to those in Wales and Scotland. However, the fact that productivity in Wales and Scotland, as in Northern Ireland, is falling in relation to the UK average arguably results in a comparison with a poor standard.

The Chairman (Mr Wells): Shall we delete that reference to Wales and Scotland?

Mr Weir: I was going to suggest that on this issue, the paper prepared by the Clerk of Business referred to an:

"Unbalanced economy between public and private sectors — a clear requirement for private sector growth."

That emphasis is closer to what we are aiming at than the wording of point 1 of the paper prepared by the Committee Clerk.

Dr McDonnell: There is no harm in keeping the reference to Wales and Scotland. The point is that our public sector can be compared with those in Wales and Scotland. Perhaps the public sectors in Wales and

Scotland are not as robust as they should be, but we must try to ground ourselves in some comparative reality, and the real issue is private sector growth.

I am slightly worried that the general view seems to be that the only problem is that the public sector is too large. At least 95% of the public sector is required to sustain the community and services, etc. Allowing the public service to be put at risk, or putting about the notion that slashing public services would somehow achieve anything, would only serve to erode existing services. The clear challenge is to create jobs in the private sector in high-wage, high-value-added areas.

The Committee Clerk: So far, all the witnesses have been consistent about there being no need to cut the public sector. They have all said that there is a need to continue to invest. Public expenditure growth should continue, but the private sector should be strengthened.

Ms Gildernew: A strong point has emerged about the public sector's inability to be agile and, if you like, to turn on a 50-pence piece. I am not keen on comparisons with Wales and Scotland, and previous witnesses have told the subgroup that those regions are not good comparators. Peter Gilleece mentioned the unbalanced economy between the public and private sectors. The main point is that we need to grow the private sector rather than slash the public sector. Peter Hain has pushed the point that we need to slash the public sector because of the imbalance, but that imbalance exists because the private sector needs to grow.

The Chairman (Mr Wells): There seems to be general consensus on that theme. The next point is the low levels of business start-up, the high-cost business environment and over-regulation.

Ms Gildernew: In relation to business start-ups, it depends on which part of the North is being referred to. However, I am more concerned about nurturing those business start-ups through their next phase of development. The important issue is the success rates of business start-ups.

Are high-energy costs and barriers to SMEs included on the list?

The Committee Clerk: They are included.

Ms Gildernew: Can challenges to the SME sector in areas such as energy, transportation and manufacturing rates be included on the list?

The Committee Clerk: This is not a definitive list. The Clerks compiled it to stimulate debate, so it has been a useful exercise.

Mr McNarry: The list sends out a negative message, which is not the type of message that we want to send. We need to include some positive elements in our report that send the right signals to the Preparation for Government Committee. I hope that the report will

generate a debate in the House. I would not go as far as the Secretary of State does about being world class, and so forth, but it is a goal worth aiming for. The report could be full of doom and gloom. Early on in our discussions, we said that we wanted to hear what witnesses had to say so that we could raise issues with the relevant Ministers. Quite honestly, I have heard nothing positive about innovation or any sound arguments about what needs to be done. Can we scope those issues? If we were to that, some ideas might emerge on how to deal with them?

Mr Weir: The positive and negative aspects can be married in. The report will have an introduction, which will highlight the positives. These two lists cover the impediments. The impediments have been identified, and we need to discuss positive solutions. By their very nature, impediments are negative.

Mr McNarry: Witnesses have said that the solution is to throw money at the impediments, but my capitalist nature cannot agree with that argument.

It is not the solution in a small country such as ours.

The Chairman (Mr Wells): The next stage of the subgroup's work will be a major philosophical debate on whether money should be thrown at problem areas.

Mr McNarry: I appreciate that.

The Chairman (Mr Wells): This is simply a matter of whether we accept that issues have been raised and are important. We are not dealing with solutions.

Dr Birnie: I agree with Michelle's point. Item 2 on Alan Patterson's paper is very good as it stands, but we must add that it is not just a matter of getting firms started, it is a matter of getting them to grow. All the evidence suggests that if 100 firms were started tomorrow, each employing one or two people, a quarter or half of them would collapse within a couple of years, and only one or two would ever grow to a position in which they employed 50 or 100 people. The question is how the policy makers identify firms with the potential for high growth for business incubation.

A supplementary point that I tried to raise during a number of the evidence sessions concerns whether Northern Ireland entrepreneurs are, on average, inclined to growth, or whether they are inclined to grow to a certain size and then stop because they have achieved a reasonable standard of living and have begun to question the need to endure the hassle or to risk losing control.

Mr McNarry: Point 14 of Alan's paper might deal with that matter.

Dr Birnie: OK. I missed that.

Dr McDonnell: This point may be contentious, but it must be raised. Grants have not been mentioned at the sittings at which I have been present. My thinking on them changed as a result of my involvement in the

Committee for Enterprise, Trade and Investment, in which you and others were involved, Mr Chairman. My thinking changed because grants are doled out in Northern Ireland on an ad hoc basis. One can be lucky and get a grant, or one can be unlucky and not get one. Sometimes, it is very difficult pinpoint the differentiator.

I believe strongly that we must consider a small firms loan guarantee scheme, such as that operated in the States. I hope to raise that matter with the Department of Finance and Personnel when its representatives appear before us. In the States, instead of handing out grants here and there, the authorities use £5 million or £6 million as a pump-primer key. That money is used as insurance and, in turn, the banks are asked to put £100 million on the table, with that £6 million used as the underwriting factor. The banks then loan money at base rate to businesses under a special business scheme to which everyone has access.

Recipients must pay back that money — that is the only difficulty. However, instead of a lucky 20% of people getting access to a grant, 100% of people have access to the scheme. It does not matter whether someone is starting a grocery shop or a restaurant. That scheme is particularly important in the States because large numbers of migrant ethnic minorities want to start up in business. Another important point is that that loans scheme has created a culture in which women start two thirds of new businesses. I would be the first to admit that our business culture appears to be male-dominated. The reality is that, by creating a level playing field, one opens everything up.

It may be that some people agree with me and some disagree. However, if we can do one thing only, it should be to discover how much money DETI and others give out in grants for small business start-ups. Take that money and go to the four banks and ask for a banking consortium to set up a loan fund. That scheme would be equally open to someone who is setting up as an agricultural contractor in Newtownards or to a Chinese guy who is setting up a Chinese grocery store in the Markets or at Donegall Pass in the heart of Belfast. Under that system, the banks would provide the assessors, etc, rather than Invest NI and the banks running three or four duplicated systems.

Mr Chairman, it is important that, before we complete our work, we consider that.

4.15 pm

The Chairman (Mr Wells): It is 4.15 pm, and we are still debating the second discussion point. Let us move to the third.

Mr McElduff: I am not sure that we will get through this business today. That is a matter for your judgement, Mr Chairman.

Point 2 of the Clerk's paper concerns factors inhibiting small businesses. I stress that we must assert the importance of supporting the SME sector and local businesses. That ties in with David's point about being positive. We always talk about the need to attract FDI, but we should make a strong statement about the general need to support local business and to recognise its contribution to the economy. I hear about that recognition consistently in the subgroup and in meetings of the Strabane employment task force.

The Chairman (Mr Wells): That is a helpful point to add.

Are there any comments on point 3 of the Clerk's paper, namely the theme of skills deficit and lack of entrepreneurial culture?

Dr McDonnell: I broadly agree with that.

The Chairman (Mr Wells): Point 4 of the Clerk's paper refers to the high rate of economic inactivity in Northern Ireland and flags up the impact that the Province's high percentage of students have on those figures.

We should stress that our public sector is not necessarily big, but that the huge inactivity sector skews the figures. That includes people in receipt of disability living allowance (DLA) or incapacity benefit, students, the retired, etc. Does anyone disagree with the contention that a large section of our community is inactive?

Mr Weir: There is positive and negative inactivity. The fact that the figure for people in receipt of benefits is a lot higher than elsewhere is a problem for the economy. The fact that we have a higher percentage of students should be beneficial to the economy in the long run. We can contrast those.

The Chairman (Mr Wells): Despite the number of students, one in ten adults is in receipt of DLA.

Mr Weir: I am not disputing that, but a degree of differentiation must be made. The figures for incapacity benefit suggest that the gap between Northern Ireland and the rest of the UK is 6%.

The Chairman (Mr Wells): No, that is six percentage points. It is an important distinction.

Mr Weir: Of that, 60% was due to incapacity benefit. We are due to receive more figures to explain the student element.

The Committee Clerk: Officials from DEL said that the same figures applied in the South, and student proportions had an impact there also.

Dr Birnie: It is even more complicated than Peter points out, given that we export so many of our students.

Mr Weir: I assumed that they were counting students resident in Northern Ireland.

Dr Birnie: I think that that is measured by a “normally resident” criterion.

Ms Gildernew: I wonder whether there is a correlation between those adults without adequate numeracy and literacy skills, and those in generational and long-term unemployment? If people cannot read and write well enough to hold down a job, the chances are that they are on those benefits to enable them to exist.

Mr Weir: Areas that traditionally had high levels of unemployment 20 years ago now have high levels of incapacity benefit. That is because, down the years, Governments of various political hues wanted to keep unemployment out of the headlines. People have been pushed towards other benefits. They are economically inactive, but they do not count towards the unemployment figures. Areas such as Merthyr Tydfil in the Welsh valleys have some of the highest figures for incapacity benefit. I suspect that in parts of the UK and Northern Ireland, and perhaps the Republic of Ireland as well, there has been a desire to keep unemployment figures down. That is a large element of the figures for the economically inactive.

The Chairman (Mr Wells): Do not mind if I shout your name; it is just to let Hansard know who is speaking.

Mr Dallat: To pick up on Michelle’s point, it is important to look for correlations between different factors. For example, a very large percentage of the several hundred people in prison have no basic skills, and even though prisoners are out of circulation, they are still included in the economically inactive figures.

The Chairman (Mr Wells): Is everyone happy that, regardless of how we look at the make-up of inactivity, it is a problem that we must address?

Dr McDonnell: We could dissect the virtual bits — the university students, and so on. We were beginning to move the discussion towards reality, but, even excluding students, the inactivity rate is still high. Students will be relatively economically inactive, but there is not much that we can do about that. Let us deal with the areas that we can do something about.

We grossly underestimate how difficult it is for people to return to work, particularly those women who have been out of work for five or 10 years rearing a family. That must be recognised. I know of female teachers who, after a few years out of work, have returned to work as classroom assistants rather than face the stress and trauma of going back and having to almost retrain. Equally, from time to time, I talk to people who had been making a valid and useful contribution to the economy only to find that returning to work after four or five years was a challenge. Those situations are not recognised.

Ms Gildernew: I want to pick up on Alasdair’s point that there is definitely a barrier to women who

want to get back into the labour market. It is the prohibitive cost of high-quality childcare, particularly in rural areas. I know teachers and nurses — well-trained and skilled women — who, once they have three children, have to drop out of the labour market because they cannot afford childcare. That is an impediment that they cannot overcome.

I am not sure what the figures are, but there are hundreds, if not thousands, of people who care for either elderly relatives or for people with disabilities. The carers become economically inactive as well. They are caring for people who perhaps should be in nursing homes or who need professional care but who are not entitled to it or who cannot afford it. As a result, a member of their family is out of the labour market as well.

The Chairman (Mr Wells): The carers’ allowance figures might give us some indication of the scale of that. I hope that when we get the statistics we do not find that 108 of the economically inactive are MLAs. *[Laughter.]*

Mr Weir: They would have difficulty reintegrating into the real world.

Mr McNarry: There would be nobody to look after us, that is for sure.

Ms Gildernew: There would be a whole lot of classroom assistants.

Mr McNarry: We need an MLA union.

The Chairman (Mr Wells): Bear in mind that we are merely agreeing what should be included; we are not arguing about what policy to adopt.

Point 6 is “Inappropriate fiscal environment —

Mr McNarry: Chairman, perhaps we could consider that with point 17. That is the hot potato.

Dr Birnie: Yes, it is.

Mr McNarry: There is enough here for us to discuss, which is what we need to do. That would nearly take up a session on its own.

The Committee Clerk: In writing the report, I find that new issues arise all the time. Many of the witnesses said that a cocktail of measures would be required, and that it is not a quick fix.

Sir George Quigley today argued comprehensively in favour of lower corporation tax for FDI purposes, particularly as a beneficial shock for business start-ups. NICICTU then said that it preferred the equivalent amount in grant aid over a reduction in corporation tax. Clear issues, therefore, were raised. I shall meet with some DETI officials next Friday to learn how those issues might mix so that I can give the subgroup some advice on that. We must be clear, however, on the cocktail when it comes to the report.

I thank David for his point. Yes, everything is included at this stage, but we shall discuss at the next few sittings what the subgroup will recommend.

4.30 pm

Mr McNarry: We may have to have a vote on that when it comes to it.

Dr Birnie: Mr Chairman, it comes down to a reduction in corporation tax versus tax credits. My preliminary judgement is that our recommendation seems to be pointing towards the former.

Mr McNarry: We must be able to stand over our decision. There is no way that I want to state my political placement now before any election. I do not want to be a big guy and plump for changes to corporation tax, only to be unable to deliver them.

The Committee Clerk: DETI has promised to send me some research. It has not been completed yet, but DETI has enough at its disposal to provide a model of the impact that a reduction in corporation tax would have on jobs and on the economy.

Mr McNarry: Sir George Quigley was very frank when he told us how Gordon Brown said this, the Prime Minister said that and the Secretary of State said the other.

Ms Gildernew: And what they did not say.

Mr McNarry: However, they did not go the whole hog on it.

The Chairman (Mr Wells): Are we agreed on point 6 on the Committee Clerk's list of themes?

Members indicated assent.

The Chairman (Mr Wells): We shall move on to point 7. I think that we all agree that there is an infrastructure deficit, including issues such as water, of course, but I think that we can easily agree on that point.

Members indicated assent.

The Chairman (Mr Wells): Strong opinions were voiced in the evidence sessions on point 8, which concerns the underperformance of our tourism industry. That underperformance is quite easily measured as a percentage of GDP compared to, say, that of Scotland or the Irish Republic. We are miles behind. Our revenues are half those of the Republic by that measure.

Alasdair, I know that you are very keen on the new growth areas such as biotechnology.

Dr McDonnell: I cannot add any more on that, because I have harped on about it throughout the evidence sessions. I keep returning to the point that, although a great deal of pure research is done in universities, it is academic research and is not being put into practical application.

One way to extract wealth from universities is through QUBIS Ltd and UUTech Ltd. UUTech seems to be better funded and better structured than QUBIS. QUBIS receives perhaps £50,000 or £80,000 of core funding from Queen's a year, and it is in the market to get a few bob from whatever contributor to make up the rest of its funding. That is my understanding of the situation. It is not nearly enough, however, because some of our biggest hitters of today emerged from QUBIS's assembly line. It is a bit like an hourglass. The universities are at the top, with the industries at the bottom, and in between is the bottleneck where the funding should be but is not. Trying to apply the technology is like attempting to get through the biblical eye of the needle at times.

Mr Chairman, that is my argument on that. Then it is a question of mining the available opportunities, but my experience in that field is limited to knowledge that I acquired years ago, when Israel was struggling economically and had to subcontract. It formed partnerships with companies in the US — the bilateral industrial research and development (BIRD) initiative. Our Radius programme — subsequently the Radian programme — was modelled on that, but it never quite took off. Israel, however, effectively became a subcontractor for American companies that were overloaded with R&D that they could not handle. It built the high-tech side of its economy through the BIRD initiative, and it is doing very well.

Another issue that we go round and round without tackling is that our tourism industry gives people what it thinks they should want, not what they want. That is the simple flaw. People have told me time and time again that we keep shoving product at people, but that we do not ask tourists often enough what they want.

Our tourism is very primitive. Canadian friends of mine stayed in a bed and breakfast somewhere and they told me that they had to drive for half a mile to a shop to get change because the woman who ran the bed and breakfast had no change for them when they went to pay. Those are basic but off-putting failings. They said that when they were in Fermanagh they wanted to go to the Mourne, but the people in the guesthouse in which they were staying had no clue about how to go about finding a guesthouse in the Mourne. There is no network of links, although some work has been done.

Some aspects of our tourism are very good and very homely but relatively primitive. Improving our tourism product is not rocket science. If tourists want to go hillwalking, let us invest in hillwalking; let us invest in what tourists want.

Ms Gildernew: I am mindful of time: we are losing people.

The Chairman (Mr Wells): Dr McDonnell is saying that underperformance in tourism should be one of the themes on which there has been a degree of consensus. Our debate on policy will be very interesting.

Mr McNarry: All the themes should be included.

The Chairman (Mr Wells): Let us try to get through them as rapidly as possible. I am sure that the next theme will get votes from the members on my left.

Mr McElduff: North/South collaboration needs to be strengthened considerably, Chairman.

The Committee Clerk: The Chairman talks about collaboration for mutual benefit. It is a balancing act.

Mr Weir: The words are very well chosen.

Mr McElduff: "To avoid unnecessary duplication of spending"; that is another way of putting it.

The Committee Clerk: All the witnesses thus far have said exactly the same thing. They have been specific that they were not making a political comment, but that improved North/South collaboration would improve the whole economy. I hope that we can include that without any political overtones.

The Chairman (Mr Wells): The Clerk has been very skilled in wording this item.

Dr McDonnell: I was talking to someone last night — and this will warm Michelle's heart — who told me that the promise of the M3 running through Aughnacloy to Derry is already having an impact on north Monaghan and the border areas of Armagh. People will be able to commute to Dublin in an hour — although they may not commute very far when the road is jammed. However, it is happening. Ironically, the political challenge for us is to take the politics out of greater North/South collaboration. We must depoliticise it and allow the economy the freedom to do what it does best: fill the gaps.

The Chairman (Mr Wells): That strikes me as your agreeing to that theme being included.

Mr McNarry: I take it that that comment is directed at the private sector.

Dr McDonnell: Why?

Mr McNarry: Because they are two jurisdictions.

Ms Gildernew: Have you read the Good Friday Agreement? We are talking about mutual benefit and collaboration, which is not restricted to the private sector; it is very much overlapping.

Mr Ford: I would have thought that we could have involved an element of university collaboration on research.

Mr McNarry: There are political connotations to such collaboration that we must recognise. However, I do not disagree to discussing it and it is right to include it as a theme in the paper.

The Chairman (Mr Wells): Do we believe that there is a high level of business crime? Is that an issue that needs to be dealt with?

Members indicated assent.

The Chairman (Mr Wells): An issue that came up time and time again, and the statistics back it up, is the low level of R&D. Our percentages, compared to the Republic or the rest of the UK or Europe, were quite frightening.

Mr McNarry: Perhaps somebody could research that with the witness from DETI who said that businesses were reluctant to get involved in R&D and that there was a very low take-up of the tax credit. Should incentives be provided to get businesses involved in purposeful R&D?

The Chairman (Mr Wells): Apparently there is very low take-up among small and medium-sized businesses.

Mr Weir: I think that the Department for Employment and Learning spoke about the amount of red tape and hurdles around R&D and tax credits that was putting businesses off taking them up.

The Committee Clerk: The Federation of Small Businesses said that. In fact, a lot of the witnesses have been saying the same thing: that there are a lot of tax credits available, but the bureaucracy around getting them is difficult. John Friel said that he had been eligible for R&D allowances and tax credits that he did not go for in the end because of all the form-filling. He just wanted a grant.

Mr McNarry: The subgroup needs to accept that reality and find out what is being done about it.

Mr Ford: That is the reality as regards small and medium-sized enterprises (SMEs) generally. Since Northern Ireland depends so much on SMEs, we need to find some way of addressing the issue more than other regions do.

The Chairman (Mr Wells): All we need to agree today is that lack of R&D investment is a big issue. We do not need to try and solve the issue today.

Mr Weir: Is there an additional point that too much bureaucracy is an impediment because it is a disincentive for people to take up grants? That is slightly different from just saying that there is low R&D uptake. It is the bureaucracy and red tape that form a barrier.

Ms Gildernew: Absolutely. It is a disincentive. In the construction industry, filling in the paperwork for items such as Construction Industry Training Board training allowances is so time-consuming that half of the time, people do not bother with it. We must make it simpler for them.

The Chairman (Mr Wells): We can add it to the list as point 18.

Mr McNarry: Could we possibly add renewable energy here? A lot of research and development is going into renewable energy, and it is being driven by the private sector. The Government are also taking it up. The construction industry is going to have to adapt to it in 2008.

Ms Gildernew: Could it be put into point 8 under new growth areas?

The Chairman (Mr Wells): Yes, that is quite a neat solution.

What about point 12 on the negative impact on implementation of too much Government?

The Committee Clerk: I think we agreed that earlier on.

The Chairman (Mr Wells): OK. Everyone agrees with point 13 to the effect that delays in planning inhibit investment. I cannot foresee any difficulty with that. The recent judicial review demonstrates the point. It states that all planning applications must be done in chronological order, should they be for harbours or dormer-window extensions. That is a big problem in my area. Everyone agrees that we must have a quick planning system for new investment opportunities.

Do we have consensus on point 14, namely that a high proportion of small businesses are unable to expand or resistant to expansion?

Members indicated assent.

The Chairman (Mr Wells): Point 15 is:

“political instability with resultant poor match between problem and solution and discourages confidence in the economy”.

It is not number 15 in order of importance, mind you.

Mr McNarry: If Barry McElduff does not come to the meeting we could get through that one quite well.

The Chairman (Mr Wells): Regardless of the politics with a capital P, is everyone happy enough that political instability be included?

Ms Gildernew: It needs to be in there.

Mr Weir: I am not sure what is meant by: *“with resultant poor match between problem and solution”*. I do not disagree with the general point that it be included, I am just wondering what that actually means.

The Committee Clerk: Some witnesses were saying that, for example, in terms of direct rule, Ministers are not in tune any longer. In fact, Sir George Quigley was saying earlier that previous Ministers, such as Roy Mason, pushed the Northern Ireland economy but perhaps that is less strong now. Therefore, the solutions that were applied tend not to be fit for purpose.

The Chairman (Mr Wells): Number 16 is on the inability of small businesses to take advantage of procurement opportunities. I did not spot this one.

Mr Weir: It came up today. Because of economies of scale, small firms are not in a position to bid for large procurement schemes or PPPs.

Ms Gildernew: I would reword it. It sounds as though we are saying that small businesses are not able to take advantage of procurement opportunities, but these are usually policy-driven, and small businesses are excluded. In one of the first sessions, the Federation of Small Businesses talked about unbundling contracts in order to allow small contractors to be able to compete.

Mr McNarry: I agree. It is unfair.

Members indicated assent.

The Chairman (Mr Wells): Finally, we have point 17:

“No quick fix! Need for a radical solution that includes a range of targeted fiscal tools based on long-term needs, social partnership, stimulating the private sector through a business friendly environment”.

Mr McNarry: That is a lovely sound bite: “no quick fix”. I find it difficult to buy into that unless it is fully expanded. There is no quick fix at all.

Mr Weir: I do not disagree with point 17: the only complication is that all of the other points are looking at the impediments. Maybe that is not the intention of point 17, but it does not sit right with the others.

4.45 pm

The Committee Clerk: A lot of the witnesses have been saying that there is not a single solution, and as a subgroup we need to recognise that we are offering a combination of solutions that meet particular needs.

Mr McNarry: Could we add an eighteenth point?

The Chairman (Mr Wells): We already have a point 18.

Mr McNarry: What is it?

The Chairman (Mr Wells): Bureaucracy is listed as the eighteenth.

Mr McNarry: Can we add a nineteenth point?

The Chairman (Mr Wells): The “quick fix” referred to the option of a reduction in corporation tax. John Simpson pointed out that the biggest beneficiaries of that would be the four big banks. That would do nothing to increase employment or assist the economy.

Would you like to suggest a nineteenth point, Mr McNarry?

Mr McNarry: I want to elaborate on the educational stuff that is coming through from every presentation. We heard it not only from the Department for Employment and Learning and from the Department of Education,

but also from industry. There seems to be a focus going back to education, and it seems to be prevalent in nearly every point that we discuss. I wanted to see if we could add a nineteenth point so that we do not forget it.

The Chairman (Mr Wells): That is a very valid point. Do members agree to add a point 19 on educational underpinning?

Members indicated assent.

Ms Gildernew: Are we removing “no quick fix” from point 17? I do not think we should. Dr Gilleece’s paper and Dr Whitaker’s 1958 paper show that there is no quick fix.

Mr Weir: It depends on how you list it. I would not remove it from the report; but we are creating a list on the basis of the impediments, and saying “no quick fix” is not an impediment. That belongs among the solutions rather than the impediments. It is a question of where you put it rather than whether it goes in.

The Chairman (Mr Wells): David, how different is your suggested point 19 from point 3, which dealt with “skills deficit and poor correlation between business needs and education provision”? Do you want to add something or is yours so radically different that you feel that it requires something additional?

Mr McNarry: Can we leave in a point 19 so that it can be elaborated on? It may come out in the third point, but I am happy enough with that. A major education policy initiative is going on that I know we cannot get involved in, but we must keep a watch on it.

The Chairman (Mr Wells): The quorum is in danger. We need to rattle through the Clerk of Business’s paper very quickly, because I can see that nearly everything has been discussed already. Can anyone spot anything on that list that we have not already included in our discussion of the Committee Clerk’s paper?

The Committee Clerk: Chairman, apologies for giving you two papers, but we were working to tight deadlines.

Dr Birnie: Chairman, we might transfer the theme of “brain drain” from the Clerk of Business’s paper; it is supplementary.

The Chairman (Mr Wells): Yes. Also, what about the point dealing with the negative impact of high insurance costs?

Dr Birnie: Yes, that is additional. We should transfer both onto the main list.

The Chairman (Mr Wells): Lots of them have come up in a slightly different wording.

Dr Birnie: Have energy costs been covered somewhere?

The Committee Clerk: They are covered in point 6, alongside insurance.

Mr Weir: We might incorporate into point 12 of the Committee Clerk’s list the observation that:

“public sector (departmental) concentration on creation of visions and strategies [is] allied to a failure or delay in implementation”.

Ms Gildernew: Yes, combining it with the need for greater operational agility.

Mr Weir: It is perhaps the same point but might need rewording.

The Chairman (Mr Wells): That is an important point because, for instance, we have been told that the new transport infrastructure will not start until 2015. That seems very slow.

Mr Weir: Also, if you look at the scoring for the building of schools, a lot of schools are annoyed that announcements were made five years ago but nothing has happened. If the construction industry is not physically building the stuff that should have been built, there are implications on both sides. John Simpson highlighted that. Point 12 could be elaborated to set out those implications.

Mr Dallat: Perhaps the subgroup could be given a broader remit as regards infrastructure. I know that this is an economic subgroup, but 50 people are killed on the roads here each year, and that has a huge economic fallout. The economists will calculate so many thousand pounds per person and try to put a value on them. However, given our horrendously bad record, the paper should reflect the fact that loss of business is not the only concern; there is a wider aspect to the economic loss in terms of hospitals being tied up and insurance claims — not to mention the emotional aspect, which is obviously the most important.

The Chairman (Mr Wells): That takes us up to number 20, depending where number 19, Mr McNarry’s proposed point on education, is placed. Are insurance costs covered?

The Committee Clerk: Yes, they are included in the paper.

Mr Ford: Number 6 on the Committee Clerk’s list includes insurance.

The Chairman (Mr Wells): So we have reached number 19.

The Committee Clerk: I am very conscious of the time. I have got a lot out of this meeting. It was only scheduled to give me a feel of where the subgroup stands, because the report has to be completed in the next couple of weeks.

Mr McNarry: My only disappointment — and I expressed it earlier on — is that it does not look as if the subgroup will be able to hear a young person’s perspective on the future.

The Committee Clerk: I will ring the Youth Council.

Mr Weir: There are at least a couple of us on the subgroup under 40.

Mr Ford: We could get Naomi Long to chair that session.

Mr Weir: I suppose it depends on how one defines young.

The Chairman (Mr Wells): Forty-nine.

Mr McNarry: I certainly do not consider anybody in here to be young.

The Committee Clerk: I consider myself to be young at heart.

Three witnesses are scheduled to appear on 10 August; the Quinn Group has now withdrawn. The best that I can do is to ring the Youth Council to see if it could send a couple of young people. It is most unlikely, but I will make a request nonetheless.

Mr McNarry: I am disappointed. I appreciate that there has been some misunderstanding. However, the subgroup discussed this matter at the very first meeting, and it was decided that the Youth Council should be invited as witnesses. Having read the Youth Council's response, I do not think that it has understood what we are looking for.

The Committee Clerk: It was unclear.

Mr McNarry: A contribution from the Youth Council would add value.

The Committee Clerk: I will do my best, but it may be too late. I think that there was an issue with the handover between Cathie White and me —

Mr McNarry: I am not getting into that.

The Chairman (Mr Wells): Are we content that the Committee Clerk's paper covers the sustainability of the Northern Ireland economy, given its small domestic market and proximity to a competing system, and the loss of incentive and threat to jobs posed by phasing out industrial derating and introducing water charges?

There are only 1·7 million people in our domestic market, but I did not hear mention of the small domestic market of Northern Ireland in the first round of discussions. The storm clouds are gathering over industrial derating, water charges and so on.

Mr Ford: These issues would fit in with point 6, which covers excessive business costs such as an inappropriate fiscal environment, duty, rates, insurance and bureaucracy.

The Chairman (Mr Wells): That deals with current problems. Should we include future problems?

Mr Ford: The words "present and future" could be added.

The Committee Clerk: Point 6 very much covers the current position and the traditional arguments. One of the recent witnesses — John Simpson, I think — talked of the conventional arguments, including the peripheral nature of the economy. The report will cover those points. A number of witnesses have contrasted the current position with that in which we want to be. The report should include the positives and negatives of the traditional arguments and also consider more novel approaches.

The Chairman (Mr Wells): The subgroup still has a quorum, despite David McNarry's departure. Are members happy enough that we have hit all the right buttons? We have 19 points here.

Mr McElduff: Is the subgroup satisfied that balanced economic development east and west of the Bann is included?

Ms Gildernew: It is not really in there.

The Committee Clerk: It is covered to a degree only. It is mentioned under infrastructure and east-west roads.

Mr McElduff: The matter is evidence-based as well. I have heard witnesses mention it a number of times.

Mr Weir: My point is slightly more generic, but the list has to be economically balanced. There is a range of issues: there are east-west and urban/rural dimensions, and issues around Greater Belfast and the rest of the country. As mentioned earlier today, there are even issues regarding jobs in Belfast and its hinterlands — for example, a couple of the Government Departments are shifting from Rathgael House to Belfast. There is a range of issues concerning equity and balance that must be represented in the economy.

The Chairman (Mr Wells): Have we captured the key issues that have emerged to date? This is members' last chance to raise any burning question that they feel have not been covered. I cannot see anything that is not covered by those headings. I am sure that the other Chairmen will not exclude any emerging issue that suddenly arises.

Any other issues?

Mr McNarry: If members are agreed, Mr Chairman, I shall take only five minutes. I appreciate and understand the work that has been done in putting together timetables. However, I have a difficulty with the meetings running over time. I can reschedule my diary to accommodate an extra 10 or 15 minutes, but, on several occasions, meetings have run more than an hour beyond the time allotted. I acknowledge my contribution to that. However, some of the people who have given evidence — is Hansard recording this?

The Chairman (Mr Wells): Yes, it is.

Mr McNarry: Can we turn off the recording?

The Chairman (Mr Wells): Can we?

The Committee Clerk: Not while the subgroup is sitting. The subgroup has already taken the decision that Hansard will report everything.

Mr McNarry: Witnesses could perhaps be asked to shorten their presentations. Without mentioning any particular groups, some presentations went on too long. It is eating into our time, and we are flowing from one subject to another.

The Committee Clerk: Witnesses have all been advised to make 10- to 15-minute presentations. One presentation today lasted the guts of 25 minutes.

Mr Weir: To be fair, work becomes difficult as well. We are depending on people who, when questioned, want to answer fully, but they can go on too long. It is very difficult.

Mr McNarry: I am only saying that, because I had to go due to another commitment and it left only six members present. I would not want to offend my colleagues in that situation, but it would irritate me that I had let people down by having to go. Perhaps we should do something about it.

The Chairman (Mr Wells): The other option would be to have a deputy from your party on standby, ready to replace you at the appropriate time.

Mr McNarry: We cannot do that. If you really want to get stropky about it, it is not acceptable for the sitting to overrun by an hour. We were given a schedule that said that today's sitting would end at 1.15 pm, and at 2.15 pm we were still here gassing.

The Committee Clerk: The length of the meeting is a matter for members. The Chairmen have been encouraging concise questions and presentations. This is a huge and interesting area of debate, and one would expect sittings to overrun. From listening to the questions and from reading Hansard, I think that the standard of the questions has been excellent; they will elucidate all sorts of arguments and responses. All that I can ask you to do is to be as concise as you can in your questions. With due deference, political representatives do tend to prologue their questions. If we can avoid that and encourage concise presentations —

Mr Weir: We have also probably pushed our report back another week. To be fair, in normal circumstances, there is no way that we would have so many sets of witnesses.

The Committee Clerk: The subgroup is squeezing to its maximum. You are squeezing a normal inquiry that would take nine months into —

Mr McNarry: I am conscious that many colleagues have travelled longer distances than I have. It has only happened once, but, nevertheless, I have been the cause of stopping a sitting because of a prior commitment.

My commitments are based on the information that I have in my diary. I try to ensure that my attendance at the subgroup does not clash with other commitments, and I apologise to anybody who was affected.

Mr Dallat: Mr Chairman, as a mere substitute who has travelled a distance, I do not think there is an awful lot wrong. The workmanlike atmosphere here, the friendship among the different members and our good relationship with those who give evidence cannot be exchanged for the odd wee hiccup. Sometimes it has been members' fault for asking elongated questions, and sometimes it has been the fault of over-anxious witnesses. However, it would be wrong to give the impression that our deliberations have been anything but very good.

The Chairman (Mr Wells): I am very happy with the standard of the evidence and the questions. Obviously, I am biased, being the Chair, but I have certainly seen an awful lot worse.

Mr McElduff: I propose that this meeting end.
[Laughter.]

The Chairman (Mr Wells): I must inform you that the date of the next meeting is Tuesday 8 September at 10.00 am, and the witnesses are Moy Park Ltd, the Ulster Farmers' Union, Wrightbus Ltd and the Department of Finance and Personnel.

Adjourned at 5.01 pm.

SUBGROUP ON THE ECONOMIC CHALLENGES FACING NORTHERN IRELAND

Tuesday 8 August 2006

Members in attendance for all or part of proceedings:

The Chairman, Mr Alban Maginness
Dr Esmond Birnie
Ms Michelle Gildernew
Mrs Naomi Long
Dr Alasdair McDonnell
Mr Barry McElduff
Mr David McNarry
Lord Morrow
Mr Sean Neeson
Ms Margaret Ritchie
Mr Peter Weir

Witnesses:

Mr Eric Reid	}	Moy Park
Mr Clarke Black	}	Ulster Farmers' Union
Mr Kenneth Sharkey		
Mr William Wright	}	Wrightbus Ltd
Mr Mike Brennan	}	Department of Finance and Personnel
Mr Bruce Robinson		

The subgroup met at 10.11 am.

(The Chairman (Mr A Maginness) in the Chair.)

The Chairman (Mr A Maginness): I welcome everyone to this meeting of the subgroup. I emphasise to members that it is a necessity that they turn off their mobile phones completely. That is very important for the recording of proceedings, because mobile phone interference has caused Hansard serious difficulties.

I have received apologies from David Ford. Naomi Long is attending in his place. I have also received apologies from Mitchel McLaughlin, for whom Barry McElduff will be deputising, although he is not present at the moment. Are there any other apologies?

Mr Weir: Lord Morrow is here in place of Ian Paisley Jnr.

The Chairman (Mr A Maginness): Let us move on to the draft minutes of the two meetings on Thursday 3 August.

Mr Neeson: I attended on 3 August, but that has not been recorded in the minutes.

The Chairman (Mr A Maginness): It is recorded that you were in attendance at the first meeting but that you did not attend the afternoon meeting. Is that correct?

Mr Neeson: Yes. I beg your pardon.

The Chairman (Mr A Maginness): Are members content that the draft minutes are an accurate record of proceedings?

Mr McNarry: I have not had time to read the draft minutes carefully. I know that they are just minutes, which take us through what we discussed, but an issue was raised about writing to the Secretary of State, or to whomever, to ascertain a breakdown of the £16 billion package about which he had been talking. I do not see that recorded, although I am sure that it appears in Hansard. I do not see a letter from anyone about that either.

The Committee Clerk: I have mentioned that matter to Northern Ireland Office officials, so they are aware of it, but we have not formally put it to them yet. That would not appear in the minutes of proceedings because it was not put as a question, even though agreement was registered.

Mr McNarry: Can we get a letter or some information that would be useful to the proceedings?

The Chairman (Mr A Maginness): Yes. A letter will be sent, and I presume that we shall receive a formal reply.

The Committee Clerk: The Department of Finance and Personnel (DFP) or the Department of Enterprise, Trade and Investment (DETI) might be best placed to answer that question. There will be an opportunity today to question DFP. The Strategic Investment Board (SIB), to which the £16 billion is going, falls under the authority of DFP.

Mr McNarry: I understand that, Chairman. I would have thought, however, that if the Committee had difficulties with an issue, it would ask the Secretary of State where he got his information or to what he was referring.

The Chairman (Mr A Maginness): Are you content for the moment, Mr McNarry?

Mr McNarry: Yes.

The Chairman (Mr A Maginness): Thank you.

Can we take it that members are content with the minutes?

Members indicated assent.

10.15 am

The Chairman (Mr A Maginness): OK. We can move on, and the minutes will be published on the Assembly website.

I note that the last few minutes of the 3 August meeting of the subgroup were inquorate and cannot, therefore, be officially recorded. An informal recording has been obtained and is included in members' papers, although part was lost because of mobile phone interference. I therefore re-emphasise the importance of keeping our mobiles switched off.

I would like to move on to the matter of the subgroup's Chairpersons. In your papers you will see a letter from the Secretary of State that details nominations from the Ulster Unionists, the SDLP and the Alliance Party to chair the subgroup. Naomi Long will chair Thursday's meeting. Unfortunately, Mr Jim Wilson will be unavailable throughout August. The Ulster Unionists have advised that they wish to nominate an alternative Chairman through the Preparation for Government Committee. Chairpersons will be allocated on a rotational basis, subject, of course, to availability. Members have a revised work plan showing the new chairing arrangements.

Mr McNarry: I hope that my colleague David McClarty will be acceptable as a replacement for Jim Wilson; I wish to advise the subgroup that we intend to proceed with that nominee.

May I draw attention to a procedural issue — and I intend no mischief. I see that my colleague Naomi Long is sitting beside me. It is perhaps a matter of poacher turning gamekeeper that a member can attend the subgroup as a delegate and then return to chair it. I have no problems with that. However, since I am bound to be asked about it, I would like some assurance that such a procedure is perfectly in order. It is unique.

Mr Neeson: It would be very unlike David to be malicious.

Mr McNarry: It is valuable, for the sake of continuity, that the other Chairmen have sat in on these meetings. When Jim Wells was in your position, Mr Chairman, and — what do you call the other fellow?

Mr Weir: Francie Molloy.

Mr McNarry: They would be sitting there taking notes. She is sitting here at this table and not down there. That does seem a bit different.

Mr Neeson: It is good experience, David; Naomi will know what is going on.

Mr McNarry: It is a serious question.

The Chairman (Mr A Maginness): Does the Committee Clerk have advice for the subgroup on that matter?

The Committee Clerk: There is no procedural reason why a member cannot attend one meeting as a substitute and another meeting as Chairman. It would be inappropriate, however, to be Chairman while being a nominated, full-time member, as they are entirely

different roles. However, there is no procedural impediment to Naomi's attending today's meeting as a substitute and chairing another meeting.

Mrs Long: I am sorry that my presence has caused anyone such consternation. However, when in the Chair, I intend to be impartial. I understand the difference between attending as a representative of David Ford today, and taking the Chair at another meeting.

The Chairman (Mr A Maginness): The important thing is that the Chairperson acts independently and impartially, as Mrs Long said.

Mr McNarry: The background, unless I am incorrect, is that this subgroup must be attended by members of the Preparation for Government Committee and their nominees.

The Committee Clerk: I took advice on that at the outset. There is no specific requirement that the formal nominees must attend subgroup meetings. The nominees can be substituted, so it is a bit of a procedural nonsense.

Mr Neeson: The Deputy Speakers also sit in the Assembly as Members. What is the difference?

The Chairman (Mr A Maginness): When they chair sittings, they act independently; they are not partisan.

Mr McNarry: As I said, I do not have a problem with this matter. I am identifying the issues now and soliciting responses so that, if I am asked, they are on the record. I am intrigued by the Committee Clerk's answer; I am a member of the Preparation for Government Committee, and my interpretation of that was pretty clear. It does not add up to the Committee Clerk's. From whom did he take this advice?

The Committee Clerk: I took advice from the Preparation for Government Committee staff. I can certainly formalise that advice, if members wish.

The Chairman (Mr A Maginness): It would be helpful if it were formalised so that the position is clear.

Let us move to the work programme. A letter from Stephen Quinn, permanent secretary of the Department of Enterprise, Trade and Investment, has been tabled, along with the latest reports from the four subgroups of the Economic Development Forum (EDF). Those reports will be treated as written evidence. If this subgroup decides to meet after 25 August, it may be possible to take evidence from the chairpersons of the EDF's subgroups on innovation, enterprise, skills and infrastructure.

As for Mr McNarry's suggestion, the Northern Ireland Youth Council was contacted to invite oral evidence from young people on 10 August. David Guilfoyle, the chief executive of that body, has referred the subgroup to the Northern Ireland Youth Forum. We are awaiting a response from that body.

Ms Ritchie: At the last meeting of the subgroup that I attended, there was a suggestion that we should obtain evidence from the enterprise agencies. Is there any further information on that? I apologise for my absence last week — Mr Dallat deputised for me. I note that Enterprise Northern Ireland gave evidence then. Does it represent the enterprise agencies?

The Committee Clerk: Yes. Enterprise Northern Ireland is the representative body.

The Chairman (Mr A Maginness): Are you satisfied with that, Ms Ritchie?

Ms Ritchie: Yes.

Dr Birnie: Mr Chairman, you will love me for suggesting another witness. We could take either oral or written evidence — I know time is short. Dr Graham Gudgin of Regional Forecasts has written an article on corporation tax in the current issue of 'Fortnight'. He has some interesting perspectives on the subject. He is rather more sceptical than some of the witnesses we have heard from so far.

Mr McNarry: He was proposed at an earlier meeting.

The Chairman (Mr A Maginness): I think it might be best to consider that position. It may well be, given the time available, that we may not be able to facilitate Mr Gudgin, but it may be possible to get a written submission from him or, indeed, get a copy of the article in 'Fortnight' and append it to the record of the proceedings. That might be a useful way of dealing with that. Are you content with that?

Dr Birnie: I suggest that the Committee Clerk write to Mr Gudgin to see whether he could provide a written submission. I do not know if we have time for oral evidence but we do have time for written evidence. He could probably expand on the 'Fortnight' article.

The Committee Clerk: We do have time, Mr Chairman. There is no difficulty with that. The time frame may be an issue for Mr Gudgin, but there is no difficulty for us. The subgroup's last evidence session is this Thursday, but we have slotted in a written evidence session for next Tuesday, and if we get something slightly later than that from him, it would not be a problem.

Mr Weir: Indications were given that representatives from the Youth Council would be coming.

The Committee Clerk: They have not responded at all. I have left messages for them.

Mr Weir: Perhaps if they do respond, they could be slotted in next Tuesday.

The Committee Clerk: We can give them a slot at the moment on Thursday. We had scheduled three evidence sessions on Thursday, but one group has dropped out. I cannot remember which one.

Ms Gildernew: The Quinn Group.

The Committee Clerk: The Quinn Group dropped out, and we were going to slot the Youth Council in, if we could get a couple of young people to come along.

Mr Weir: If they do come on Thursday, we can adjust the timings of the evidence sessions, which are due to run until 1.15 pm. We could reduce each session from 60 minutes to 45 minutes.

The Chairman (Mr A Maginness): That could be accommodated.

The draft transcripts of last Thursday's evidence session and the later meeting on the emerging issues have been issued to members with a deadline of close of play tomorrow, Wednesday 9 August, for proposed amendments.

We will now move to the open session. As agreed, we have four sets of witnesses. Each has been allocated a 45-minute slot. We will have three hours of evidence, and if we keep to that, the meeting should be over by 1.30 pm or thereabouts. I encourage colleagues to keep their questions to witnesses brief and focused on the terms of reference, which are in members' packs.

I call the first witness, Mr Eric Reid, who is the production director of Moy Park. Mr Reid, you are very welcome to the subgroup. A 45-minute slot has been allocated to you. Perhaps you will take 10 or 15 minutes to make your presentation, and then there will be questions from colleagues around the table. You have provided a written submission, and we are grateful for that.

Mr Eric Reid (Moy Park): Good morning, everyone. Thank you for allowing me to outline some of the challenges that we see. I do not know if members want me to read through my submission, but I will highlight some of the major issues.

The Chairman (Mr A Maginness): That would be best.

Mr Reid: I have been in business in Moy Park for more than 40 years. We started with a handful of people, and today we employ about 9,000, about half of whom are in Northern Ireland. Our core business was built up in Northern Ireland. We were originally part of the Moygashel textile group, and we go back to the Second World War, when we produced linen for parachutes. We built up the idea of working with farmers to grow the flax that was used to produce the parachutes etc.

10.30 am

In the early 1960s, the company decided to move into poultry farming, on the principle of working with people in an integrated chain, from farm base to processing, trying to build relationships with retail customers. Since then, and all through the troubles, we

have grown the business. Today, Moy Park is the largest poultry processor in the United Kingdom.

The United Kingdom has the largest poultry population in of any European member state. The EU poultry industry uses around 20% of all cereals in Europe and directly employs more than 500,000 people. The European market presents a major challenge for us. In the final part of my presentation, I will speak about the implications of the European market on fresh product.

I am not here to talk about the survival of the Northern Ireland industry, which is where our interest really lies, but of the intensive industry in Europe. That also rolls over into the red meat and milk producing industries. Other member states are already undertaking major rationalisation programmes, spending money to make and support winners — the better companies — to try to ensure that they can survive in the global economy. We can bring that back to Northern Ireland.

Moy Park has invested more than £100 million over the last 10 years, which has been supported by £17 million of Government funding, for which we are very grateful. You may say that that is very good, but it should be compared to what is happening across the border. In one sector alone, the Irish Government have contributed £100 million to a £300 million rationalisation programme. The funding that we received was very good, and we are very grateful for it, but current Government proposals would scrap some of that assistance. That will move companies away from Northern Ireland and closer to the marketplace.

For example, we are currently investing approximately £60 million in England to enlarge a factory and invest in the agribase to support that. We have done something similar in Northern Ireland. Michelle Gildernew and Lord Morrow have visited our plant in Dungannon and have seen that it is a global, profitable plant. We can meet the challenge, despite the extra transport costs of bringing in raw material and transporting around 170 containers of finished goods to England every week. When that is rationalised, and such a scale of production is reached, we can take on anyone in Europe.

We cannot take on the rest of the world, and people must understand that. European politicians must understand that we cannot take on Third-World countries, or countries such as Brazil and Thailand, where labour rates are 20% and capital costs are a fraction of those in Europe. Those countries do not have the same social services provision that we have, and Europe is a magnet for those Third-World countries. Those countries want to export their products to Europe because of the high prices. Europe is the gold-plated economy for the Third World.

There is a Third World situation in Europe, although people may not realise it, in the 10 new member states.

Moy Park is now part of an international group with companies in Hungary and Brazil, for example. Through visiting those countries, and having been involved in purchasing companies in Brazil, I know what is happening. We cannot compete with such countries.

The UK, and especially Northern Ireland, must have a clear strategy for agriculture. If I ask anyone in Government what is that strategy for the next 10 years, I do not get a clear definitive answer. What is that strategy? I am not interested in short-term environmental measures; they are all very good, and we support them, but we must know where we are aiming to go.

The UK poultry industry produces 15 million chickens a week, with overall consumption of 25 million chickens a week. Around 60% of the market is self-sufficient. However, poultry is still being imported into Europe, whereas the United States, Brazil and Thailand no longer import any poultry.

Where is the level playing field? Those are the types of challenges that we face. That is the position on the marketing side.

Moy Park is trying — and I have spoken to one or two members of this subgroup about this — to promote its strong belief that fresh means fresh. If people want to buy frozen products, they have had the opportunity to do so for many, many years. Somehow or other, the retail industry has been able to go direct to overseas countries to identify companies prepared to export to Northern Ireland. Moy Park processes slightly more than three million chickens a week, but it must compete with companies such as Tyson Foods, which processes more than 45 million chickens a week, and Sadia SA of Brazil, which processes in excess of 15 million chickens a week. They are big players in the so-called Third-World economies, especially in Brazil.

In the consumer era, if we allow frozen products — whether cooked or in ready meals — to be brought into Northern Ireland, defrosted and placed in chilled cabinets, consumers will believe that they are fresh. Although the products are not labelled as fresh, their being sold in chilled cabinets encourages the understanding that they are fresh. In very small print, consumers might see the words “do not refreeze”, but the busy consumer does not have time to look at the very small print. If they see something in a chilled cabinet, they believe it to be fresh.

For many years, consumers have had the choice to buy lower cost frozen products, but in the UK and in many other member states, they have decided to opt for fresh products. The UK market is driven dramatically by fresh products: 85% to 90% of all food purchased is fresh. Consumers may take that food home to freeze it, but at least it was fresh when they bought it.

I represent the UK industry in Brussels. I have been to meetings of DG VI and DG SANCO, and I have met Commissioner for Agriculture and Rural Development Mariann Fischer Boel and Commissioner for Health and Consumer Protection Markos Kyprianou. Although they understand and accept the issues, I can never get a decision from them. There are 25 member states fighting on this issue together. Agriculture is the number one industry in the Province. If we cannot win this battle, what is the alternative? The textile industry has gone; the shipbuilding industry has gone. I want the members in this room to tell me: what is the alternative?

The agro-industry supports the whole rural economy. It supports the little villages — Carrickmore, Caledon, Dungannon, Ederney, those down by Enniskillen. It is the main industry in the Northern Ireland economy. If we kill those little rural villages, where will our people go? Which industries will they go to for work? What is the alternative? The service industry is moving to India, where wages are a fraction even of those paid in Brazil. What is the alternative? What new industry will replace the agro-industry?

Members could say that in the past five years, Moy Park has employed a large number of foreign workers. They could be referred to as foreign workers, but they are members of our community from the 25 member states of the European Union. As Europeans, we must support our own house first, and the vast majority of Moy Park's foreign workforce comes from the new member states. Some are from Portugal, but quite a few are from central Europe.

In Northern Ireland, education is a bit like going to church. Once a person gets his or her first communion, it is a bit like a passing-out parade. When people go to school in this country and they reach 15 or 16 years of age, unless they are very bright, they leave school. Where do the young people of 15, 16 or 17 years of age go? Northern Ireland must have continual education. There should be an academy from which education can roll straight into industry. We must find a mechanism to do that.

This will shock members: for the past number of years, Moy Park has received a little support from the Government for a pilot adult education programme. Up to 20% of our workforce — I am not talking about the Portuguese or those from central Europe, but those who were educated in Northern Ireland — cannot read or write.

It is disgraceful that we have such a situation in what is perceived to be one of the world's leading economies. We have to address that issue. We can do something to bring people into the factory environment so that they can enjoy life and learn new skills.

Every operation in our factories has to be auditable. Retailers and consumers expect everything to be fully

traceable. Everyone must be able to read, write and understand computers. We need to do much more, and Moy Park is prepared to do that. The company has spent money on education and has put over 2,000 people through the NVQ programme up to level 4; level 3 is fairly standard today. It costs money, and we should receive more support to help us to drive up the standard of our young people. Education is very important.

Moy Park has worked well with the veterinary division of the Department of Agriculture and Rural Development on research and development. Agriculture is the main employer in the economy, and we need to have a strong veterinary division; that must be maintained at all costs. We should be leading the world. John Thompson and Sons Ltd in Belfast is the largest feed mill in the United Kingdom, and it has the highest standard of biosecure feed. In partnership with that company, Moy Park has been able to establish a situation where 18% of all breeding stock in Europe comes from farms in Northern Ireland; Moy Park does the marketing.

The Northern Ireland Manufacturing Focus Group has worked hard on the rates issue, and we support it. We cannot allow Northern Ireland to become a desert. Moy Park is part of an international group. Why should we tell our shareholders to invest in Northern Ireland? We need to have some advantage. Raw materials cost us money; outward shipping costs us money. Why should anyone invest here?

Across the border we can see what the Government there do for industry. There are much lower rates, and there are also tax advantages. The subgroup has reports from the Confederation of British Industry that highlight that. These are real issues. We are not against the payment of taxes, but if we do not have a workforce, the Government will not receive those taxes. Moy Park employs 9,000 people who pay taxes.

We must ensure that we have a competitive base on a global scale. We need that strong base, so let us cap tax rates or find some way in which the most profitable companies pay a higher percentage. Companies cannot pay rates if they are not profitable; they will close down an operation and move to another part of the world. We are closing a small plant in Fermanagh. I have discussed this issue with a deputation from political parties. It is the start of rationalisation: Farm Fed in Coleraine closed down recently; the Grampian Food Group has closed down two Scottish operations and is now closing down an operation in the north of England.

This is happening in our own sector. It is not happening only in Northern Ireland but in fringe areas of Europe, where transport costs in and out are a major burden. That trend will continue with the rising cost of fuel. The issue of fuel duty in Northern Ireland should be addressed. The Government are losing money

because people drive a few miles over the border and fill up their tanks. That is not an advantage for us: we have to run our factories, and I cannot bring fuel across the border. The cost of energy must be competitive, and it is not; it is 20% more expensive in Northern Ireland compared with our English operations. That is why we must cap rates at 25% or 30%.

The other area of concern is red tape. In Europe we should aim to be an inch in front of the rest of the world, not a mile, but there is too much red tape. We want to have the best environmental and welfare standards, and the best audit systems, to ensure that standards are maintained. A new integrated pollution prevention and control (IPPC) regulation has been introduced, and the Government are proposing that their employees will audit farms that have to comply with that regulation at a cost of over £2,000 per farm, per annum. Once farmers have complied with the regulation — and they require capital to do that — it is simply a matter of professional audit companies coming to farms and ticking the box. That can be done by independent audit companies for a few pounds a year. The Government are gold-plating regulations. We must find out how we can put Northern Ireland plc ahead, but we should not be gold-plating. Controls for safe food, a safe environment and the welfare of our people and stock should be met at the lowest possible cost.

10.45 am

The Chairman (Mr A Maginness): Have you covered all your points of substance?

Mr Reid: Yes.

The Chairman (Mr A Maginness): We will move on to questions, if you are happy with that. Several members would like to ask questions, and I will take them in order.

Ms Ritchie: Mr Reid, you are welcome to the Committee. In your submission you referred to the lack of a clear strategy on food production sustainability in the UK and the European Union. What are the clear components of that strategy, and what was the outcome of your discussions with the Department of Agriculture and Rural Development and with the various directorates in the European Union?

Your submission mentioned the need for a skilled workforce. You referred to the need for an academy to roll out post-GCSE students to the factory floor for ongoing training. What discussions and outcomes have you had with the Department for Employment and Learning and with the Department of Education?

Mr Reid: With regard to the clear strategy, the Government must work with the industry to back winners. There has been much rationalisation in Northern Ireland, and Moy Park completed the exercise with its Dungannon plant. Moy Park had contracted with five

feed companies, but they have been reduced to one large company, which supplies us with our chicken feed. Therefore, we must bring scale into our business. That will also have to be done in other sectors such as the dairy and beef industries, and we must have an integrated chain. The industry and the Government can no longer be allowed to work together to — pardon the crude term — rape one sector and allow other sectors to have a bonanza. There must be an integrated system that allows a livelihood for all the links in the chain.

Therefore, Government should oversee what is going on. They do not have to do anything, but they should ensure that companies are encouraged to scale up and encourage integration across the total sector. Assistance should be given to companies that perform in that way and not given to those that do not.

Moy Park chicken farmers have spent a raft of money — probably as much as Moy Park itself — to build new sheds and revamp old sheds. Why are they not receiving some assistance, as farmers are in the Twenty-six Counties, where the industry is being supported in order to restructure?

Support should also be given to the agri-industry, but only to those people who are investing for the future. I am not a great believer in throwing money at farms for things that have happened in the past. We are going forward, but how can we encourage young people to stay on the land? Unless they see a future in which money will come to them to look after the land, they will not stay on the farms. Northern Ireland must look forward rather than backwards. Today's Government are looking backwards with the payment of single farm payments. I would prefer to see the money being given to people who are investing in the future rather than giving it to people for something that happened in the past. That is history; it is over.

Mr McNarry: Your presentation was refreshing and informative. At its core are the elements about which we need to hear. How do the literacy and numeracy skills of your local workers compare with foreign workers?

Does Moy Park own any of the farms that produce its chickens?

You mentioned fuel costs. Have you talked to the Government about competitive incentives or attractions that would assist you in getting your goods to market at a competitive rate? Seven million pounds a year is an extraordinary amount of money to spend on transport costs. If you talked to the Government, did you get any change out of them? I suspect not.

Mr Reid: I was part of the UK delegation that spoke to Lord Rooker recently on IPPC. The Government are not interested and believe that industry must stand on its own two feet. The Government want cheap food, they want to keep inflation down and they want to

maintain a certain position. That is my interpretation, not only of the UK Government but of the European Union. They saw what happened when Russia turned off the gas tap — the price of gas soared, and it has not come down.

If terrorism ever infiltrated the food chain, and something was thought to be hidden in a 40,000-tonne load of products from South America or the United States, there would be no food in the shops within three or four days. If Russia turned off central Europe's oil supply, we would have no fuel, and civil riots would break out in the UK and Europe within a week. When there is a fuel scare, you see people queuing up, and they do not like that.

We are not self-sufficient in food production. The situation is becoming serious, and the trend will continue. The Government have no interest in supporting us. Many years ago, Northern Ireland had the feed price allowance, which worked well. Approximately half our shipping costs were reimbursed, but now costs have soared, and there is no help, nor hint of it, available. In fact, the Government are abolishing the latest processing marketing grant.

With regard to your point on education, there is no difference. Some foreign workers are better educated, because they are the more ambitious people who have got off their backsides. They are similar to the Irish people who went across the world to establish themselves and make money, and then returned to Ireland. These people have got off their back ends and gone out into the world. Moy Park has foreign graduates working on the production line. The foreign workers will always be first to put up their hands if we want staff to work overtime. I should not call them "foreign workers" — workers from other EU member states.

Moy Park has been running private education programmes. We have in-house teachers who work on a one-to-one or two-to-one ratio. We have two full-time teachers to help the Portuguese workers to integrate with the local community, whether it is with policing, housing or trying to find a bank that will take them on. Those teachers do nothing else but that. We do it for local workers as well, and it is a major challenge. Over 20% of foreign workers that we employ have become full-time residents, and they are on our books full time rather than being employed through agencies. That will be a growing trend, and it has helped the local economy around Dungannon, as Ms Gildernew and Lord Morrow will know.

Mr Weir: First, with regard to fiscal incentives, you mentioned concerns about grants being cut, but you made no reference to the rate of corporation tax. What is your view on that?

Secondly, you gave an example of the effect of red tape. Are there any further examples of where you feel

that Government red tape ensures that Northern Ireland does not have a competitive advantage?

Mr Reid: Welfare is another example. People do not like talking about the subject, but new proposals in Europe would bring stocking densities down to as low as 30 kilograms per square metre. Who will inspect breast fillet meat from Thailand, Brazil or the United States at the point of entry? Who will ensure that that meat has been produced under the same environmental standards as in Northern Ireland? We have to collect the dust from the roofs of chicken sheds, because it might kill — and I have seen no evidence of this — a little flower in a bog a mile away.

Do members believe that those standards exist in Brazil? I can tell you that they do not, because I spend about four weeks a year in Brazil. It will cost £40 million in the UK to bring that one standard up to a new dream of bureaucrats to be better and holier than anyone else. Yet at the same time they allow the import of a product that will not be labelled, because a fillet is a fillet and a ready meal is a ready meal. They will not have been produced to x, y, or z environmental standards in Brazil or Thailand.

If we were making enough money, corporation tax would be a major issue. Currently we are not, but we need to be competitive. When considering a reduction in the rate of corporation tax, we have to think of the outside investor and remember the American shareholder. The four of us still run the company, with no American management yet. However, I will be 64 years of age on my next birthday, so I assume that that may soon change.

We must show our shareholders an advantage to investing in Northern Ireland. What is the advantage? We have been able to sell the good old Irish charm, green fields, and this, that and the other, but sooner or later our time will run out. I am thinking of the young people about whom Ms Ritchie was speaking, who will come into the industry in 10 years' time. Will shareholders be happy to invest in Northern Ireland then? Unless the structures are in place today to prove to them that Northern Ireland is the place to invest, they will not do it. A reduction in the rate of corporation tax is one tool, but we must also be profitable.

Ms Gildernew: I welcome the Chairman to his first meeting. My apologies for being late.

It is good to see you again, Eric. I am acutely aware of the impact that Moy Park has had in Dungannon. I have been concerned about jobs further west. In meetings of this subgroup, I have consciously tried to tease out the implications for employment and the standard of living west of the Bann, particularly in Fermanagh, which is not as well serviced with jobs as Dungannon and other parts.

Eric, you and I first met when we spoke about manufacturing rates. Do you consider the capping of rates to be a fiscal incentive? Should this subgroup recommend to the British Exchequer that that would make us more competitive, taking into account the high cost of fuel and all the other disadvantages?

11.00 am

Mr Reid: There is no alternative but to support that. Almost £1 million comes straight off Moy Park's bottom line, and last year our net profit was zero. So you can see what a difference £1 million makes.

Our turnover is more than £700 million. We must get a return, and that is only one element of success. If industry does not secure returns, it will walk out of this Province, and that has already started to happen. We are considering a 10-year programme. Anyone who invests must consider the long term. Capital programmes are not written for 12 months or two or three years. There must be a long-term commitment to invest in Northern Ireland, either by a family, a shareholder or the public. Would a car industry invest in Fermanagh? Why would a big industrial food factory invest in Fermanagh when the raw material has to be brought in and the finished product has to be sent out? It is the same story.

Small plants may survive in Northern Ireland to supply the butchers and the smaller shops and outlets if they are nimble, fit, have good education and good R&D, and do not have excess costs. However, small plants will still have higher energy and raw material costs. They need support, and a capping in rates would be a good help. Sometimes factories need a lot of space to cope with all the regulations, and it is unfair to judge companies on the size of a factory. Rates should be levied on those who can afford to pay, and it should be the same for industry. A company may not be making much money, but what is the alternative if it moves out of Fermanagh?

We must find some other mechanism. A company that is not making much money would be completely blown out if it were presented with a rates bill for £100,000 or £200,000. It is essential for rates to be capped at today's level — either 25% or 40% — and they should be competitive with industry across the border. I hope that that also answers Mr Weir's question.

Dr Birnie: Thank you for coming. You are very strong on the need to retain grants and selective financial assistance (SFA). Can I put to you the often-made objection that SFA rates in Northern Ireland are much higher than in most other areas in western Europe, which has led to a high degree of cushioning? I have a related question, which is similar to one that Peter Weir asked earlier. If you had the choice between keeping SFA — and there is some debate about whether we can keep it under European rules — or

getting the headline corporation tax rate down, which would you go for?

Mr Reid: We have to invest for the future. We need capital support, and any assistance we can get to invest in new capital to get ourselves into the global market, become more competitive and drive out inefficiency.

Tyson Foods located in Dungannon, and it, along with the John Thompson and Sons Ltd feed mill, are supported by the Government. However, we had to come up with the ideas to bring in the technology. John Thompson and Sons Ltd is ahead of the field — its programme was started six or seven years ago. Companies from China, Australia, South America and from all round the world have come to see the efficiencies of the Thompson feed mill plant, including Tyson Foods.

Dr McDonnell: I have a few scattered questions, which are more supplementary than mainstream. Mr Reid, you mentioned that you have a USA shareholding. How much of your company is US owned?

Mr Reid: One hundred per cent.

Dr McDonnell: You referred to the transporting of chicken. It may be difficult to answer this question in the light of your global perspective, but how many of your chickens are sourced locally?

Mr Reid: For our Dungannon plant, which is the only primary plant we have in Northern Ireland, 100% of our chickens are grown by 350 Northern Ireland farmers, and that is from grandparents, parents and broilers. No other company in Europe has a primary processing operation and three generations of stock. In answer to Dr Birnie's point, it is that which makes us different.

Dr McDonnell: When you referred to transport costs, what are you bringing in?

Mr Reid: I was referring to raw materials. We use 7,000 tonnes of feed every week to feed those chickens, which is brought into and manufactured by the John Thompson and Sons Ltd feed mill. One company distributes that feed to all the farms.

Dr McDonnell: Are you connected with Thompsons?

Mr Reid: No. We have a partnership with Thompsons, although it is not a financial partnership. We take over 60% of its volume. There used to be five feed companies, but now there is one. James Clow and Co Ltd of Belfast no longer exists because of what we have done; Dalgety Feed Ltd of Belfast and Scott's Feeds Ltd of Omagh no longer exist. Wilson's Feeds Ltd of Belfast no longer exists, although it still has a plant outside Dungannon. That is the effect of rationalisation.

The Thompson feed mill now processes more feed than all those firms put together. It has been a major success. It has lower costs as well as the added advantage of having biosecure food or — in simple

language — salmonella-free food. That firm leads the world. In the past week or two, the EU has brought in legislation to drive down salmonella levels across Europe. In Portugal, salmonella levels are as high as 60%, but Northern Ireland leads the world in low levels of salmonella. That was achieved by a partnership between Thompsons and Moy Park. We do not buy feed at arm's length; we have an open-book system, where we buy the raw materials and Thompsons are paid a margin for processing in the largest mill in the UK. Moy Park gets the advantage of scale; Thompsons gets the advantage of 52 weeks' volume from us.

Dr McDonnell: Where does your company buy feed?

Mr Reid: From Thompsons.

Dr McDonnell: From where does it originate?

Mr Reid: Brazil produces the soya bean. The wheat comes mainly from England, although it can come from eastern or southern Europe. It depends on where it is most economical to buy.

Dr McDonnell: Do you then distribute the feed to farmers?

Mr Reid: Yes. In the Moy Park operation, farmers' incomes are not generated by the marketplace, unlike what happens with beef, sheep, pigs or any other commodity. Moy Park carries the marketplace, and farmers are paid on the efficiency with which they convert feed into eggs or saleable meat; that goes back to Dr Birnie's question. The more eggs that are produced with chicks in them, or the more meat that is produced using the least amount of feed, the more income that farmers will generate.

Dr McDonnell: You say that energy is 20% more expensive in Northern Ireland than in Great Britain. What energy are you referring to?

Mr Reid: I am referring to electricity, but propane gas is much worse. Our operations in England use natural gas, which is only reaching Northern Ireland now. The gap in price is much wider with electricity. This year in England — just so that we know that there are some good things about Northern Ireland — prices have moved up by about 40% to 60%. In Northern Ireland, we are not too badly off with a price rise of approximately 20%. However, there is still a 20% gap between energy prices in Northern Ireland and England, so I expect prices to continue to rise in Northern Ireland.

Dr McDonnell: I admire you, and I am enthused by your passion — that is the only word that I can use to describe this morning's presentation.

How do we pull all this together? How do we bring industry and farming together in a workable way? From where does the initiative come? From what you say, Government are not capable of bringing these elements

together. Government are simply capable of sitting in the background. We have found this situation in many industries. From sitting around the table, I know that many members would be glad to put in their tuppence worth and support you, albeit it would not be front-end support. I understand that the Ulster Farmers' Union is able to support you, but between that union, the industry and whatever, how do we pull this together?

Despite the fact that there are not many farmers in my constituency of South Belfast, I agree with all that you have said, Mr Reid. The agriculture industry must be the bedrock of the economy in Northern Ireland. That sector may not be high-flying or high-tech, but it must be the bedrock of the economy. Where do we start? Answer in 30 seconds, please.

Mr Reid: You mentioned small industries in Belfast, and the agricultural sectors are no different. In order to survive, they must either be extremely nimble or be able to service the retail trade or whoever their customers are. Those customers will go anywhere in the world to source their products; that is the strategy of today's leading retailers.

There is no way that I would say to the subgroup today: "Here is the blueprint." It is not as simple as that. I am a great believer in "small boxes", which is what we call the profit centres in each of the agricultural industry sectors. We in the poultry sector can put forward proposals to the subgroup. Similarly, the beef industry, working together as an integrated business, can put forward proposals, as is the case across the border. The milk sector can do likewise. There will be pain and sorrow, but there will also be success for the winners. This subgroup is part of Northern Ireland plc; it can grease the wheels for us, and it must be part of any decision-making. Small boxes must work together to support those who members, and the sector, believe will be the winners. Some people in the industry will not want to face the heat of the fire and will gladly get out if they can join an out-goers' scheme. Such schemes may be partly funded by the industry, as will be the case in the South. The key is to have small boxes working together.

I am not sure whether that was 32 seconds or longer.

Mr Neeson: I am astounded by the impact that poultry markets in countries such as Brazil have on the UK and European poultry market. I was well aware of the problem with the red meat sector, but not with poultry.

First, should imports from countries such as Thailand and Brazil be subject to Government controls? Secondly, to what extent is the so-called supermarket revolution in the UK — which has now reached Northern Ireland — driving the poultry market?

Mr Reid: The first matter is quite simply down to the World Trade Organization (WTO). None of us can change that; the WTO wants to encourage Third World

development, and we will have to play our part in that. However, I want honest labelling. I do not want the consumer to be fooled, which is what is happening at the moment. People from outside our industry are becoming involved and are making big bucks out of fooling the consumer. That is wrong, so we must have honest labelling.

Mr Neeson: Should the supermarkets tackle that issue?

Mr Reid: No, because supermarkets are out to compete with other supermarkets, so they will sell products that will make them competitive. Supermarkets will not tackle that issue. Many people in the industry — including our friends from the Ulster Farmers' Union, who are sitting behind me — have tried to raise this issue with the Government, and at a European level, but it has been pooh-poohed on every occasion. The Governments of Europe want cheap food, so they will support the import of goods from China or Brazil or wherever to keep the voters happy. The industry must find tools or mechanisms to ensure that we can compete globally, but with honest labelling. All investment should be for the future in order to ensure that we can face that forthcoming challenge.

Lord Morrow: Mr Reid, you are very welcome. I have heard some of your remarks before, when my colleague Arlene Foster and I met you on a previous occasion. I know that other political parties have also met you to discuss these issues.

I would like you to clarify a few points. I know that the debate on the freshness of poultry has exercised you greatly, not just today, but for some considerable time. You may already have answered some of my questions, but I may have missed the answer, so I apologise if you have to repeat yourself.

First, what is your definition of “freshness”? Does it mean poultry that has been produced today to be on the shelf tomorrow and consumed on that day or the next?

Secondly, Moy Park is the backbone of the local economy in south Tyrone. There is no dispute about that; it is a valued and valuable asset in south Tyrone. You said that Moy Park employs around 4,500 people in Northern Ireland, and 9,000 people globally. How many of those 4,500 employees come from the indigenous population?

Thirdly, I would like you to confirm or deny a rumour that I heard some time ago. The rumour was that Moy Park had said that it could produce chickens much more cheaply in France than it could in Northern Ireland. I would like you to address that important issue.

11.15 am

You said that John Thompson & Sons Ltd's feed mill is state of the art and that, because of efficiency and effectiveness at its plant, other plants have ceased to exist. Is the fact that Thompson & Sons Ltd is now

the main — and probably the only — player a good thing, given that we wish to build a thriving economy?

You also spoke about young people coming to work for Moy Park in 10 years' time. That was encouraging to hear, because it tells me that you see a future here and that you will be around for at least 10 or 15 years.

Mr Reid: The company might be.

Lord Morrow: You said that you were 64, but you do not look it.

It is fair to say that your company is profitable. It is not in financial difficulty, so that is good news for Northern Ireland.

I wish to return to the argument about freshness. You said that all 25 EU member states are fighting on that issue. Are they fighting the same corner, however, because if, as I think you said, Brazil and Portugal do not allow imports —

Mr Reid: Brazil, Thailand and the United States do not allow imports. Portugal is in the same boat as the rest of us.

The Chairman (Mr A Maginness): Lord Morrow, could we leave it there?

Lord Morrow: I wish to ask a final question, Mr Chairman. If the whole of Europe takes the same standpoint, why are we not achieving a different result?

Mr Reid: At present, we think that the definition of “freshness” should be up to 15 days from the date of slaughter. A European delegation from the poultry sector went to Europe to fight for that, but our case was thrown out. As a result, the European Commission assumed responsibility for the product being safe for up to 14 days from date of slaughter. The Commission beat us by being very clever.

Member states' Governments' veterinary divisions' interpretation of what constitutes “fresh” is as follows: if, when an animal is brought to slaughter, it is fit for slaughter, it is considered to be fresh. After that, it is irrelevant whether the processor freezes it, seals it in atmospheric packaging or sells it as chilled. Europe's definition — that includes the UK — of “freshness” is “fit for slaughter”. What the processor and the consumer do with the poultry afterwards is irrelevant.

That issue is still being fought in every member state. The Commission has invited us back, so we shall meet with it in the next couple of months. That meeting is further to those we are holding with the Food Standards Agency (FSA) and the Department for Environment, Food and Rural Affairs (DEFRA). We want “date of slaughter” put on packaging now. We know that it will be a challenge to convince the consumer to buy products marked “date of slaughter”. If the poultry is 10 days old, will the consumer go to the chill cabinet, look at the dates and — a bit like when buying milk in

a supermarket — opt for the fresh poultry, leaving the older poultry on the shelf? Therefore a major education programme must be launched if we are to use “date of slaughter” on packaging.

I hope that that answers your question. That is the thinking of the poultry industry across Europe at present. However, each member state must ratify any change, and then together we shall go to Brussels to fight our case.

Ten days or 14 days is no longer acceptable, because that puts responsibility on to the Commission. That could create a serious financial position because a processor could, through being shoddy, put dangerous products on the shelf. That is a clever move.

Some 1,450 people work in our Dungannon plant, of whom 700, or about 50%, are foreign workers. Of our Craigavon workforce of 1,300, some 50% are foreign workers. Remember that seven or eight years ago Dungannon’s unemployment was running at about 15%. I do not know what the figure is today, but I imagine that it is less than 4% or 5%.

Lord Morrow: It is about 2%.

Mr Reid: We could not survive without the foreign workers; they have been a major success and have helped the economies of both those towns.

Lord Morrow: Can Eric comment on chicken production in France?

Mr Reid: We have no primary agriproduction in France. The French operations concern imported products, mainly of meat from here in Ireland or Brazil. We make no money from that, because Brussels removed the salted meat subsidy; however, Brussels lost a subsequent legal case, so the subsidy will be restored and we will, we hope, start to make to money from that again.

However, our operations in France depend totally on tariffs. We fought Brazil and lost the battle. Therefore, its meat will be coming back into Europe again with a 10% tariff instead of a 90% tariff, which is unbelievable. However, that is the real world and there is nothing that we can do to stop it. We in Europe are fighting to make sure that there is a limit on the amount of meat that is imported. In other words, we want a quota to be imposed on the amount of meat that is imported into Europe.

The Chairman (Mr A Maginness): How much does your company invest in research and development?

Mr Reid: I do not have the figure in my head, but I imagine that we invest about £2 million to £3 million a year at least. Our centre of excellence in Craigavon does nothing but research and development. More than 70 people work there, all of whom are graduates, not people who leave school at 15 or 16. We have a similar

centre in England. We employ people with every level of education. I talked about the academy earlier.

The Chairman (Mr A Maginness): Thank you, Mr Reid, for a very interesting, stimulating and — if I may borrow Dr McDonnell’s word — passionate presentation. You have provoked a great deal of interest around the table.

Mr Reid: Thank you for listening to me. If I can be of help to any party, please let me know.

The Chairman (Mr A Maginness): I welcome Mr Clarke Black, chief executive of the Ulster Farmers’ Union; and Mr Kenneth Sharkey, president of the Ulster Farmers’ Union. Thank you for your attendance, gentlemen, and for your written submission. We have 45 minutes. We ask you to make a short presentation of about 10 minutes; then members will ask you questions.

Mr Clarke Black (Ulster Farmers’ Union): Thank you, Mr Chairman, for the opportunity to present evidence from an agricultural perspective to the subgroup. I wish to introduce Kenneth Sharkey, who is president of the Ulster Farmers’ Union (UFU). I am its chief executive.

I understand that members have copies of our presentation. I shall make some comments by way of introduction and to set the UFU’s thoughts in context before I deal with the three specific issues in the subgroup’s terms of reference.

The importance of the agriculture and agrifood sector to the Northern Ireland economy has been seriously underestimated for many years, yet, by most of the key measures, this is an industry that, in spite of all the difficulties that it has faced, has survived in remarkable shape. The output from direct agriculture is more than £1 billion, and from the agrifood sector it is £2.3 billion. Although those are significant figures in their own right, the value-added element is more important. Agriculture and agrifood is one of the primary industries. Starting from the basics of life, there is a product. That product has a value, which, in turn, creates wealth.

I know that many farmers would say that farming is one of the quickest and surest ways to destroy wealth. That may be true for some individuals, but the industry’s contribution to the overall economy should not be devalued.

Employment is another way by which to measure the importance of the agriculture sector. It is the largest private-sector employer and the largest manufacturing employer. It employs 80,000 people. Some jobs are part-time, but when the figures are examined, there are between 57,000 and 60,000 full-time equivalents. Direct farming accounts for 4.1% of the workforce, the processing sector for 2.53%, the supply sector for 0.53%, and the service sector for between 0.25% and 0.5%. Therefore, more than 7.5% of total employment

in Northern Ireland is directly or indirectly related to the agriculture and agri-food sector. A useful comparator is the unemployed total, which is 36,000. That gives an idea of the size of the industry.

I shall attempt to debunk the myth that the agriculture and the agri-food sector is a sunset industry — members may have already heard something similar from the Moy Park delegation. It is difficult to identify from where that label came. I suspect that it came from a comparison that was made between the industry and the sunrise industries, which were the high-tech industries of the late 1980s, the 1990s and the early part of this century. That label has stuck, and there is absolutely no doubt that Governments of developed and — as they see it — sophisticated economies continue to ignore the contribution that the agriculture sector makes to the overall economy. The UK Government in particular continues to ignore the agriculture sector's contribution. Agriculture is the one industry in which Northern Ireland has a natural competitive advantage. We do not have that advantage when it comes to, for example, producing television sets or some of the other goods that inward investment companies manufacture.

The security of our food supply has been brought sharply into focus since we were reminded last autumn of the extent of the potential difficulties of relying on an energy supply from parts of the world over which we had little influence and certainly no control.

The industry has had to be flexible and innovative, not only to survive, but to expand in difficult trading conditions. There are sectors in the industry — including Moy Park Ltd, from which members heard earlier — that have dealt with the challenges and have flourished in spite of the difficulties. It is all about being flexible and innovative.

Farmers own and manage more than 76% of the total land area in Northern Ireland, and the management of the natural environment would not be possible without an industry that is alive and vital.

We believe that the proactive use of land offers the most potential for the future. Whether it will be growing oil seeds for biofuel, growing wood for heat, or using land as a filter for, say, the bioremediation of society's waste, we think that those proactive uses of land can be developed for the future.

Then there is the industry's role as a core element in the sustainability of rural communities. The industry is not only the key to the economic sustainability of those communities; it also provides the social cohesion that we believe has been a vital, sustaining and stabilising factor in Northern Ireland society over the past 30 or more years.

Far from being a sunset industry, the agriculture and food industry has the ability to contribute to Northern

Ireland's economy in a variety of integrated ways that, we believe, no other single industry can.

11.30 am

I have tried to show you how important we feel the agriculture and food industry is to the economy. We believe that the overarching impediment to the development of the sector flows directly from the erroneous viewpoint that farming and food are a sunset industry. To be more specific, we have looked at the major impediments in three main areas. The first one is the lack of profitability across the sector. Profits have not been sufficient to enable the industry to invest and restructure. As a result, we have a primary sector in which the average age of farmers is 56 or 57 years. We have a processing sector that is fragmented in many cases and suffering from acute underinvestment.

I accept that some of those problems have been of our own making. Nevertheless, the stark imbalances in the food supply chain have been and continue to be one of the main contributors to the lack of profitability and, therefore, the lack of investment across the sector. For example, I was struck by two headlines that appeared side by side in my local newspaper in Coleraine a couple of months ago. One concerned a story about one of the four big retailers expanding, opening a new store and creating 150 jobs. The other concerned a story about the local chicken-processing factory closing down with the loss of 320 jobs. Those are the type of stark imbalances that we have in the supply chain.

The sunset mentality has been more evident within Government. The lack of vision across Government Departments has resulted in very limited and ineffective support for the industry. Furthermore, for an industry which is so influenced by politics in Europe — it is largely controlled by Europe — the additional layer of representational bureaucracy that we have through London and DEFRA has meant that the distinctive needs of the Northern Ireland industry are often represented less effectively. There are broader UK agendas, and the outcome of the recent negotiations on the level of EU rural development funding is just one example of that.

Finally, food production is one of the most heavily regulated industries, and I am thinking of impediments. For example, farmers are faced with having to register for an exemption for a licence to permit them to collect and burn hedge trimmings. When we have got to that level of overzealous interpretation and imposition of regulations by more than one Department, innovation is severely stifled, and the potential for developing any form of competitive advantage is lost.

The subgroup asked us to comment on fiscal incentives aimed at promoting investment. Our focus is naturally on indigenous investment. There is no reason why properly targeted, strategic, inward investment in processing facilities, which would utilise

primary farm production, could not make a significant contribution to the wider Northern Ireland economy.

One good example is Diageo in Glengormley, where local cream is used in the production of Baileys liqueur, which is sold worldwide. Using local ingredients in industrial production is something that could be done to promote indigenous investment.

It is perhaps a little early in the morning to speak about alcohol.

Ms Gildernew: Not for David, by the looks of things.

Mr McNarry: Are potatoes not used to make poteen? *[Laughter.]*

Mr Black: The subgroup should certainly consider the impact that targeted investment support for the agribusiness sector could deliver for the wider Northern Ireland economy.

Restructuring the processing sector would deliver undoubted benefits in cost savings, marketing and increased competitiveness. Indeed, our nearest neighbours have been convinced of the benefits of such an approach, with the recent announcement of significant funding support for that purpose.

Investment in restructuring in the primary sector, particularly targeted at enabling farmers at the top end of the age scale to exit the industry, would also provide opportunities for the creation of economies of scale, along with much higher levels of innovation and flexibility and a much-improved ability to compete globally.

Previous consideration of that approach has always fallen at the hurdles of finding money and equitable distribution issues. However, there are parallels in other parts of society where a peace dividend, for want of a better term, has been used to restructure and adapt to changed circumstances. That should be considered for the agriculture industry. Again, our neighbours in the Republic of Ireland have been reasonably successful in adopting that approach.

Focusing support on the agriculture and agrifood sector would undoubtedly significantly contribute to economic regeneration, for all the reasons that we have outlined. However, the subgroup also correctly asked us to visualise how that would be delivered. First, there needs to be a real sea change in the strategic vision for the food production sector, backed by targeted support of the type that I have already mentioned for the food processing and primary production sectors. That is vital to produce a sea change in attitude.

What else do we actually mean by “strategic” and “targeted”? The Food Strategy Implementation Partnership (FSIP) was tasked with looking into the future to envisage what type of industry we could expect to have in 2020, for example. In doing that, we considered the difficulties of dealing in commodity

markets. The disadvantage of being a small market is never really being able to compete in real terms on a global scale. However, that disadvantage is very well offset by the real advantage of being very nimble and responsive to, and capable of, change. Our future will depend on our capacity to change.

The FSIP’s foresight work identified several areas where the Northern Ireland agrifood sector could realistically hope to achieve excellence in global terms. It has also concluded that, in order to achieve global excellence, more resources need to be committed towards research and development.

To illustrate our examples, we have compared Northern Ireland to Finland. Finland was chosen as a comparator primarily because of its size and scale, and because, despite its geographic peripherality, it is the second-best performing economy in the EU. The most obvious differentiator between Finland and Northern Ireland is the level of R&D spend from both Government and industry. Northern Ireland’s R&D spend is approximately one third of that of Finland.

Being located on an island — albeit an island with two different political regimes — has significant potential benefits for animal and plant health, as well as the related areas of animal and plant breeding and genetics.

The Ulster Farmers’ Union believes that there is a great deal of potential for Northern Ireland to become a world-class centre of excellence for animal and plant breeding and genetics.

The Ulster Farmers’ Union believes that, as a small region, Northern Ireland is uniquely positioned to develop solutions for big issues such as renewable energy and the management of waste. Some work is being done on that, but the key to exploiting that potential would be to take a much bolder approach to testing and developing alternative technologies, marketing them aggressively and dealing with the associated risks.

Given the subgroup’s time constraints, it is difficult to cover all the relevant issues in detail. However, the Ulster Farmers’ Union believes passionately that it has presented the subgroup with the basis of a blueprint on which agriculture and the agrifood industry could build their already significant contributions to the Northern Ireland economy in a way that would be sustainable and advantageous to those in the industry and to the wider Northern Ireland economy.

We are happy to elaborate on the issues that are raised either during questions or at a later date. It is up to the subgroup.

The Chairman (Mr A Maginness): Thank you very much, Mr Black. I assume that Mr Sharkey will want to take part in the question-and-answer session.

Mr Kenneth Sharkey (Ulster Farmers' Union): Yes.

Mr McNarry: For some years now, I have noticed changes in my constituency, which is the beautiful area of Strangford. Those changes include reduced circulation of money because farmers are not spending as much, and there have been job losses because of that. I have also noticed an increase in the number of people who, when I first got to know them, worked as farmers and who now need to take second jobs. Of course, they still have to work on their farms, and the hours that they put in seem to be horrendous.

Much has been made of farmers diversifying their businesses. In my constituency, diversification means keeping a family afloat and bringing in a wage to supplement the money made by the farm. That is not diversification in the true sense, and it could be argued that diversification is talked up a great deal. Have enough studies been done on diversification? Is it a good thing or a bad thing? Would true diversification make farmers redundant by taking them out of farming?

Are we winning or losing the battle to sustain the interest of young people in farming? Are young people from non-farming families coming into farming?

Finally, we are seeing — I will not be political about this; I will forget the adjectives — rural school closures, particularly primary schools. How does that affect the farming community? Do those closures present the farming community with difficulties?

Mr Sharkey: I will answer the questions on young people and rural schools; Clarke will take the questions on diversification.

I feel strongly that young people need to be attracted to the farming industry to lead it and drive it forward. Those young people will work in our industry when they receive rewards that are equal to those of the other jobs or types of work that they can do. That attraction has to exist. Young people will expect an average week's wage if they are to stay and work on the farm. As Mr Black says, the lack of profitability has had a crippling effect on our industry.

11.45 am

When young people are not building houses and living in the countryside, pupil numbers at rural schools go down, and that causes problems. The key point is to ask how we can get back to a profitable farming industry. If we did that, diversification would be less important. You are right to ask whether diversification is good or bad. In some cases it is a lifeline to have someone in the farming family bringing in some income from another project to try to sustain the family business. Profitability — and I think that Moy Park Ltd would tell you the same thing — comes down to the distribution of the food chain. I do not know how we can deal with that difficulty, but the lack of

profitability is the real problem that prevents our industry from growing and moving forward.

Mr Black: I have nothing much to add, other than to say that Mr McNarry's observations about money not being recycled through the community are true. I referred earlier to how the agriculture sector is completely integrated into the economy, and the money circulates round the economy. That happens across Northern Ireland.

Diversification comes down to the lack of profitability. It is about people trying to remain in rural communities in order to keep them alive and working. Those people see a way to do that other than their traditional route.

Mr Neeson: Over the years, Europe has had a major impact on the agriculture industry. The foot-and-mouth-disease crisis happened during our short period of devolution, so, bearing that in mind, were there more benefits to the industry then?

The Enterprise, Trade and Investment Committee carried out a major inquiry on energy. The Secretary of State recently announced that £60 million will be set aside for the development of renewables. What will the Ulster Farmers' Union do to encourage the farming community to become involved in the area of renewables? Will it encourage the farming community along the lines of John Gilliland's work on the promotion of renewable energy?

Mr Sharkey: I will deal with the first question. There is no doubt that the agriculture sector benefited from a local Administration. Look at our counterparts in Wales and Scotland: the Administrations there have been hugely beneficial to the local agriculture sectors. Look at our friends in the South of Ireland: they have a direct input into local government. That is very meaningful. We thoroughly appreciated the work that the previous Executive did on agriculture; all the political parties can support agriculture because it is an industry that is found across the Six Counties. In every townland, someone works in the agriculture industry. We do not doubt that a local Administration would be of significant value to us, and we would appreciate that.

Mr Black: We have already highlighted the raft of issues that are connected to renewable energy as a potential solution to many of our problems. Agriculture can deliver that solution. You mentioned John Gilliland, our former president, and the work that he is doing in a particular area. He works on the production of wood for heat, but he also works on dealing with waste. He has done some remarkable work on how to use sewage sludge on crops for harvesting. Instead of using fossil fuels as an energy source and having to landfill our waste, you suddenly start looking for the potential for an integrated approach that will deal with energy. That sort of thing should be happening.

You also mentioned the Secretary of State's announcement on money being set aside for the

development of renewables. We welcome it, but it was largely conceptual and is now stuck between various Departments. The money has not yet been delivered. That goes back to what I said about the need for us to be bolder about taking risks, developing them and then going out and servicing them.

An Ulster Farmers' Union member was in the United States in the past couple of months, and he talked to representatives from large municipal authorities about how they were dealing with their waste. They said that it seemed that Northern Ireland was 10 years ahead of the United States. It is a sin that Northern Ireland is in such a positive situation but is not able to benefit because we are struggling with bureaucracy and everything that goes with it. It certainly does not help our economy.

Mr Sharkey: The Ulster Farmers' Union is passionate about renewable energy, and farmers are looking forward to the opportunity to grow energy crops, and so forth. However, we do not want to be in the same position in which we have found ourselves with food production over the years. If farmers grow energy crops, we must ensure that we add value at farm level and are not merely producing a commodity on which multinationals will get rich quick. We would like to see some mechanism whereby we add value at farm level, and farmers get a bigger share of the energy market.

Ms Gildernew: That is one of the points that I wanted to make. We have seen how heavily regulated the agriculture industry has been and how the influence of Europe is not always good. When that is combined with the Department for Environment, Food and Rural Affairs's lack of common sense and the different level of importance of the agriculture economy, in GDP terms, in the Twenty-six Counties as compared to England, it hugely disadvantages our farmers. I agree with David McNarry: when farmers are doing well, everyone is doing well. The farming community is important to the rural economy, which is why I suggested that we needed witnesses at the subgroup to give us the farming or rural perspective. Foreign direct investment does not impinge particularly on what we do in the rural communities or on the sustainability of the rural economy.

I see R&D and alternative energy as ways in which we could enable farming to move up a gear in the value that is added. Those areas might benefit from a peace dividend: helping farmers to produce the right crop or the right product at the right price. Farming needs to be profitable, and whatever we come up with on this subgroup needs to be worthwhile.

How does the price of milk at the farm gate and the price that we pay in the supermarket impact on rural wealth and on the sustainability of the economy? What are your views on modulation, and how will further modulation affect the rural community?

If Fermanagh, Tyrone, south Derry and rural parts of the island do not have an agri-economy, they will have no economy.

In his presentation last week, John Simpson mentioned the work of the Ulster Farmers' Union when the beef ban was lifted and the fact that its representatives were in Brussels promoting red meat on the day that the ban was lifted. Is the quality of Irish beef our last major market advantage?

You both used the word "passionate". We have no doubt that you are equally as passionate as Eric Reid; you do not have to convince us.

Mr Sharkey: Our members are totally opposed to modulation. We see it as a mechanism for taking money from one sector and giving it to another, or for reducing a single farm payment to put it into a pot of money and creating a great deal of administration to think of ways of getting that money back to rural areas. Rural development is important, but, unfortunately, the UK has received a poor share of rural development money from Europe. It is not the Northern Ireland farmers' fault.

It is wrong to take some of our single farm payments to create more rural development money, because that is not what was meant to happen. Other member states can have a good pool of rural development money as well as a single farm payment. That is our standpoint. The Ulster Farmers' Union is opposed to additional modulation to fund rural development, not because we are opposed to rural development, but because we believe that extra money should go into the pot.

We were pleased to be in Europe when the beef ban was lifted. The ban had been a millstone around our necks. We are glad to have freedom, but we knew that things would not change overnight. Some product goes to Europe, and we are glad of that. There is a good relationship between the processing sector and UK supermarkets. At times, we question whether there is a real desire to bypass UK supermarkets and sell meat to Europe. Unfortunately, we are considering the export of live animals from Northern Ireland to member states, because UK supermarkets are not getting the message that either the price of meat must rise or we must receive a greater share. The current situation is unsustainable: we cannot continue to produce red meat and receive such meagre returns from UK multiples. Either we increase prices or we rear the raw material in Ireland and export it to Italy or Spain where the meat will fetch a higher price.

Ms Gildernew: That does not add value to the product here.

Mr Sharkey: We are opposed to it; it is the last resort.

Mr Black: It all comes back to profitability.

Michelle asked about milk prices. At our last auction, which sells milk for three-month periods, the price was down by between 11% and 12% from this time last year, which leads to a drop in dairy farmers' income. They face increased energy costs from contracting for silage, and they are also faced with a bill to comply with the Nitrates Directive and the Water Framework Directive. That will cost the industry between £150 million and £200 million. You cannot squeeze both ends without consequences.

The total amount of single farm support from Brussels is approximately £225 million, compared to a total Government spend in Northern Ireland of just under £9 billion, so about 3% of support goes to agriculture, and that helps 7% to 8% of the population. Northern Ireland figures are similar to those across Europe. It is money well spent. The Ulster Farmers' Union is passionately opposed to modulation, because it is proposed that part of the £225 million be siphoned off into other schemes.

12.00 noon

However, the total income from farming last year in Northern Ireland was £175 million. That indicates the level of profitability in the industry. That is why the investment and innovation is not coming through. That is the crucial impediment that must be addressed.

Did I cover everything?

Ms Gildernew: I wanted to ask about the possibility of a peace dividend for research and development on renewable energy.

Mr Black: That is vital. The Ulster Farmers' Union thought that the money announced by the Secretary of State would kick-start that. We are concerned that the money has not yet filtered out onto the ground, because there is a pent-up desire to get on and do things, but the system seems to stifle that.

Ms Ritchie: Gentlemen, you are most welcome.

You talked about the continuum that is required in the farming industry. Until the last couple of years, there had been considerable discussion about a farm retirement scheme, and you probably referred to that as part of restructuring. What recent discussions have taken place with the Government about such a scheme, and what was the outcome? Perhaps I can assume that the Government are not too keen on the idea. What is impeding the Government's introduction of such a scheme?

What work on animal and plant health must both Governments do on a North/South basis in order to facilitate further study on animal and plant health in the research and development institutes? What resources must be invested to address that on an all-island basis?

Mr Black: There have been no recent discussions on any form of retirement scheme or exit strategy for people in the farming industry. The industry has always needed some form of restructuring, and if there were sufficient profitability in the industry, it would happen naturally. Given the lack of profitability, it is much more acceptable for those people to stay in the industry and survive for another 10 or 15 years, or for whatever period of time they have left on this fair land. That stifles the change process.

There are parallels in the peace dividend; we have seen how other parts of society have been restructured, and perhaps similar principles could be used in farming. Should that be the case, and if we take the view that restructuring is a core and integral part of progressing the farming industry, it would be beneficial.

Ms Ritchie: I have a short supplementary question. Should that not be part of the whole farming industry rather than part of a peace dividend?

Mr Black: I would like to see that happen. However, when restructuring has been mentioned, we have always run up against the problem of having no means of achieving it, and the Department's response has always been that it will happen anyway. People will retire at some stage, so why should taxpayers' money be used to restructure an industry that will be restructured over time. It is almost as though a constant weight is bearing down on an industry that is not ready to take up some of the new things that are happening.

I am not really prepared to discuss the political difficulties that surround animal and plant health. However, to be pragmatic, this island has one of the best protection systems — it is surrounded by x miles of water. That allows tighter control over disease, which means that much better animal and plant health regimes could be established. As a result, quality food and quality livestock and plants could be sold throughout the world. Many countries would be keen to do that, but we really need to make it better than it is now.

The Chairman (Mr A Maginness): We are running behind time. I would like the questions to be briefer and more to the point, and I remind members of our terms of reference: the major impediments to the development of the economy, fiscal incentives and the economic package or peace dividend.

Dr McDonnell: Instead of one heavy question, I have a couple of small supplementaries or probing questions. The first question is similar to the one that I asked Eric Reid. Where does the responsibility lie? We have mentioned retirement schemes and energy from crops. The bio-diesel issue is a runner, but I need to be convinced about the effectiveness of a retirement scheme. Where does the initiative lie? Who starts these schemes, and who decides to make them work? What

are the obstacles to either of those two schemes working?

Is the milk industry dead or dying? I have seen dozens of people getting out of the dairy industry in the past few years, and some of them had big businesses. If prices have dropped 12% against costs rising by 10% or 12%, is that not the death knell?

Research and development may fall in with the energy issue, but what are your views on the R&D spend? How is it that Finland has three times the R&D spend that Northern Ireland has? What do we need to do, and who is holding it up or blocking it?

Mr Black: I will deal with the question about who takes the initiative. The figures for R&D spend are difficult to come by because they are spread over different Departments and different pots; I suspect that there may be a reason for that, but we should not go there. The industry spends a fair amount. Mr Reid has already told the subgroup that he spent £2 million to £3 million.

The Ulster Farmers' Union believes that the total spend in R&D in the agriculture sector is somewhere between £15 million and £18 million, and some of that is from Government, some comes from industry and some comes from farmers. The spend in Finland is around £45 million, and that is where the comparators come from. Finland has been going down that route for eight or 10 years and has really moved it on.

If the Government do not take some form of initiative, there will be many small initiatives, as is already happening with renewable energy and biofuel plants. John Gilliland is researching wood chips — all sorts of different things are happening. However, there is no integrated approach. Some integration has been introduced into food strategy, but it is limited because of resources. It is good that the practitioners — the people on the ground — are doing it, rather than using the machinery that is already there. When that happens, there is more initiative, pragmatism and reality.

Mr Sharkey: I can assure the subgroup that milk producers are not a dying group: they are very vibrant. Recently, a milk producer in Dungannon won an award for the best breeding and production herd in the UK.

Over the years, the number of farmers milking cows has fallen, but the pool of milk has been maintained and, indeed, has increased. By and large the farmers are restructuring and taking costs out of the system. Herds are larger, which makes them more efficient.

The farming sector has done almost as much as it can — some 4,500 farmers produce about 2 billion litres of milk, which is phenomenal. The main difference between Northern Ireland and the mainland is that we have a small population. The percentage of our total milk pool that goes to liquid milk is 15%, whereas

across the UK it is 50% to 60%. Many more people there drink milk every day. Therefore we have to turn our milk into many different products — we must sell milk products rather than liquid milk. The processing sector will have to be restructured to manufacture more innovative products that use large amounts of milk. We have been moving towards that, although not as quickly as we might have. On the farmers' side, there is a stable number of vibrant producers; on the processing side, there is a need to find more innovative products that use more milk and find markets for them, rather than concentrate on the liquid market. We simply do not have the population for the production of liquid milk.

The Chairman (Mr A Maginness): Three members wish to ask questions: Mrs Long, Dr Birnie and Lord Morrow. I ask them to keep their questions short so that witnesses can reply.

Mrs Long: I found your presentation useful. Mr McNarry asked about the negative side of diversification, which merely takes people away from food production. From a previous career, I am interested in the waste treatment and biodiesel side of diversification. Given what you said about environmental and social impacts when people give up farming to do something completely different, could waste management and biodiesel be a more positive form of diversification? Could that complement food production rather than simply take people away from the land?

My second question is on research and development, which has already been mentioned. Northern Ireland businesses suffer from a lack of investment because the local economy has many small and medium-sized enterprises. Can research and development in farming and agribusiness in Northern Ireland be increased only by restructuring the industry, or is it simply a matter of investment?

Dr Birnie: This point is perhaps provocative, but allow me to play devil's advocate. The New Zealand model allegedly allows for much freer trade, the ending of subsidies and specialising in comparative advantage. Why should we not do that?

Lord Morrow: What is your position on rural planning as laid out in Draft Planning Policy Statement 14? Do you support its measures? Is that the way forward and does it benefit agriculture? How long will it take for the benefits of the lifting of the ban on beef exports to other EU countries to filter through to Northern Ireland farmers?

Mr Sharkey: I will work backwards, taking the beef ban and rural planning first. We thought that the advantages of the lifting of the beef ban would have filtered through the system more quickly than they have done. The UK retail market is at a low level, which presents us with a dilemma. Farmers in Italy get 50% more for carcass meat than we get, even though the

retail price in the store is the same as here. That tells us that farmers' share of the food chain could be better. Unless there is a dramatic change soon, production will fall and prices will be forced up.

As for rural planning, the Ulster Farmers' Union responded to the consultation on Draft Planning Policy Statement 14, although I am not sure whether the subgroup has seen a copy of that response. Reflecting our membership, there were quite diverse opinions on that, but our conclusion was basically that in recent years planning has needed better structure and regulation. Bearing that in mind, however, we realise that to have a vibrant rural society there must be development and building in the countryside, and people must live and work there.

12.15 pm

The countryside would look much better if the many disused houses there were replaced with new buildings. That would also give people an opportunity to build houses in country areas without using up any green land.

Another concern is that VAT can be reclaimed on a new build, but not on a renovation. That forces people to build new houses rather than simply renovating an existing one. Planning needs to be better planned and controlled than it has been, but there should not be a blanket ban on new buildings. Development and planning are necessary for the creation of a vibrant rural society, which will encourage new people, particularly young people, to settle in the countryside.

Mr Black: My apologies to Mrs Long, but I will not answer her question first — I am working up to it, though.

Dr Birnie asked about the New Zealand model; I will make two brief comments on that. First, farmers would be quite happy to do without support if they could find profitability within the industry. Ultimately, the market has to move upwards before support can be stopped. We know what it takes to produce something, and farmers would prefer to get some form of support from a European system rather than depend on a food chain that is currently dominated by four or five big retailers. That is a much safer bet; we just do not feel that we would get that support the other way around.

The second point is wider. The European model of agriculture has been based on a three-stranded approach: economic, environmental and social. We have touched on the need for sustainable rural communities, and there have been questions about skills. Rural areas are sustained by an industry that recycles funds and energy back into them. New Zealand found to its cost that much of that had disappeared for a period, although some of it is now coming back again. That is one way to preserve a European model of farming that involves a longer-term strategy rather than a short-term, market-driven strategy.

To return to the first question, we agree entirely with the point about the complementarity between alternative production and food production. Farmers are not necessarily wedded to the idea of producing beef and milk if nobody wants it. We know that there is a need for it. For some of those commodities, there is as little as just a few days' or a few weeks' supply at world level. You can afford to go down to that level because there is a production cycle that keeps producing it. We think that we can afford to drop to that level; it has never been proved otherwise.

Oilseed rape is an example of a good crop that fits very easily with wheat production in arable areas. Many of us would be uncomfortable with some of the thinking in parts of the south of England, where they are considering producing wheat to burn for energy. Our natural reaction is to feel very uncomfortable about that because of the starvation in many parts of the world. However, a complementary way of dealing with that would be to grow wheat in years one and two, then oilseed rape in year three, and then back to growing wheat for food.

I was asked about restructuring and investment. We believe that that is the way forward for research and development, but that will not happen unless it is driven forward. Plenty of people in our industry are happy to do that if they receive support rather than be told: "You can't do that, because of this". They must be encouraged, not restricted.

The Chairman (Mr A Maginness): Thank you very much, Mr Black and Mr Sharkey, for your very interesting and stimulating presentation. I am grateful for your coming here today.

I propose a short comfort break, and we shall recommence in about five minutes, at which point we shall hear from Mr Wright.

The subgroup was suspended at 12.21 pm.

On resuming —

12.27 pm

The Chairman (Mr A Maginness): I invite Mr William Wright, the chairman of Wrightbus Ltd, to make his presentation. Before I do, however, I propose that we have sandwiches at the end of the session rather than during it. I hope that colleagues find that satisfactory.

Mr Weir: Mr Chairman, by that do you mean at the end of Mr Wright's presentation or after the Department of Finance and Personnel has made its presentation?

The Chairman (Mr A Maginness): The latter.

Thank you for your patience, Mr Wright. We have heard two very interesting and worthwhile presentations, and we look forward to hearing yours. Perhaps you would make a 10-minute presentation, at the end of which members will ask questions.

Mr William Wright (Wrightbus Ltd): I appreciate this opportunity, because sometimes we in industry feel a bit like a patient: the consultants go round the bed while the patient hopes that they will find a cure for his disease. So many people pronounce on industry that we wonder whether they know about it all.

I will start with education because I have been involved in the administration of technical education for about 25 years. I spent six years with the North-Eastern Education and Library Board. I have another qualification: we use the product of the education system. In my presentation, I ask whether the education system has failed industry and commerce. I say categorically that that has had a major impact.

We have a training school into which we bring between 30 and 50 apprentices, depending on the marketplace and the quality of the apprentices. We are a skilled enterprise with very few semi-skilled employees; they are all skilled coachbuilders, engineers and fitters. Therefore, we depend on skills, and it is on their skills and ability to absorb what we teach them that we select our apprentices. However, when we test our incoming students, we find that one third could not measure the number of square metres in this room. They could, when shown how.

We have a pretty high profile in the Ballymena area; we visit all the local schools and encourage them to visit us. We try to encourage the kids, but, unfortunately, the education system is not working. I wanted to start my presentation with education, because if we do not get the right quality of students and apprentices, we will not build the industrial base that we need. I was at two board meetings yesterday, so I am not as well prepared as well as I wanted to be.

12.30 pm

I read an article in one of the broadsheets last week. It quoted some observations from the Organisation for

Economic Co-operation and Development (OECD), which is probably one of the most respected think tanks on economic matters. The headline read:

"Poorly educated workforce is drag on UK productivity".

The article states that productivity is the most reliable indicator of the country's economic health and reports the OECD's views on UK productivity. The OECD said that the UK is relatively weak in the field of innovation. It continues:

"30 pc of 25 to 34-year-olds are low-skilled, a considerably larger share than in most other OECD countries."

The OECD also said:

"There is therefore a clear need to expand education and training at the intermediate level."

I wish to make a point about that. A new education system has been proposed for Northern Ireland. I do not see how that will work. In Ballymena, there are three grammar schools — St Louis Grammar School and Ballymena Academy, which are first-class schools, and Cambridge House Grammar School, which is a newcomer and therefore probably not as well developed as the other two. They are all located in the affluent town of Ballymena. How in the name of goodness are we to divide pupils among those schools? My solution is quite simple: our secondary schools should become junior technical schools.

I have a great admiration for the education that I received. I received two scholarships: one to Ballymena Academy and one to Ballymena Technical College. I picked the tech because that was what I wanted. If we were to have junior technical schools, we would raise the awareness of the secondary-school system. At present, parents see it as a second-class system. We could dispel that view by changing the emphasis and by introducing a curriculum that is orientated towards industry and commerce. Pupils would probably attend those schools from 14 years of age — that was the age at which I moved from the primary-school sector to the technical college. That change would make a tremendous difference to our education system. It would produce people with the knowledge to be able to appreciate the world of industry. I have only a junior technical certificate, but it has helped me immensely throughout my life in industry.

Wrightbus Ltd has a turnover of £100 million and employs almost 1,000 people. We depend on the people coming through. At the moment, we are getting very poor-quality entrants coming in at the bottom end. If we bring in 30 people, we will probably lose about 10 in the first year. Do not ask me why. They probably find our system too intense. It is intense; it has to be. We are an industrial operation that sells across the

world. We must also be very competent technically. When we send a vehicle to Hong Kong, it had better be good — it is a long distance away.

If we can get our education system right, we can make great strides forward. However, I cannot see that happening at present. We are starting to amalgamate our institutes of further education. I was involved in the 1994 amalgamation of Antrim Technical College, Ballymena College and Magherafelt College of Further Education. Its problems have just about been solved, after losses of £2 million. The new amalgamation will take in Coleraine and Larne, and all stations in between. I cannot see the logic in that.

I will move on to fiscal incentives, rating, energy costs and planning. Fiscal incentives help. We get quite good help from Invest Northern Ireland. We cannot complain, even though that contribution is only 25% of the total cost. We spent £2.5 million on developing the StreetCar, for which we received a Government grant of only a couple of hundred thousand pounds for research and development. One must be prepared to be innovative all the time. Fiscal incentives are OK, but they are only a small part of what is required. If people do not want to innovate, all the grants in the world will not persuade them.

I will provide some figures: our electricity bill is £250,000; our oil bill is about £300,000; and our total rates bill is £312,000. That has a two-fold effect. We had planned two new expansions for a new R&D centre and a new composites centre. We scrubbed both those because of the rating system. Rating is a major issue.

The difficulty is that we are in an industry that requires a lot of square footage. A bus measures 12 metres by 2.5 metres, and a great deal of space is required to build a bus. We produce 1,000 buses. We have roughly 5,000 40-foot trailers, in addition to equipment and buses. We import 1,000 chassis from the likes of Volvo, Scania and other companies, and we export 1,000 buses. Approximately 10 articulated lorries arrive at our plant every day. The total value of the material at our plant is around £50 million. We import material from as far away Poland, Romania and Italy. For example, our seats come from Italy. We must import material, which is a cost that our competition on the mainland does not have to bear.

Rating is just one issue; there are higher energy costs on top of that. Our economy costs are not a terrible burden, but they are an additional burden. The rating system recently killed two of our projects. Our rates bill was increasing, and the projects would have taken money away from research and development, which is our lifeblood.

We started our company at the back of the family home. We would probably have been strangled at birth by the planning authorities of today and we would

never have survived. Planning is a major difficulty. The applications for planning permission for the extensions that I mentioned have been in the system for three months now. The extensions will be built on an industrial site; the applications should be rubber-stamped.

I wonder about the value of foreign investment. Look at the headlines: General Motors paid off 20,000 people in the USA. We have a licensee in America, and we have quite close contacts there. The help that American industry gets is quite phenomenal because a lot of industry has been lost. The Japanese have taken over quite a bit of the car industry. New factories that were set up to build trucks are all closing. Local authorities are producing incentives to get people to move into a brand new factory with a workforce.

Foreign investment is a bit of a damp squib. If the indigenous population has the right mentality and the right outlook, companies will do far better. If, for every pound spent on foreign investment, 50p were spent locally, there would be a better output. That is my view, after 60 years in industry.

We have been helped at different times by the Industrial Development Board and Invest Northern Ireland, but only in part. If we had not had the inclination and the ability to go ahead, we would not be where we are.

Indigenous investment can play a big part, because it is very difficult to attract foreign investment at present.

I want to speak about licensing, which is a far more effective way to attract investment. My design director used to work for Ford. In fact, he drew the first sketches of the Ford Fiesta. His wife is from Lurgan, and their parents were getting old, so they decided to come back to Northern Ireland, even though things were quite hot at the time.

We looked for potential markets around the world. At the time, we employed about 130 people. We realised that the Northern Ireland market was too small. The large tariff barrier in the Republic of Ireland meant that we could not export to there, so we had to look elsewhere — to America, for example.

At a trade fair in Frankfurt, my design director and I spotted a system of putting aluminium framing together. We use that system in all our buses, and it has been the secret of our success. It is a simple system that was patented for 10 years, although the patent has now expired. When we discovered the framing system, the patent was held in Switzerland when the system was exported from there.

Licensing is the way forward. With its worldwide contacts, INI should be looking for licences that will appeal to people in Northern Ireland, but our people must have a hunger and a knowledge in order to use that licence. A door manufacturer in Ballymena is

doing quite successfully from an American licence. Licensing is a far better way in which to obtain overseas money than foreign direct investment.

Reducing the rate of corporation tax would certainly be an advantage to business. We pay around £1·3 million in corporation tax a year; under the Republic's tax system, that figure would be about £450,000. Electricity costs are high, and, although we use quite a bit of power, we do not use that much for electricity costs to be an issue. As I said, there is nothing that we can do about oil prices.

Our bank has been quite good to us. We use one particular bank, but I do not want to name it. *[Laughter.]* We have been through tight times and good times, and, generally speaking, I cannot complain about the bank. The early years were certainly difficult. When we started the business, we had an overdraft of £100, and it is difficult to run a business on that. Now, however, we lend the bank some money, and it lends us some money. That is how we deal with bigish amounts of money. Our bank has worked with us and helped us to expand at certain times. In my experience, if a person is truthful and open with the bank, it will be there for him during tight times.

On one occasion, I was working with a man on a big contract in Strathclyde. When he went bankrupt, it caused tremendous difficulty. In three days, my overdraft was increased four times. It took us two years to rid ourselves of that problem, but the bank stayed with us. The man who went bankrupt was not really bankrupt — the bank lost faith in him.

Banks have been a good source of finance. Other sources of finance can be difficult, because they are mostly provided by venture capitalists. We have steered clear of venture capitalists because they usually want quite a big slice of the cake. We have many opportunities now — in America, for example — but we do not like to expand beyond our capability to finance it. We have financed the company partly through bank loans, but mostly through ploughing back the profits into the company.

We are a family company of miserable Ballymena men and women. As Willie John McBride said, copper wire was invented when two Ballymena men got the hold of a penny. *[Laughter.]*

The Chairman (Mr A Maginness): Thank you very much, Mr Wright.

Mr Weir: Thank you for your informative presentation, Mr Wright. You mentioned that R&D is your company's lifeblood, and that the 100% rates that are being phased in are a disincentive to opening new or additional premises for R&D. It would be helpful if you could tell the subgroup how much R&D your company undertakes and by how much you hope to expand that. Moreover, what potential threat do the 100% rates pose to your future R&D?

12.45 pm

You specifically referred to difficulties with planning issues. Obviously, that is one example of where Government inefficiency or over-regulation is a barrier to business. What are your views on Government regulation? Is it a barrier to expansion or efficient business use?

Mr Wright: This year, Wrightbus Ltd is likely to make a profit of between £4 million and £5 million. The taxman will take 30% of those profits. As a family, we do not take much of the profits. As I said, we are relatively simple, miserable Ballymena people. We do not have a BMW in the family, although we do have a Lexus.

In developing the StreetCar, we spent £1·5 million last year and £1 million this year. We had to develop three new models — two for Volvo and one for a new customer. We have also produced a hybrid-electric vehicle, six of which are running in London, which save 40% on fuel. We built the first low-floor buses in Britain. We got the first contract for low-floor buses in London, mainly because we saw a gap in the market. We had been building vehicles for the welfare market, and we saw that those buses had to transport people with disabilities. We realised that disabled people felt nervous when they had to be lifted high off the ground, so when we saw the designs for low-floor buses in Germany, we decided to build them. As I said, we got the first contract for low-floor buses in London, and we have retained roughly 70% of that market.

Increased outgoings such as higher fuel costs, higher electricity costs and higher rates mean that there is less money to spend on R&D. I know that Government could give us 25% of the cost of R&D, but we would still have to find the remaining 75%. Another thing to remember about R&D is that, because the people who are involved in R&D do not produce gross value added (GVA), they are an expense. To make R&D worthwhile, we need to reinvest 50% of our profits.

We developed the low-floor bus. We also built a double-decker bus for the First Group. The market difficulties that the Hatfield rail disaster caused meant that bus companies stopped buying buses, because they were not receiving cash from the rail companies. Therefore we looked for alternatives, and the only market that was still buying was London, which remained nationalised and had money to spend. We developed a new double-decker bus, and it has been one of our most successful products. Wrightbus Ltd has 700 double-decker buses in London.

We have spent approximately £500,000 to £750,000 on R&D for the hybrid-electric bus. The hybrid was my idea. As a kid, I was asthmatic, so I was always very conscious of fumes, especially motor fumes. I realised that hybrid buses would be the next big thing

in city centres, and, therefore, we developed the hybrid bus. We had it tested by Transport for London. The tests show that it saves about 40% on fuel, which in turn saves 40% on carbon dioxide; nitrous oxide emissions are down to 0.2%; so particulates are reduced dramatically. We really feel that the hybrid bus has a bright future.

Last weekend, we held talks with the boss of the First Group, which runs 10,000 buses. It is looking for 100 buses for a project in Glasgow and is interested in the StreetCar. As the market for engines for hybrid-electric buses is difficult and our knowledge is limited, I did not trust us to build an engine here to supply to America. Therefore, we have linked up with an American company. It is building the engine, and we are building the body and shipping it over from Ballymena.

Unfortunately, we are over-regulated. One company in Ballymena was expanding; I was on Ballymena Borough Council, and our health and safety people recommended that the workers be allowed to work only until 6.00 pm, or 1.30 pm on a Saturday. It was unbelievable that that should be imposed on what was quite a big employer in Ballymena. I do not want to name him, but he is in the agriculture sector. He had spent quite a bit of money on expansion and was working to a timescale, and somebody comes along and says that he could work only until those times. The reason was that the factory was cheek by jowl with a housing complex. The planners allowed that to happen, and it happens all over the place. We suffered from that on our site. Regulation is an increasing burden, and much of it is nonsensical.

Mr McNarry: I recall the day when the banks backed the man; now they seem to back the payback. That style of man and his ideas are hard to encourage today, and I suspect that you have sympathy for young entrepreneurs. They might not go through the brick walls that you have gone through; sometimes they need some help.

Do you think that the problems that you have identified in education are indicative of parents, pupils and schools thinking that manufacturing industries are not likely to offer sustainable employment? I agree with what you said about vocational skills. The curriculum is not being directed in that way, perhaps because of the mistaken perception that there is no future in local manufacturing because it is in decline.

I was speaking to some medium-sized manufacturers from the South at the weekend. They recognise the benefits of the corporation tax rate in the South. Interestingly, they said that capital gains tax is a major issue for them. They have probably banked the corporation tax moneys and are now examining capital gains tax. What benefits do you think capital gains tax on a par with the Republic could have for local manufacturers and businesses?

Mr Wright: Tax is one of those things. The Government keeps inventing taxes, and we keep paying them.

I am going to say something that I did not intend to say: the size of our public sector and the Civil Service have reached intolerable levels. There are 90,000 people in manufacturing industry, and we cannot sustain it. I do not believe that we can cure the problems, because they are so well entrenched. I served 16 years as a councillor and six years on an education board, and there is no way that the Secretary of State will ever reduce it by any sizeable proportion.

Lord Morrow: He says that he is starting on 24 November.

Mr Wright: He will do you guys first. *[Laughter.]*

You talk about the education sector. We had a growth challenge, which is industry trying to get the whole thing going again. Coming from my background in education administration, I suggested that trainee teachers visit factories in order to counter the “dark Satanic mills” image.

I thought that it was a good idea, but they did not, because within nine months, it floundered. It started off with about 20 trainee teachers, then there were 15. I think that Wrightbus Ltd was the last company they visited, and by that stage there were six teachers. Wrightbus Ltd probably has about 150 computers, and there are quite good offices, although there is no air conditioning. We are also doing well on the working environment.

However, there is a particular notion in the education sector about factory work and much of it is to do with administration. I was on the North Eastern Education and Library Board, and most of the people on the board were ex-teachers and ex-lecturers — two thirds had been nominated by the officials. They had never seen the inside of a factory. Somehow we must break this cycle, and I do not know how to do it. I tried and I floundered. I thought that it would be beneficial to allow trainee teachers to visit the factories in order to let them see the workings of the industry and to see if there might be jobs for the children of the future.

The Chairman (Mr A Maginness): Perhaps a few civil servants could visit factories as well.

Mr McElduff: I welcome Mr Wright’s practical, common-sense approach. We saw it earlier when Mr Reid from Moy Park Ltd gave evidence to the subgroup; he also brought us the benefit of his practical experience. Mr Wright, if you could prioritise one element of Government intervention or support that would benefit indigenous local businesses, what would that be?

Mr Wright: I would recommend that we use the Invest Northern Ireland network to look for licences; that would be the best thing. I said that at an Invest

Northern Ireland conference one day, but they were not of the mindset to understand.

The Chairman (Mr A Maginness): What do you mean by licences?

Mr Wright: I mean obtaining a licence to manufacture. For example, a Swiss aluminium company developed a system for bolting a bus together. The advantages are simple. If a bus has a damaged pillar, I can screw it out. If a bus has a damaged front end, it can be lifted off and replaced by another. That is what we do; we send complete front ends to England to replace those that have been damaged in bad smashes.

Dr McDonnell: That is like the old Morris Minor.

Mr Wright: The person must look for the licence he or she needs at any particular time. When we had a particular product need, I went to America and found the solution there. The advantage was that I had 10 years of learning how to use the product before the licence expired, so I knew more about it than the licensee; I had practical experience.

I got a licence for a hybrid-electric bus from a company in Los Angeles, and I also licensed a turbine from another company in Los Angeles, but it was not a success. However, that is how it is done; you have to look for the product. I could have had English drive units, but I did not have the correct software. The software for driving hybrids is complicated.

Therefore instead of trying to encourage a manufacturer in Taiwan to come to Ballymena — or somewhere else in Northern Ireland, because there is only 2.5% unemployment in Ballymena — the Government should help Northern Ireland companies to obtain licences.

Mr McNarry: They should come to Newtownards; nobody ever comes there.

Dr McDonnell: You have scared them all away.

Mr Wright: That would be a great advantage for the industry, and it would be beneficial for those who are looking for products. There will be always be a downturn at some point, and people will need to look for products. I believe that the solutions are out there, if you look for them.

The person who licences something will have an indigenous manufacturing operation; he will have paid for all the product development work. If he can add value by licensing the component, or whatever it is — especially in a market where he has no existing input — that is a plus for him. It is also a plus for the person who licenses the product, because he gets the technology. He may have a learning phase, but he has the chance to build further on that knowledge. Therefore it is a plus for everybody. That is my basic reasoning.

I know that Invest Northern Ireland has offices all over the world. I believe that they should search for

product licences instead of trying to encourage some American or Chinese company to come here. I do not think that completely works. Invest Northern Ireland has done some good, but it has done more bad.

The Chairman (Mr A Maginness): Sean Neeson, Margaret Ritchie, Alasdair McDonnell and Esmond Birnie wish to ask questions. They will ask their questions in that order and Mr Wright will answer.

1.00 pm

Mr Neeson: I always feel chuffed when I go to London and see Wright buses travelling the streets. Does your company depend greatly on the export market?

Mr Wright: We sell to Translink, and we have sold to the Republic of Ireland, but not since 2002. Our main market is the UK. We sell to Hong Kong, and we have sold to Holland, but the European market is difficult. We have a licensee in America who builds under licence for us.

Markets have peaks and troughs, and exports help to fill in the troughs. Markets may be strong in one place but weak in another. Consequently, export markets are valuable, but they will not keep a company going. England is our real market. There are five big bus companies there, and we sell to four of them. That has been a successful operation.

Ms Ritchie: With regard to financial incentives, what contribution would a peace dividend make to the local economy?

Mr Wright: You were involved in the Peace I programme with me, unfortunately, just after it became apparent that a great deal of money had gone to the wrong place — Belfast — but that was just one of those things. I am unsure about Peace money. I was on the Peace I programme board, and I examined the need for investment in Ballymena. I was also head of economic development in Ballymena Borough Council. The most difficult thing was to allocate the money, especially in the farming sector. Through an INTERREG programme, we tried to encourage farmers to be inventive and to consider how they could diversify. We did our utmost, but we were unsuccessful.

You cannot take a horse to water if it does not want to drink. There is a lot of that about. A friend of mine talks about the “BMW syndrome”. People do quite well until they get a BMW in the driveway, and then that is it. We never had a BMW — we kept looking for one, but we never got one.

Dr McDonnell: I congratulate Mr Wright. He has done a tremendous job, starting from humble simple origins at the back of his home to employing 1,000 people with a turnover of £100 million a year. If we had one or two more people like him, we would not have as many economic problems.

I welcome Mr Wright's comments on licensing in both directions, because, not only do you license in but you license out and manufacture buses in the United States. Perhaps we should pursue that concept more aggressively.

As an aside, you mentioned importing seats from Italy. Are you unable to source more components locally, or is there something wrong with the local market? A company in Kilkeel makes aircraft seats, but perhaps aircraft seats and bus seats are different.

Ms Ritchie: That company is BE Aerospace.

Dr McDonnell: Yes, and it struggled at times.

Mr Wright: The problem is the cost of seats. It makes sense for Wrightbus Ltd to buy whatever it can in Northern Ireland.

We buy fibreglass units, and so forth, from Poland. We need a week's supply of stock to be able to handle any delays in supply that may have been caused by a bad storm on the continent or at sea. Therefore we must carry more stock so that we can remain part of that supply chain. However, it is in the balance as to whether Poland can supply us at the right price.

We find it difficult to educate local industry about delivering on time. The priorities at Wrightbus Ltd are, in order, delivery on time, quality and price. We run a production line. Every bus moves along that line every night, and if the materials are not there, we are in trouble. Consequently, it makes sense that our logistical supply lines are as short as possible. Anyone who visits Nissan will see satellite companies located all around the factory. We have great difficulty in finding local suppliers who are clued-up enough to understand our demands.

However, we use one or two good local suppliers, such as a sheet-metal firm in Magherafelt. We buy as much as possible locally, but the Italians seem to have a flair for designing seats, and so forth, and are likely to produce good-quality seats on time. We have used English seat manufacturers who have not reached that standard. Big bus companies usually influence and select the style of seats. Bus interiors have changed and are now completely colour-coded.

When the bus industry was denationalised and the money that was received from selling off all the nice bus depots that town centres had disposed of, it was decided that the only way to make money was to get people onto the buses. When market research discovered that 70% of ridership was made up of women, Wrightbus Ltd started to colour-code the interiors of its vehicles according to women's preferences, which are pink and that sort of colour. I am sorry, Margaret. *[Laughter.]* Do not worry, Margaret, some of our bus interiors are red.

We brought in a new strategic buyer recently — a returning ex-pat — whose express job is to develop our use of local suppliers.

The Chairman (Mr A Maginness): Dr Birnie, as we are running out of time, will you forgo your question?

David, are you coming back?

Mr McNarry: No.

The subgroup became inquorate at 1.09 pm.

On resuming —

1.10 pm

The Chairman (Mr A Maginness): I welcome officials from the Department of Finance and Personnel (DFP) — Mr Bruce Robinson, permanent secretary, and Mike Brennan from supply branch.

Gentlemen, we have read your written submission. Mr Robinson, after you have touched on the salient points that you wish to highlight, the subgroup will move to questions.

Dr McDonnell: Could the presenters brace themselves to answer some of the questions raised by the previous presentation? We will have to go to town on them.

The Chairman (Mr A Maginness): I think that that is a health warning.

Mr Bruce Robinson (Department of Finance and Personnel): I heard it as a promise.

We are delighted to be here. Mike Brennan is involved in the supply side, but he is also our chief economist, and that will inform his contribution this afternoon.

I will tie the key messages to the subgroup's terms of reference, and talk briefly about the performance of the local economy. The local economy is doing well, and that is significantly due to employment growth. The challenge for us as a regional economy in the developed western European world is to greatly increase our value-added figures.

I have listed five absolute key points that illustrate the need to improve. Gross value added (GVA) per hour is around 15% lower than the UK average. Our performance in the four productivity drivers — enterprise, innovation, skills and infrastructure — all leave something to be desired. Everyone recognises that Northern Ireland has a heavy dependence on public expenditure.

One of the points that I wish to put forward, which has come forward in evidence from other groups, is that — given the range of issues — it is exceptionally difficult to see a single action or intervention that could change everything. That might well be a contentious point for the subgroup.

I do not need to deal with the four drivers of productivity, as they probably featured heavily in the Department of Enterprise, Trade and Investment's presentation. However, there are some indications of improvement on the enterprise side with the trend on VAT registrations increasing.

I am also conscious that the subgroup is interested in economic inactivity, and I have produced a slide that shows that the gap in economic inactivity rates between Northern Ireland and other regions in the UK, when education is stripped out, is not as great.

In relation to public sector dependence, both the levels of employment and the percentage of public expenditure are very high. There are reasons for the identifiable public spend per head, which has evolved over time in response to the particular needs in Northern Ireland.

1.15 pm

Current thinking on the economic development policy is largely based on the work that has emerged from the Economic Development Forum, centring on the interaction among the four drivers of productivity and the need to rebalance the local economy. Although some of the economic incentives package is open for us to deal with locally, the key interest for the subgroup concerns fiscal incentives, and we note the fact that those are, at present, determined nationally. A consequence of that is that engagement with the Treasury is crucial. The current policy — and I am stating the obvious — is for a unified regime across the UK.

One issue that features in suggestions for a different fiscal regime is the likely impact of differential treatment in Northern Ireland on the other parts of the UK. That is something that would have to be considered by the subgroup. I will reiterate some points about corporation tax: although the headline rates are 30% and 12.5%, the effective rates are 21.7% and 13.7%. Many smaller firms in Northern Ireland enjoy a rate around 19%. References have been provided on the sources of those figures.

An economic package or peace dividend is obviously a key part of the subgroup's work. Given existing policy and the emphasis on the four drivers of productivity, it seems to the Department that that is the way to address the long-term endemic problems of the Northern Ireland economy. That is why we have referenced addressing those as part of the package. To do otherwise might achieve an improvement in some areas of activity but, overall, it would not achieve the desired level of impact.

Putting the economic package into context, there is no doubt that a significant change in public expenditure is under way. The Department is committed this year to participating in the comprehensive spending review. That work is well under way. The next stage involves the detailed work to be done in the autumn. The Treasury has acknowledged in discussions that the extent of public sector reform under way in Northern Ireland is exceptionally high. I have highlighted the main aspects of that: the Review of Public Administration, water reform, rating reform, fit for purpose reforms in education and further education, and curriculum reform in education. There is recognition that Northern Ireland is committed to ambitious changes, designed to redress the balance in the local economy between the private and public sectors. That is helpful in creating the context and the climate for your work.

That is a quick summary. I am happy to take your questions.

The Chairman (Mr A Maginness): Thank you, Mr Robinson.

Dr Birnie: How much revenue is currently collected in Northern Ireland from corporation tax? Were the rate to be reduced to 12.5%, what would be the estimated revenue? Have the Department of Finance and Personnel or others in the Civil Service attempted to model the effect of a lower rate on revenues over time? I ask that with regard to an argument with which you will be familiar — that a lower rate will encourage inward investment and therefore higher revenue. That is important because it has been suggested to us in previous evidence.

Mr Mike Brennan (Department of Finance and Personnel): Corporation tax estimates lag quite considerably. The latest figure that we have was given to us by the Treasury when we were compiling our fiscal deficit work — around £640 million of the corporation tax collected in 2003-04 was attributed to Northern Ireland. As Mr Robinson said, the vast majority of companies in Northern Ireland are classified as small and medium-sized enterprises, so if they pay any corporation tax at all, it is at 19%. We estimate that if the corporation tax rate were reduced from 19% to 9%, the difference would be only between £70 million and £90 million — but, to be honest, that is a back-of-the-envelope calculation.

In answer to your third question, we have not considered in any great detail what the effects of a lower rate of corporation tax would be.

Dr Birnie: I suggest that that crucial issue should be examined. Other witnesses have argued for a lowering of the rate.

Mr Brennan: We are tied into work that the Department of Trade and Industry and the Treasury are carrying out as part of the comprehensive spending review. The outcome of that work will be the starting point.

Mr B Robinson: It is important to remember that, in the context of attracting FDI, the relevance of the corporation tax rate differs among businesses and among sectors. If it were a simple black-and-white issue of corporation tax being the determinant, the conclusion would be that Northern Ireland could not attract any FDI at this time — nor could it have during the past 20 years — because of the lower rate in the Republic of Ireland. If corporation tax were the all-consuming difference, Northern Ireland would not have been able to attract any FDI. Therefore, attributing a weighting to corporation tax in the corporate decision is hard work.

Mr Brennan: It is worth pointing out that when Forfás carried out work to establish the factors that are critical to attracting inward investment, issues such as skills levels and English language skills ranked higher than corporation tax.

Dr Birnie: Surely our skills levels and language skills are comparable to those in the Republic of Ireland? There must be something else differentiating the two economies.

Mr Brennan: One of the issues that have emerged in the drafting of the economic strategy on the skills side is the possibility of a mismatch between the skills that employers are looking for, and the skills that are currently provided. The vocational and technical colleges in the South have been very successful in forging links with industry.

The Chairman (Mr A Maginness): Sir George Quigley has argued very publicly and forcefully that a lower corporation tax in Northern Ireland would be of great assistance. He says that investors from outside the UK have told him that they preferred to invest in the Republic of Ireland because of the lower rate of corporation tax. That is his experience; it is really an empirical approach, rather than theorising. What do you say in answer to Sir George's argument? That position is supported by other people too; it is a very forceful argument that has gained a lot of traction among politicians here.

Mr B Robinson: I am not disputing that; I am making a somewhat different point. Some businesses have undoubtedly gone to the Republic of Ireland because of its rate of corporation tax. However, if the corporation tax rate were the all-powerful, single determinant — Sir George does not say that, but some of what he has said has taken on that aura — Northern Ireland would not have attracted Seagate, Montupet and Citibank.

The challenge for all of us, and the really difficult challenge for the subgroup, is to shape not a twentieth-century view but a twenty-first-century view of the relative importance of high skills versus the best interactive electronic network infrastructure versus corporation tax.

We are looking to the future and to a developed Western World that will be competing against a significant economic challenge from China and India that was not around even as recently as 10 years ago. Moreover, taxation is one of the key issues that any corporation looks at, but, as Mr Brennan said, the work that Forfás has done points to several other issues. Companies that decide to invest in the Republic of Ireland have either been satisfied on all of the issues, or the corporation-tax issue outweighs some of their other concerns. It has undoubtedly been very successful.

Dr McDonnell: Our biggest problem is that, at times, everybody is in control of our economy, but, at other times, nobody is in control of it. All sorts of components have a veto, but — with all due respect to you, Mr Robinson, particularly because of your previous experience in the Department of Enterprise, Trade and Investment — nobody is prepared to lead or drive our economy, even though we have DETI, the Department for Employment and Learning and the Department of Finance and Personnel.

The question of R&D has arisen time and again. Even the Ulster Farmers' Union referred to R&D, and that surprised me. They brought up the level of R&D in Finland. We are all very fond of Finnish R&D. We all carry examples of it in our pocket — my mobile phone was at the edge of R&D about five years ago when I bought it.

Ms Ritchie: It is very old.

Dr McDonnell: It may be old, but it still works.

Ms Gildernew: Do you mean you or the mobile phone?

Dr McDonnell: Both. I work very well, as does my phone.

We need to find a mechanism to encourage R&D, because it is not coming through in Northern Ireland. I do not apportion blame, but in the event of market failure or private-sector failure, the responsibility falls to the public service, aided and abetted by whatever political influence and support that we can give.

I shall now get on my hobby horse. Queen's and the University of Ulster must create new businesses. We are not doing enough of that, although a remodelled and reworked UUTech seems to be working better.

Despite its brainpower, Queens is not coming up with innovation and practical, applied product. It may be doing wonderful economic research and development, but it has mystified me for years why we cannot get some of that to the point where the rubber is hitting the road and where we establish start-ups.

1.30 pm

The start-ups that we have established — Andor Technology, for example — have been tremendous. Failures are not coming out of Queens, but that is because we do not have enough start-ups. What does come out of Queens is successful, but we do not take risks.

How do we learn to take risks when encouraging start-ups? Willie Wright applied his experience to a very localised, specific industry, and there was much wisdom in what he said. We have enough indigenous brainpower to do better than use foreign direct investment, yet we depend on it because we are not unblocking the universities' output.

Mr B Robinson: All of the evidence supports your point about the importance of innovation and R&D. Therefore, I agree with you 100%. In future, successful businesses in this part of the world will have significant intellectual property and significant R&D.

I gathered from the last witness that risk-taking is intertwined with our attitude towards the importance of the economy and its priority in education. I agree that we have become exceptionally risk-adverse. One way of addressing that is to look at business start-ups as a portfolio in which the question is not about what has failed, but about whether the success percentage outcome is reasonable in response to the resources employed. Rather than microanalyse why two or three — or more — out of 10 businesses failed, we should say that three successes out of 10 is a perfectly reasonable return.

Mr Neeson: There seems to be a contradiction in the figures. Why, when unemployment in Northern Ireland is lower than in the rest of the UK, do we have the highest level of economic inactivity in the UK?

I am worried about the amount of investment from Northern Ireland that goes to India, China and eastern Europe. What can we do to stem that flow and encourage investment to remain here?

Mr B Robinson: Mike will talk to you about the categorisation of economic activity and inactivity.

Mr Brennan: We have considered that contradiction: we have the fastest decline in unemployment in the UK in the past decade, and we are now below the UK average. That is unheard of for Northern Ireland.

Mr Neeson: It was 20% when I was in the 1982 Assembly.

Mr Brennan: It is now 4.5%, which is phenomenal. However, the figures show a shocking increase in inactivity, as many more people register for welfare and inactivity benefits. There is a close correlation between the drop in the unemployment figures and the increase in those claiming benefits.

That is not unique to Northern Ireland, and the Government are considering the problem nationally. How do we motivate people to get back into the workforce? Several pilot schemes, such as Pathways to Work, are trying to address that issue. There is an issue about labour market signals trying to encourage people to re-enter the active workforce — and I stress the words “active workforce”.

On one level, it is encouraging that the official unemployment rate is low, but if we look beneath the surface, we may be discouraged.

Mr B Robinson: I might engage in a philosophical debate on your point about the flow of investment out of Northern Ireland being bad. Certain activities are no

longer viable in Northern Ireland. Business in Northern Ireland has a choice about whether it stays astride the market that it has won, and the only way that it can do so is by finding lower-cost production. I know that that is difficult, and it raises questions in everybody's mind.

However, it is an indication of the progress of much of Northern Ireland business. It chose to keep its markets and to develop the management capability either to run significant operations remotely, or to source crucial parts of their products. When Moy Park Ltd first went to France and Brett Martin Ltd bought operations in Holland — that was about 15 years ago — I would have described that as a hallmark of the success of Northern Ireland business. The dynamic of globalisation is such that that must continue. I accept that it runs counter to what one would feel instinctively.

We may have moved beyond the point where unemployment should occupy a lot of our thinking on economic development and progress in the Northern Ireland economy. It is a very long time since unemployment here was worse than the UK average. One of my concerns is that, not intentionally but unwittingly, we all carried the burden of unemployment for too long in our economic policy development and policy-making. If you look at the convergence of performance, the Northern Ireland economy has been significantly driven by a growth in employment; however, it has not grown in terms of value added. We solved what we saw as the biggest single problem, but there is a danger that we are continuing to solve it to our detriment in the next stage, which is to climb up the value-added chain.

Ms Ritchie: Welcome, gentlemen. I have two questions. How would DFP support and move forward the four drivers of productivity when Northern Ireland is a peripheral region?

In his announcement about the Review of Public Administration last November, the Secretary of State referred to — and you referred to the same issue in your presentation — the overemphasis on the public sector and the need for the private sector to develop. Is there not a problem in that the private sector is mobile and could move out of Northern Ireland and locate elsewhere, particularly in low-cost economies, thereby undermining what we are trying to do in the first place?

Mr B Robinson: With regard to the second point, that is the reality that we face anyway.

These are open economies, and quite apart from business, labour is totally mobile. Therefore, that is one significant change that the subgroup will have to wrestle with. A recent phenomenon in Northern Ireland is that increased numbers of people from other parts of the EU have come into its employment market. The die has been cast for the mobility of business and people.

Why do people want to live here? Evidence shows that many people want to live and work in Northern

Ireland, and Government must create a society that provides them with the opportunity to do that. The service industry is important, and the last thing that I want is for this to become a manufacturing industry versus service industry argument. I will use an analogy: a well-known former chairman of the IDB — members can guess who he was — said that once the railways were expanded, there would be no future in building stagecoaches. That is the difficulty for Northern Ireland. Its people are having to learn how to live in a post-textile-industry world. I did not think that I would ever say this, but the textile industry is not particularly important to Northern Ireland now. I do not say that with any delight: I am merely recognising reality.

If Northern Ireland did not have manufacturers such as Wrightbus Ltd, which have invested significantly in intellectual property and conduct high levels of R&D, I do not think that there would be a manufacturing industry. However, that is not to suggest that that would be the end of the world as we know it. Northern Ireland is operating in a different world and environment. Nowhere else in the world has 100% broadband access: Northern Ireland does. The future is about maximising the available economic benefits.

Ms Gildernew: Gentlemen, you are very welcome. Forgive my cynicism, but you mentioned unemployment figures from 20 years ago. Those figures might be more relevant had Maggie Thatcher and the current Administration not massaged them to ensure that rather than being termed “unemployment” figures, they are known as “inactivity” figures.

Although fewer people are recorded as unemployed in Northern Ireland, there is much hidden unemployment. It is known as “inactivity”. Some of the people listed on those records are inactive because of barriers to work, which include a lack of affordable childcare, lack of support and care for disabled and elderly people from the Health Service, and unrealistic travel-to-work times. Constituents of mine have been made redundant three and four times and have very little hope of getting the same type of employment.

You mentioned the four drivers of productivity, which include skills and infrastructure. It must be accepted that the lack of infrastructure — roads infrastructure, in particular — has had a huge impact west of the Bann. On skills, the technical colleges and further education colleges in the Twenty-six Counties are successfully contributing to the economy. Projects such as the Young Scientist of the Year have interested young people in their third and fourth years at school in science, and that may encourage them to study science and mathematics on a vocational level, as opposed to furthering their academic studies. Perhaps, in the past, academic study, rather than vocational training, has been overly promoted.

Would DFP agree that more resources should be diverted from the academic sector to vocational training? Does more need to be done to remove the barriers to the work? What should be done to improve the infrastructure west of the Bann in order that employment and an investment windfall can be generated?

Mr B Robinson: Our submission contains information on road density, which underscores precisely Ms Gildernew's point.

Neither the Department nor I is responsible for developing economic policy; that is for DETI and DEL to formulate. In deploying resources to those ends, as opposed to extra resources, it is accepted that the emphasis on further education needs to be in the direction that Ms Gildernew has outlined. The Economic Development Forum has achieved a great deal in producing a pretty solid consensus on the importance of that and of infrastructure.

1.45 pm

The emphasis is more on creating the conditions in which businesses can thrive rather than on supporting individual businesses. We are seeing a switch from supporting individual firms to creating a wider environment of support. That is consistent with Dr McDonnell's point about risk. Infrastructure is certainly important, both for how Northern Ireland is perceived globally and within Northern Ireland, if economic benefits are to be spread across the community.

Ms Gildernew: What about barriers to work?

Mr B Robinson: That presents a really difficult set of issues. When the regional development strategy was published five years ago, it recognised the challenges of providing employment in rural areas. The strategy tackled that issue pretty well by referring to the creation of significant hubs for employment throughout Northern Ireland, which seemed to be a good way to address this challenge. Broadband availability greatly reduces the handicap of distance and makes employment in rural areas of Northern Ireland much more viable. I completely agree that rural employment is very important.

Mr McElduff: Does the Department of Finance and Personnel agree that the economic interests of the North would be better served by a different tax regime than that applied in England, Scotland and Wales? If so, is the Department arguing for a different tax regime?

Does the Department see the merit or benefit of a harmonised, single-island approach to corporation tax? I realise that we have covered some of this territory, but these are more specific questions. What stands in the way of establishing an incentive for attracting FDI?

Mr B Robinson: This issue has come up in a variety of guises. The Department's job is not to argue for a particular tax regime or tax rate. Essentially, those are ministerial and political decisions. I

understand why the subgroup approaches the matter in that way, but I hope that it equally understands why the Department cannot approach it in that way. Those are significant political decisions that are very much in the remit of Ministers.

Mr Weir: Thank you for your presentation. I will refer to two issues that have already been mentioned. I would appreciate it if you could provide more detail to the subgroup.

My first point concerns economic inactivity rates. If the percentage of people in Northern Ireland on incapacity benefit is compared to the UK average, I agree that much of that is due to attempts by successive Governments to remove people from the pure unemployment figures towards other benefit figures so that the headline unemployment rate will not seem as bad.

Inactivity rates have previously been highlighted to the subgroup, and I found your graph quite useful in that regard. There was a general reference from either DEL or DETI — whichever Department issued the figures — to the higher number of students featuring in the economic inactivity figures.

Leaving aside the issue of mismatched skills and considering the broader economic value, a higher number of economically inactive students could be described as good working age inactivity, in that students represent a longer-term investment, whereas higher economic inactivity among other sectors of the working age population is obviously damaging to the economy.

I want to take on board what was said about potential barriers to work. You have produced a differentiation for the student element of inactivity, but it would be useful to have some analysis and more detailed figures for the remainder of the inactivity rates. We know the figures for the unemployment element, but how much of the recorded inactivity is due to increased numbers of people receiving incapacity benefit, people on carer's allowance, or people who have to remain at home because they cannot afford to pay for childcare? If we could see a more detailed set of figures, showing where the comparisons lie, our eventual recommendations could, I hope, ensure that people get back into employment.

I appreciate that rather than your giving the subgroup an answer now, it would be better for you to supply us with figures in writing.

The Chairman (Mr A Maginness): Some of those figures are listed in the "Economic Inactivity" section of the DETI paper.

Mr Weir: I do not have that paper with me, but I think that some of those figures are listed in it. It would be helpful to see the full set of figures.

Mr B Robinson: If we can add to that analysis, we will do so.

Mr Weir: I agree strongly with Alasdair McDonnell's comment that it seems that many Departments, at various levels, are involved in matters concerning the economy, but no one Department seems to be — for want of a better expression — in overall control. There is a concern that public expenditure decisions, particularly those that affect the economy, and which have implications for other Departments, can be made by DFP, DEL, DETI and, to some extent, DSD.

I am concerned because when the subgroup quizzed officials from DETI, we found — and correct me if I am wrong — that that Department does not seem to have input into DRD's decisions on roads announcements. Irrespective of whether announcements are right or wrong, if a major infrastructure project is announced, which will affect the economy, it is natural to be concerned if the lead Department has not sought input from any of the other Departments.

Can you reassure members on what changes have been made to guarantee greater financial co-ordination between Departments to ensure that when public expenditure is being agreed, it is either driven by, or takes cognisance of, the effect that its allocation will have on the economy? Have Government made any changes to provide a greater degree of co-ordination?

Mr B Robinson: The work of the Economic Development Forum (EDF) is bringing about greater financial co-ordination. The drivers that have emerged from the EDF's work point clearly to infrastructure. DRD representatives attend the EDF, as do DEL officials on the skills side. Initial steps have been taken, but I quite happily concede that they are the first steps to draw this together. The points made by members are important, and more work needs to be done.

There is interaction between DARD and the EDF, and DETI, Invest Northern Ireland and the tourism agenda also come together strongly. Mr Weir is quite right: inevitably, when several Departments are involved, issues can be disaggregated, and there is the danger of their not getting sufficient strategic input.

Mr Weir: Briefly, the roads issue is one example. It is clear that, in economic terms, Government realise that infrastructure is a problem and that there is a need to invest in roads. However, how much input is there in the individual decisions on which roads get the money? At the very least, there needs to be some input into deciding how best the money could be spent to benefit the economy and Northern Ireland directly.

Mr B Robinson: Economic benefits are factored in when the cost-benefit analysis and the detail of the projects are being worked on. However, I took your question to be referring to strategic inputs. For example,

a significant input would be the Westlink's impact on the port.

The Chairman (Mr A Maginness): Thank you for your contribution; it has been very helpful. Many questions remain, but that is part and parcel of politics. I look forward to dealing with you in a different format in the near future.

Mr B Robinson: Thank you.

The Chairman (Mr A Maginness): Before everybody departs, we must deal with a written submission from the Freight Transport Association. We are waiting for further information from DETI.

The Committee Clerk: The Department has sent that information. It will be of particular interest to Mr Weir because it breaks down rates of inactivity into "Student", "Family/home", "Sick/disabled", "Retired" and "Other", which is very useful. We did not ask for all that.

The Chairman (Mr A Maginness): Dr Birnie mentioned Mr Graham Gudgin. His office has been contacted. A written submission will be forwarded, and I hope that we will be in a position to receive that. The article that appeared in 'Fortnight' has been tabled.

There is a draft press release, to which there are some minor amendments. I hope that we can agree to that being published.

The Committee Clerk: I have added in some of the key points that witnesses made that were not clear in their submissions. For Eric Reid I have added: "Mr Reid highlighted the challenge posed by the global market and the need to develop a strategy for agriculture that equips it to compete effectively in the global market."

For Clarke Black and the Ulster Farmers' Union, I have added "and renewable energy", but I have also said that they "support the provision of ongoing financial support from Europe rather than an entirely free-market approach" and that they noted that a focus on research and development was the way forward for the industry.

For Mr Bruce Robinson I have added: "Mr Robinson noted that the Northern Ireland economy currently operates within a unified UK tax regime and that the subgroup would need to examine the relative merits of the options that might be available to improve fiscal incentives."

If you are content, I will add that to what is already there.

Mr Weir: Obviously, there are also two changes to the list of members attending.

The Committee Clerk: Yes: Margaret Ritchie and Lord Morrow instead of Alex Easton and John Dallat.

The Chairman (Mr A Maginness): OK. That is agreed. The next meeting will be on Thursday 10 August.

Ms Ritchie: Will we be able to consider the written submission from the Freight Transport Association on 15 August?

The Committee Clerk: As we have an extra week, we have slotted in a written evidence session. Paul Moore has been asked to write a paper summarising all the written evidence that has been gathered up to that point. I have asked him to pay particular attention to where it agrees — or not — with some of the oral evidence that we have heard.

Ms Ritchie: The submission from the Freight Transport Association is a thought-provoking one. It points to the peripherality of our region. Mr Robinson did not answer my question about how we address that, despite the four drivers for productivity. Better transport links is one of the main issues, but he did not answer that.

2.00 pm

The Chairman (Mr A Maginness): That is a matter for critical comment at an appropriate point.

Mr McElduff: I welcome the additional information from DETI on inward investment in Fermanagh and Tyrone.

The Chairman (Mr A Maginness): The next meeting will be on 10 August and will include the final oral evidence sessions, with the Northern Ireland Tourist Board, the Economic Research Institute of Northern Ireland and the Northern Ireland Council for Voluntary Action.

The Committee Clerk: If we get a positive response from the Northern Ireland Youth Forum, it will also be here.

Mr Weir: I will not be at that meeting, but somebody will represent me.

The Chairman (Mr A Maginness): There is no further business. The subgroup will now adjourn.

Adjourned at 2.01 pm.

SUBGROUP ON THE ECONOMIC CHALLENGES FACING NORTHERN IRELAND

Thursday 10 August 2006

Members in attendance for all or part of proceedings:

The Chairperson, Mrs Naomi Long

Dr Esmond Birnie

Ms Michelle Gildernew

Mr Kieran McCarthy

Dr Alasdair McDonnell

Mr Barry McElduff

Mr David McNarry

Lord Morrow

Mr Sean Neeson

Mr Robin Newton

Ms Margaret Ritchie

Witnesses:

Mr Alan Clarke

Mr Tom McGrath

Ms Sue Ward

} Northern Ireland
Tourist Board

Mr Victor Hewitt

} Economic Research
Institute of Northern
Ireland

Mr Seamus McAleavey

Ms Frances McCandless

} Northern Ireland
Council for Voluntary
Action

Dr Peter Gilleece

} Senior Research Officer,
Northern Ireland
Assembly

The subgroup met at 10.06 am.

(The Chairperson (Mrs Long) in the Chair.)

The Chairperson (Mrs Long): I remind members to turn off their mobile telephones, as, even in silent mode, they interfere with the recording system.

Apologies have been received from Peter Weir; Lord Morrow attends as his substitute; Barry McElduff is the substitute for Mitchel McLaughlin; Robin Newton is the substitute for Ian Paisley Jnr and Kieran McCarthy is the substitute for David Ford. Sean Neeson has indicated that he will be late.

Are members content with the draft minutes of the meeting of 8 August?

Members indicated assent.

The next item on the agenda is matters arising. The first issue relates to the infrastructure package. The

Strategic Investment Board (SIB) has provided a breakdown of the £16 billion infrastructure package

The Committee Clerk: Members received that yesterday.

The Chairperson (Mrs Long): The next matter arising concerns procedural advice. Formal procedural advice has been sought from the Preparation for Government (PFG) Committee on substitute members, chairing future meetings of the subgroup and whether members of the PFG Committee, who also sit on the subgroup, may nominate a substitute for the subgroup in order that they may attend the PFG Committee.

The response is in line with advice given by the Principal Clerk at the last meeting. The PFG Committee has no difficulty with substitutes attending the subgroup in place of members of the PFG Committee or with substitutes chairing subsequent subgroup meetings. That takes into consideration the need for substitute members to cover holiday arrangements. Are members content?

Members indicated assent.

The third matter is evidence. As agreed at the last meeting, Dr Graham Gudgin has agreed to produce a written submission to the subgroup by the middle of next week. As previously discussed, the Clerk contacted the Youth Council for Northern Ireland with a view to its giving evidence. He was referred to the Northern Ireland Youth Forum. Several attempts have been made to follow this up, but no response has been received, as all the major players on the forum are currently on leave. I suspect that we cannot progress this matter.

Mr McNarry: That is disappointing. I understand, and accept, that holidays will have an effect. It is unfortunate that we cannot hear the voice of young people whose futures we are discussing.

We would get into trouble if we approached some schools but left out others. Could the subgroup do some further head-scratching to find a way to hear a legitimate voice that represents young people? The consensus is that that would be useful. However, I fully understand the difficulties.

The Chairperson (Mrs Long): I would welcome any alternative suggestions that members may have at this stage so that we can proceed

Lord Morrow: Will Graham Gudgin be submitting a paper instead of making a presentation in person? Why is he submitting a paper rather than appearing in front of the subgroup?

The Committee Clerk: His contribution was a late addition to the agenda, and a written submission was the only viable option. He is on leave at the moment, but he was able to take an hour to prepare the paper. I

have asked for it by Wednesday of next week, if that is possible.

Lord Morrow: He was not to come here to make a presentation?

The Committee Clerk: No, that was never formally required of him.

I tried to contact the Youth Forum several times, and I received a written response from its chief executive, David Guilfoyle, but, to be frank, it did not cover the issues.

Ms Gildernew: Chairperson, there is a Fermanagh Shadow Youth Council, based in Enniskillen. I know it is short notice, but contacting it may be an option.

The Chairperson (Mrs Long): There is also a shadow youth council in Belfast, but the difficulty is that many of the members of those groups are on leave from school and difficult to contact. It is more the timing that is the issue, rather than their interest in the subject matter.

The Committee Clerk: I was advised by David Guilfoyle that some young people had been involved in holding a mock Assembly plenary as part of the education process. They would certainly have been interested if time had permitted, but, regrettably, it did not.

The Chairperson (Mrs Long): The third issue in relation to evidence is —

Mr McNarry: Sorry, but I have just had a thought. As regards the timing, the subgroup has been granted a week's extension, so the schools may be back by then. There would be no gap.

The Committee Clerk: The extension gives us only until 25 August to prepare our report. Today's session will be the last oral evidence session. On Tuesday there will be a great deal of written evidence.

Mr McNarry: May I make a suggestion rather than a proposal? This matter could be referred to the PFG Committee, which will consider the subgroup's report. As it has some extra time available to it, it may think it worthwhile to hear a young person's perspective.

The Committee Clerk: Although a vote was not taken, members have said that they would be interested in extending the work of the subgroup, subject to the PFG Committee being content and a work programme being agreed. The subgroup could well consider this after 25 August, if it so wished. It is for the subgroup to determine whether it wants to work beyond the dates on the current agenda and to ask the PFG Committee to agree that. There is certainly scope to do that.

Mr McNarry: If the subgroup's report is to be debated in the Assembly, it would only be correct for young people's views to be represented in some way. I would be grateful if some room could be created, by

any means — even through the PFG Committee — to hear their voice.

Mr McElduff: I just want to clarify that it will be the PFG Committee, rather than the subgroup, that will deliberate on whether an Assembly debate will be held.

The Chairperson (Mrs Long): Mr McNarry, are you making a formal proposal that the matter of youth representation should be referred to the PFG Committee?

The Committee Clerk: Chairperson, the difficulty is that the Secretary of State has set the PFG Committee a deadline for the debate. The subgroup was granted an extension because the PFG Committee was granted a one-week extension for that debate. There is no further scope, unless the Secretary of State is prepared to delay the debate, which is intended to take place in the week beginning 11 September.

Mr McNarry: Barry McElduff is technically right in that all the reports have to be endorsed and agreed, submitted to the Business Committee and then referred to the Secretary of State to let him know the matters on which we would like a debate.

The Committee has been granted an extension — the first plenary sitting will now be on 11 September — so I am trying to factor that in. Our report will, in effect, come under the ownership of the PFG Committee. If there is an opportunity to hear the voice of young people, we should strive to do that, through the PFG Committee if necessary.

10.15 am

The Committee Clerk: We are content to speak to anyone in that area, if we can get contact details, and to obtain written submissions from them. The difficulty is producing the report in the time frame. We are open to suggestions, and we will facilitate that, wherever possible.

The Chairperson (Mrs Long): Perhaps members should give that some thought. Formal proposals could be made at the next meeting on how to take that forward

Mr McNarry: I propose that we seek advice from the PFG Committee on how to deal with that, with a view to hearing the voice of the young people, which would enhance the completion of the report.

Mr McCarthy: I second that; it is important.

The Chairperson (Mrs Long): Is there agreement on that?

Members indicated assent.

The Chairperson (Mrs Long): We have three sets of witnesses today, and we have allocated approximately 45 minutes for each set, rather than one hour. That will allow Dr Gilleece to present his research paper, which has been tabled for the end of today's evidence sessions.

We have received additional information, requested by the subgroup, from witnesses who have recently given evidence. That includes: the Industrial Task Force's submission on regional tax variations in EU countries; further papers from the SIB on investment delivery framework, roads package 2, slippage in capital projects, and estimated savings in SIB-supported projects — copies of SIB's recently published annual reports and accounts are also included for reference; an outline of the Department of Enterprise, Trade and Investment's (DETI) foreign direct investment (FDI) research project; a summary of research findings from the project assessing the case for enhanced research and development (R&D) tax credits in Northern Ireland; and an assessment of the economic impact of changes in the levels of inward investment.

Mr McNarry: Ivan McCabrey's submission from Mivan has not been included under the heading of "Written Submissions".

The Committee Clerk: I received it late last night.

Mr McNarry: Are members being asked to accept it?

The Committee Clerk: The subgroup requested the submission.

Mr McNarry: Yes, but are members being asked to accept Mivan's submission on this agenda?

The Committee Clerk: Yes.

Mr McNarry: I read the submission quickly. Mr McCabrey makes a point about what the Chancellor said during his visit to Belfast on 19 June. He says that he invited the Northern Ireland Business Alliance and elected politicians to produce a submission in respect of the challenges facing the economy. He went on to say that he has concerns about what we are doing. Perhaps the subgroup should tease that out, as Ivan McCabrey is nobody's fool. He has identified a couple of weaknesses in what we are doing, and we should address those. At our next meeting, we should examine his concerns in detail, because he has gone to the trouble of stating them in his letter.

The Chairperson (Mrs Long): The meeting of the economic subgroup on Tuesday 15 August has been set aside for the consideration of written evidence. All written evidence, including that letter, will be probed in more detail at that meeting.

If we can move on, item 5 of the agenda is written evidence, so it follows on from the discussion we are having.

Additional written evidence has been submitted by the International Centre for Local and Regional Development, the office for innovation and enterprise at the University of Ulster, UUTech LTD, the Planning Service, Northbrook Technologies and Action Renewables. Mivan's submission has been tabled today, and the

University of Ulster has referred to a report named 'The economic impact of UK higher education institutions', which has also been tabled for members' information. Both QUBIS and the Association of Northern Ireland Colleges have indicated that they cannot meet the initial deadline but may submit written views later in the month. A response from Tourism Ireland is expected later today.

Analysis of these submissions will be undertaken at next Tuesday's meeting, and in that respect it is important that members reread all the written evidence that has been submitted to date so that they are au fait with the issues and can enter into detailed discussion.

Do members wish Tuesday's meeting to be held in open or in closed session? The subgroup has already agreed to have an open session where possible. Perhaps members can indicate whether they are content for that to be the case on Tuesday.

Mr McElduff: I propose that we have an open session.

Ms Ritchie: I second that.

The Chairperson (Mrs Long): Is that agreed?

Members indicated assent.

The Committee Clerk: If members are sending substitutes to the written evidence session, please make sure that they are provided with all the necessary papers. I have asked Paul Moore to present a paper on the written submissions which will summarise them and draw out the links with oral evidence. As Mr McNarry points out, written evidence is equally important, and it would be easy for us to ignore it because it is a paper hidden in a file.

The Chairperson (Mrs Long): Item 6 on the agenda is press cuttings. Recent press articles relevant to the subgroup's terms of reference are included for members' consideration.

Item 7 is this morning's evidence session. Before I call the witnesses in, I remind members that we are now going into open session. There are three sets of witnesses, and each set is allocated 45 minutes. It would be helpful if members could keep their questions to witnesses brief and focused on the terms of reference.

On behalf of the subgroup, I welcome the witnesses from the Northern Ireland Tourist Board (NITB). Thank you for agreeing to attend at rather short notice.

Please ensure that your mobile phones are turned off — even in silent mode they can interfere with the recording equipment. We have 45 minutes for this session. Please keep your initial presentation to the subgroup as brief as possible, at around 10 minutes, without taking anything away from your evidence. That will allow for questions and answers at the end.

Alan Clarke, Tom McGrath and Sue Ward, I invite you to begin your presentation.

Mr Tom McGrath (Northern Ireland Tourist Board): I am Tom McGrath, chairman of NITB. I am very pleased to have this opportunity to present and discuss, and we hope to be able to answer your questions. In the interests of the economy of time, I will pass you over to Alan Clarke.

Mr Alan Clarke (Northern Ireland Tourist Board): Thank you very much for this opportunity to address the subgroup. Members have copies of our presentation, which is in PowerPoint format. I shall go through that presentation within our allotted 10 minutes.

We have divided our presentation into three areas. First, I shall give an overview of the tourism sector's performance — how that sector is currently doing. Secondly, I shall turn to key issues, which I hope will address the first two points of the subgroup's terms of reference. Thirdly, I shall make some concluding remarks, which I hope will address the third point of the subgroup's terms of reference.

Turning first to performance, slide 2 of the presentation shows the numbers of visitors to Northern Ireland. The overall trend is pretty healthy; there has been a rise from 1.5 million visitors in 1995 — which was a peak period because of the peace dividend in that year — to just short of 2 million visitors in 2005.

The third slide shows tourism revenue from visitors between 1994 and 2005. That spending creates wealth in the economy. Again, the picture is very healthy. There has been a rise from about £180 million in 1994 to £357 million in 2005. Those figures reflect out-of-state spend. We have doubled our revenue within that 12-year period. The NITB's emphasis is now on revenue.

Slide 4 shows some of the tourism performance highlights in 2005. Out-of-state spend was £357 million. Domestic spend by Northern Ireland people holidaying within the Province was £146 million, making a total spend from tourism of more than £500 million. The estimated number of jobs in the Northern Ireland tourism and leisure sector is 51,000, which is just short of 8% of all employment.

Slide 5 shows some of the key trends during 2004-05. I shall highlight some of those trends as I go through the presentation. The Great Britain market fell by 7%, and the Republic of Ireland market rose by 6%. There was very high growth in both the European and North American market, reflecting improved direct-air access. However, those markets rose from an obviously much lower base.

The bottom of slide 5 shows passenger-carrying figures. I should alert the subgroup that the passenger-carrying figures are for traffic both in and out of Northern Ireland. As part of an overall trend, that area is doing well, although sea traffic is doing less well than air traffic. That has been a trend over the last five years.

The sixth slide shows the key trends for 2004-05 in the accommodation sectors. The hotel sector is particularly buoyant at the moment. In 2005, we sold 1.4 million non-resident bed spaces, representing a rise of 13%, year on year. Six months during 2005 attained record hotel occupancies since we began keeping records in 1973. Members should bear in mind that the capacity of that sector has doubled during that time.

Slide 7 continues the commentary on the hotel sector. Hotel occupancy numbers are not the only important factor; profitability must also be considered. Results from ASM Horwath show that profit before tax and funding in the hotel sector is now bettered only by Dublin hotels. Increasing the yield, as well as the occupancy numbers, is vital. Confidence in the hotel sector is very high at the moment.

Conversely, slide 8 shows that the guesthouse and bed and breakfast (B&B) sector overall has declined over the last several years. That trend is not specific to Northern Ireland; it is also evident in the Republic and in Great Britain. That is a long-term trend. The self-catering sector is doing reasonably well, but it is less buoyant than the hotel sector.

Our indications for the current year are that the accommodation sector is doing well. There is much optimism in the industry. We carried out a tourism barometer survey in June, and confidence in the industry is very high at the moment.

I shall address some of the key issues facing the tourism sector. Slide 9 identifies seven issues, which I will address quickly, in view of the subgroup's time. I shall address one or two points on each key issue.

Slide 10 concerns strategic leadership in the tourism sector. That sector is very fragmented. Seven Government Departments have a prime interest in tourism, as do the 26 local councils. Getting everyone to focus on tourism priorities is not always easy. Our acid test is whether we can get people to focus on the signature projects that I will address in a few moments.

Resourcing is important. The subgroup is no doubt aware that the tourism sector has lost Peace II funding. The last round of European funding ended on 31 March. Less money is likely to be made available during the new round of European funding. The International Fund for Ireland (IFI), which has been very supportive of the tourism sector, has now switched its priorities towards the social economy. Tourism is on the rise, and now is the time for long-term investment. It is much better to invest when on a growth curve than beginning to invest when the industry may be on a decreasing curve.

Slide 10 mentions planning and sustainability. I will talk in more depth later about sustainability, but we must see the emergence of a new issue on how planning copes with the growth of tourism. I understand the constraints on the Planning Service, but we want it to

proceed with the development of Planning Policy Statement 16 on tourism.

As tourism grows, it is important for that work to be done in order to react to where growth is coming from.

10.30 am

Private sector engagement is also important. Compared to the Republic, Northern Ireland tourism is a fairly immature industry. However, as the industry matures, it is important that the private sector has more ownership so that tourism can be driven forward.

Slide 11 deals with global competitiveness and innovation. Over the past three years, there has been a growth in low-cost air access, which brings people into Northern Ireland and also takes people out. Since the accession states joined the European Union, we are trading in a much more competitive environment. There are immense choices in our major markets, whether that be Great Britain or the Republic of Ireland, where consumers can go for short breaks, longer holidays or to conferences. The industry must start to think about that competitive world and global trading, especially where standards are concerned and in sales and marketing activities. The NITB advocates that the sector needs tourism-specific capability support. For example, our competitors in the Republic and in Scotland have specific programmes that support the tourism sector. That is a priority for Northern Ireland.

Slide 12 deals with signature projects. The subgroup is aware that the NITB has five such projects. Those capital projects are important in driving long-term tourism growth. Air access to Northern Ireland has improved dramatically over the past two years. However, that must be backed up with improved public transport because people flying in on low-cost airlines will want to use public transport.

Cities in Northern need to examine their conference facilities for the long term. Over the past five to 10 years, conference business in Belfast has been especially good. It is a high-spend business that usually happens out of season. However, in four to five years' time, new venues will come on-stream in Dublin, and Belfast will no longer be as competitive. Increasingly, conference organisers want exhibition facilities to be close to conference venues.

With regard to the rural economy, golf could achieve international standout for Northern Ireland. There is a strong private-sector interest in developing golf resorts. NITB research findings state that we should have an aspirational approach to golf tourism. Some of those projects must be realised over the next three to four years.

Slide 13 deals with skills. Although skills are not directly part of NITB's remit, we need to drive that element forward. Skills provision is hugely fragmented. Organisations and agencies such as the NITB, Invest

Northern Ireland and the Department for Employment and Learning (DEL) are the prime drivers of skills development. The new UK-wide sector skills council, People 1st, is working on a human resource development strategy for the industry. It is important that those soft elements of tourism growth are given due attention and resources.

Immense progress has been made with Northern Ireland's international image. That requires more work to move Northern Ireland from its current status as a discovery destination; that status can exist only for so long. Signature projects are vital to achieving a long-term brand position.

Slide 14 deals with our closer-to-home markets, which are important to Northern Ireland tourism. The Great Britain market is important, but it is very fragile at the moment because people there have the option of low-cost air access. The market in the Republic is also important, and it is probably our sleeping giant. If the NITB had the resources, much more could be done with the Republic of Ireland market.

Sustainability is a key issue. The NITB has developed the signature projects on the basis of authenticity. Northern Ireland went through a period of plastic heritage, and the NITB is now concentrating on real heritage, which future customers will want. The Titanic/Maritime Heritage project, the Giant's Causeway, the walled city of Derry and our Christian heritage/St Patrick are centred on authenticity. Northern Ireland can achieve international standout with those projects.

The environment is a key asset in driving tourism forward. Tourism can give the economy more organic, long-term growth; it will not be here today and gone tomorrow. The growth will be slower, but long-term investment will give a long-term return.

Slide 15 deals with point 3 of the subgroup's terms of reference — an economic package/peace dividend. We have had five years of strong growth, and now is the time for long-term investment. Tourism requires investment to allow that growth curve to continue in an upward spiral. For tourism, the peace dividend has already kicked in, but there is further potential and more opportunities to be realised. In the short term, tourism projects will not always give the same direct return as other sectors of the economy.

Tourism projects must be looked at in the long term. Their wider economic benefits must be considered. The criteria by which economic projects are assessed need to have a long-term perspective.

Tourism's role in economic growth is gradually being realised, but we probably still lack the focus on tourism's contribution to the economy that they have in the Republic of Ireland, or Scotland. For example, Scotland has identified six industry groups, of which

tourism is one, that will drive the future of the Scottish economy. In Northern Ireland, we do not yet have that degree of focus to identify the key industrial sectors, including tourism, that will grow the economy.

We have put most of our effort into developing infrastructure and skills. There will still be a need for direct financial intervention in the event of market failure, but if we can get the infrastructure right through our signature projects and get the skills base right, we can drive tourism growth here.

One of the signature projects that has been a success has been the walled city of Derry project. That was partly because we had dedicated funding; we were able to bid for funding from the integrated development fund to get that project up and running. We have had to put together a cocktail of funding for most of the other projects, and that takes time. I would advocate programme funding — not necessarily tourism programme funding, but economic programme funding — so that good-quality tourism projects can bid for it and get their projects moving to a much higher degree.

The Chairperson (Mrs Long): I ask members to be as concise as possible, in order to allow for the maximum exchange of information.

Dr Birnie: I have three quick questions.

First, you said that profitability was improving, but still lower than in Dublin. Given our interest in corporation-tax rates, can you amplify those comments?

Secondly, it is an oft-made comparison that our tourism industry contributes perhaps 2% to our gross domestic product (GDP), compared with 6% or 7% in Scotland and the Republic of Ireland. Can you confirm the accuracy of those figures?

Finally, how is responsibility for promoting the Province as a tourist destination divided between NITB and Tourism Ireland Ltd? How does the relationship between the two organisations work? Is there duplication?

Mr A Clarke: Hotel profitability has improved in the last three years. The figures that I have given you are from the ASM Horwath annual report on the hotel sector in Northern Ireland and the Republic. Three years ago, hotel profitability was about 16%; it has since risen to 19%.

We have improved our position on the island of Ireland. Three or four years ago, hotels were only interested in getting bums on beds. They are still interested in that, but now they are interested in getting the right rate as well. They have been able to lever their rates for a mix of leisure and business tourism. In Belfast especially, conference and business tourism have been secured at a higher rate. Therefore, hotels have improved their profitability in that time. It is a

sign of the industry's maturing that it focuses more on yield than on numbers.

We no longer use GDP. We went through a stage of using gross value added (GVA), and we are now doing some work on tourism satellite accounts. That work will be completed in the next couple of months. When we did use GDP, tourism's contribution to the economy was about 1.82% in Northern Ireland, about 4.4% in the Republic, about 5% in Scotland and about 7% in Wales.

Tourism Ireland's role, as set out in the Good Friday Agreement, is to market the island of Ireland, including Northern Ireland, in Great Britain and overseas. It has become the international marketing organisation for the island, so where NITB previously had overseas offices in, for example, Frankfurt and New York, Tourism Ireland now runs those offices. We have tried to switch our role much more towards complementing Tourism Ireland by getting the product right. In simple terms, NITB's role is twofold: it markets Northern Ireland on the island of Ireland, and it is geared more towards visitor experience and getting the product right.

Dr Birnie: Who markets Northern Ireland in Great Britain?

Mr A Clarke: Tourism Ireland markets Northern Ireland in Great Britain and overseas.

The Chairperson (Mrs Long): I know I have been stressing brevity and conciseness, but would you mind speaking slightly more slowly, in order for Hansard to ensure that everything is included in the evidence that is collected?

Ms Ritchie: My constituency of South Down is home to two of the five signature projects in NITB's strategic framework for action: Christian Heritage/St Patrick and the Mourne National Park. I realise the importance of tourism as a principal industry in the area and the need to drive further growth in tourism, and I note Mr Clarke's reference to the need for economic programme funds. What discussions have taken place with central Government, and what further discussions are planned? What was the outcome of any discussions that have taken place on the possibility of further economic development and a regeneration package?

Mr A Clarke: In a way, no direct discussions have taken place. The five signature projects are vital to driving the long-term growth of tourism. As they are priorities, the signature projects require capital investment.

To go back to the last question: when our product is marketed internationally in an all-Ireland context, it is vital that visitors to Ireland be given reasons to travel to Northern Ireland. The five projects are designed very much to make Northern Ireland stand out internationally.

An advantage that Northern Ireland has is that the five signature projects, which could be world-class, are

situated within a reasonably small geographical area. Therefore, for people who come to Northern Ireland on short holidays or to attend conferences, there are five major draws, and, on top of that, there are real reasons for visitors to spend more time and money.

Funding for the Mourne National Park and Christian Heritage/St Patrick was mentioned. NITB is seeking funding in two ways: the comprehensive spending review and European programme funds. Our initial case to the comprehensive spending review was that the tourism sector requires more investment. It has long-term growth potential, and the five signature projects are vital to achieving that. NITB believes that more money from the comprehensive spending review needs to be directed at tourism. NITB has had a first cut at identifying the resource requirements for each of the five signature projects. Our submission to Government outlined what, at this stage, we believe to be the resource requirements for each of the five signature projects.

The next round of European programme funds for 2007-13 probably links more to the Mourne National Park than to Christian Heritage/St Patrick. Obviously, through its links with the Cooley peninsula, the Mourne National Park has cross-border potential. Therefore, in its capacity to drive sustainable tourism and to develop cross-border links, NITB would like the Mourne National Park to be one of the priorities in the 2007-13 round.

Mr McNarry: These questions are on a need-to-know basis. People are concerned that the all-Ireland approach to tourism has led to Northern Ireland's losing its marketing importance. Is that approach an impediment to developing our economy? What constitutes a visitor to Northern Ireland's attractions? I was taken by the interest that you expressed in golf tourism in rural communities. Do you mean specific courses for tourists, developed by public authorities?

Mr McGrath: As regards the marketing of tourism in Northern Ireland, NITB has some concerns about Great Britain, which is a different type of market in that it tends to be segmented. Tourists from Great Britain are very aware that there are two pieces to Ireland. Sometimes NITB feels that generic marketing of the island of Ireland may not help the Northern Ireland tourism market. Mr Clarke and I sit on the board of Tourism Ireland, and we have made those comments at its meetings.

The Great Britain market is vital to Northern Ireland. Tourism Ireland's marketing strategies seem to have more success the further they are targeted from these islands. We worry, as do our colleagues in Fáilte Ireland, that only people from distinct areas of Great Britain tend to visit either Northern Ireland or the Republic. Northern Ireland successfully attracts visitors from

Scotland and the north of England, while people from Birmingham, Manchester and the London area tend to visit the Republic.

Mr McNarry: There is evidence that offices in the United States do not employ people from Northern Ireland and that potential tourists who are looking for a holiday in Northern Ireland are only told about the Republic of Ireland. There is a bias, and I wonder if it has been addressed.

10.45 am

Mr McGrath: We cannot address that point, Mr McNarry. If what you are saying is true then only Tourism Ireland Ltd can address it, because it has representatives in the United States. We have no representatives there.

The Chairperson (Mrs Long): Mr Clarke, would you pick up on what constitutes a visitor, and then on golf tourism?

Mr A Clarke: There are a couple of definitions. First, a "visitor" is someone who comes to Northern Ireland for any purpose. Secondly, we have three categories of "tourists" — and they must include an overnight stay. The first comprises people who are engaged in leisure — largely holiday and recreation visitors. The second comprises people who are engaged in business — and the bulk of our interest, as I said earlier, is in the conference and meetings market. The third comprises the "visiting friends and relatives" market. The last group is very important to Northern Ireland tourism; it makes up over 40% of our visitors.

Ten years ago, people whom we would term "visiting friends and relatives" did not use accommodation. Increasingly, they are now doing so, and they are spending money in restaurants and in retail outlets. They are an important sector in our economy, and they are being driven by low-cost air access. The sector is quite buoyant.

We did some work a year or so ago looking at the future of golf tourism in Northern Ireland. The top-line conclusion was that if we wanted to pursue an aspirational golf tourism strategy, we would have to realise two or three golf resorts. They would be very much geared to the visitor, and we would be likely to increase our numbers much more substantially than by trying to negotiate with golf clubs, which have to service their members as well as visitors. Experience in Scotland, Wales and the Republic of Ireland shows that Northern Ireland has a much lower proportion of golf resort developments with good-quality golf courses. Our thrust has been to try to achieve three or four of those. We have got one across the line this year, which is Castle Hume in County Fermanagh, a new hotel with a new adjoining golf course. We would like to get another one across the line — certainly through the planning and financial commitment stages — this year.

Mr McNarry: Could I recommend somewhere in Strangford?

Mr A Clarke: I am sure you could, especially if you have an investor tied to it.

Mr McNarry: We will have to work on that, Kieran.

Mr McCarthy: Ballygowan, or the Ards Peninsula.

Mr McElduff: Go raibh maith agat, a Chathaoirleach. Are there any positives accruing from Tourism Ireland's marketing of the island as one entity? There has been a lot of emphasis on competition and on things not working out. I would like to hear whether there are any positives.

If there were to be a special economic package, or peace dividend, how would it contribute to a growth in tourism and how could it be delivered?

Mr A Clarke: It has not been our intention to be negative about Tourism Ireland. It has given Northern Ireland a greater presence overseas, with regard to the number of offices. One of the biggest successes has been what we call "destination public relations", which involves getting travel writers to come here.

Ms Sue Ward (Northern Ireland Tourist Board): We work very closely with Tourism Ireland to identify travel writers and tour operators. One of the most important aspects of delivering a positive reputation for Northern Ireland is getting it into print in the travel magazines. Last year, that delivered a PR equivalent value of £10 million to Northern Ireland. It is very much a combined effort between Tourism Ireland, which gets travel writers and journalists into Northern Ireland and covers their travel costs, and NITB, which picks up the cost of looking after them on the ground and making arrangements for them while they are here. We work really closely together on that, and it is delivering very positively for us.

Mr A Clarke: Our answer on the economic package goes back to my comments on infrastructure and skills, which I feel are the two key areas. On infrastructure, it would be useful to have an economic programme to which tourism could bid for capital projects. Scottish Enterprise already operates such a programme. That would be very beneficial.

The second area on which to focus is that of skills, which, as I said, are quite fragmented. If we are to develop tourism, it is vital that we improve the skills and capabilities of our industry. We feel that we need more emphasis on tourism-specific skills and capability development. Offering a marketing programme to both tourism and people who produce widgets does not always bring the best benefits, in my view. The experiences of the Council for Education, Recruitment and Training and of Fáilte Ireland in the Republic, and of Scottish Enterprise, show that if tailored support is

made available for the sector, much more growth is likely to be generated.

Mr McGrath: Another important point is that we must watch for the positive and keep the negative at bay. For example, there is a suggestion that a bed tax might be introduced in the United Kingdom. That is a worrying prospect, and it would certainly make us uncompetitive.

Ms Gildernew: I shall try to avoid being parochial, but —

Mr McNarry: That will make a change; I think that that will be a first.

Mr McElduff: You are guilty of that already.
[Laughter.]

Ms Gildernew: To what extent does the lack of political stability and the fact that the institutions are not up and running impede your attempts to boost tourism? To what extent do the lack of roads and bed spaces impede attempts to encourage tourists into the west?

Mr McGrath: In many cases, tourists do not know about the lack of political structures. Providing that there is peace, instability does not seem to affect them. If the more sophisticated hoteliers are thinking of opening new premises, they might be influenced by a particular event or headline. However, events such as the Assembly closing — and it was not open for very long — do not make much difference, particularly if there is no violence and the peace continues.

Mr Clarke mentioned the importance of transport, and we can cite many examples of tourists who have had difficulties getting around. They might have wanted to see a number of sites in different towns, but public transport is poor and the infrastructure needs to be improved. We concur with that idea.

Mr A Clarke: We conduct visitor attitude studies every couple of years, and the main negatives that come out of those — and they are small negatives in the overall satisfaction levels — are public transport, the evening and Sunday economies, and food. As I have already said, public transport will become more important because people taking low-cost flights require good public transport links.

The evening and Sunday economies are negative issues for visitors, who mention the lack of things to do in the evenings and on Sundays. Food is also listed as a negative — not so much its quality, but information about where to get local food.

Those are the three main negatives. I am talking about the visitors who come here, but the other side of the coin is people who are thinking about coming. Sue will tell you a little about the brand work that is done in the marketplace.

Ms Ward: Northern Ireland's international reputation still faces a challenge when it comes to political stability. As much as we feel that we have come a long way, our international reputation is only as good as our last newspaper headline. Every two years we carry out brand tracking in the key markets with Tourism Ireland, looking at elements such as what inspires people to go on holiday and how important those factors are to those visitors. We compare Northern Ireland to the Republic, France, Germany, the US and Canada.

Northern Ireland does very well on elements such as visitors being made to feel welcome, having plenty to see and do, and the quality of attractions and scenery. The one area where we are really left-field in comparison with everybody else is visitors' confidence in their safety and security when they get here. The destination public relations that I talked about earlier is helping to change that, but we still have a much bigger barrier than we thought we would have by this point.

In Washington DC this summer, when I mentioned to taxi drivers that I live in Northern Ireland, they said: "I do not know how you can live there with those bombs going off all the time". They still have the image of Northern Ireland as it was perhaps 10 years ago. Therefore, we have a lot of work to do. Every peaceful summer, and every year that we go through that is more stable, helps Northern Ireland to catch up with its competitors.

Dr McDonnell: Have we got the product right? What are we selling? How dependent is Northern Ireland on low-cost airlines? Have they made any difference? What happens if low-cost airlines disappear? With fuel prices through the roof, I do not envisage airlines remaining low-cost for much longer.

One of NITB's major projects is the Giant's Causeway/Antrim and Causeway Coast. I wonder about the inclusion of Antrim in that project. My impression is that the Giant's Causeway gets about 65% of the focus and the Causeway Coast about 40%, leaving 5% for Larne to Ballycastle.

Ms Gildernew: That is 105%, Alasdair. Your numbers do not add up.

Dr McDonnell: Sorry. *[Laughter.]*

Those figures should have been 65%, 30% and 5% respectively. There does not seem to be any significant focus on the coastal stretch from Larne to Ballycastle. Is that because it has no potential, or is there another factor?

Mr McGrath: I am glad that you raised that. I am a ratepayer in Newtownabbey, and Newtownabbey Borough Council contributes to the Causeway Coast and the Glens of Antrim. I wonder when they will come south of Larne.

Mr A Clarke: The Causeway signature project has three elements: the new visitors' centre at the Causeway; a world heritage site management plan for the UNESCO-designated site, including the stones; and the master plan.

A key thrust of the master plan is the Causeway coastal route, which runs from Belfast to Derry/Londonderry. The intention is to reinvent the Antrim coast road to run the whole way between the two cities, making the Giant's Causeway the focal point. Brown-and-white tourist information signs are being erected, but that is not enough. Facilities must be improved, including everything from more tea shops in main centres such as Carnlough or Cushendall to better lay-bys, picnic areas and accommodation across the entire route.

It was encouraging when, about four months ago, 'The Guardian' identified that coastal route as one of the five best drives in the world. It could be right up with the best in the world, if we get the product right. We are seeking funding for benchmarking with the Garden Route in South Africa to learn best practice and bring that back to the Causeway.

The intention is not to focus solely on the Causeway. We have been discussing the interpretative thrust of the new visitors' centre. It is NITB's view that, rather than simply promoting the immediate area, the centre should promote the wider area, to encourage people to go to Whitepark Bay, Carrick-a-Rede and the Glens of Antrim. By doing that, we will encourage people to stay longer and spend more.

Ms Ward: We recognise that low-cost airlines can be a double-edged sword, because they bring people out of, as well as into, Northern Ireland. However, they are working, and working well. Of the five new European routes launched by Continental Airlines last year, the Belfast route has been performing best. Earlier this summer, Continental celebrated the fact that 100,000 people had flown that route. Continental expects that, by mid-September, 50,000 Americans will have flown into Belfast. The percentage of inbound passengers from the United States is 42%, which we are pleased with.

Airlines generally consider Belfast to be the weak link in comparison with Paris, Geneva or Rome. EasyJet, which has a European perspective, wants to build the percentage of inbound passengers to 30% over three years. That target has already been achieved for some routes: Geneva, Berlin and Paris have an inbound passenger percentage of 31%; Nice and Rome are not as high, but we are working to improve those figures.

As regards long-term sustainability, Continental Airlines is pleased with its route so far. Belfast International Airport is now EasyJet's biggest airport outside London. Average employment figures have

risen. The retail sector in Belfast International Airport has greatly increased in the past two years, mainly as a result of improved international access. Airlines and airports are positive about that.

Low-cost airlines do deliver. They may bring more people out of Northern Ireland, but they open up Northern Ireland to so many more destinations. In the past, people would not consider Northern Ireland as a possible short-break destination because it took half a day, and two flights, to get here.

We are really pleased to have that excellent opening. Remember that last year our European visitor numbers increased by 32%, and our US numbers by 20%. That is a positive factor.

Mr A Clarke: You asked about what NITB is selling and whether the product is right. Under our framework, we have five winning themes. The first is short breaks — short-stay visits now make up much more of our market; the second is business tourism, which involves business conferences and meetings; the third is activities; the fourth is culture and heritage; and, finally, events. Culture and heritage is one of our most distinctive attractors, and all five signature projects are culture and heritage projects. NITB's involvement in the Smithsonian Folklife Festival 2007 in Washington DC is a big opportunity for us.

The five themes are not separate; they are inter-linked in many ways. For example, people on a short break often want to explore the culture and heritage of the area that they are visiting, or they may be visiting to attend a particular event. Therefore, the interlinking and integration of those five themes work to create the product that we sell.

Has NITB got the product right? Our visitor attitude surveys show that there are high levels of visitor satisfaction. I have already outlined the negative areas, so obviously the product is not right. However, it is important to be aware that the international marketplace is fast changing, and we must keep ahead of customer demands. Work must be undertaken to develop the evening economy, to create better-quality accommodation, and to ensure that it is easy and convenient to book trips to Northern Ireland. We must get those things right in order to move forward.

11.00 am

Mr Newton: The skills issue was skipped over very quickly this morning, although you later commented that it was a vital area. If the industry does not have the right skills, it may attract first-time visitors, but they will not come back again. The comment was made that NITB does not necessarily have responsibility for that area, and I accept that. However, someone must grab this issue and adopt a holistic approach that includes both educational and vocational skills. Some kind of

strategy must be devised. I would welcome your comments on that.

Mr A Clarke: That is a very perceptive question, if I may say so. Skills is a vital issue. In many ways, the skills issue has the potential to become tourism's Achilles heel. It is pointless putting hard investment into the signature projects unless we have the necessary customer service and skills to support them.

NITB does not have lead responsibility for skills; it is the responsibility of the Department for Employment and Learning (DEL). That responsibility was initially exercised through Tourism Training Trust Northern Ireland. Its funding ran out at the end of July 2006, and People 1st has now taken it on. People 1st is a new UK-wide sector skills council for tourism, travel and hospitality. However, there must be a merging of the future plans of People 1st, the Tourist Board, Invest NI and the private sector.

To answer the question, People 1st is an opportunity that must be made to work, and that requires proper resourcing from DEL and proper delivery mechanisms. The first stage is to get the strategy under way, to get people to agree on it, and, most importantly, to get the industry to buy into it so that it actually meets its needs and requirements. However, further resources will also be needed for the delivery of the final strategy.

Mr Newton: People 1st is a very undermanned organisation, and it receives project funding, as opposed to core funding, from Government. A strategy needs to be driven by an organisation that is properly funded and resourced, otherwise it will not be effective.

Mr A Clarke: That is absolutely right. A strategy must be driven by a properly resourced lead organisation — it does not really matter whether that organisation is People 1st or NITB, as long as the organisation that takes ownership of the issue is properly resourced to deliver on it. That is a crucial point.

Lord Morrow: I would like to ask about a few issues that I am slightly concerned that I did not hear mentioned, although I may have just missed any reference to them.

Fermanagh is perceived to be the tourism county of Northern Ireland, but I am unaware of any long- or short-term venture there. Is there potential for further exploitation and development in Fermanagh? That county is the gateway from the Irish Republic to Northern Ireland, and tourism from the Irish Republic has increased by 6%. Ms Ward said that when she goes to New York, the first question that people ask is how she can live in such an awful place with bombs exploding every day. However, tourism from America has increased by 20%, while the number of tourists from the Irish Republic, where people know that bombs are no longer going off, has increased by only 6%. That is a contradiction.

Fermanagh has the best fishing potential in Europe. Fishing is the largest participation sport in the United Kingdom. There are two fishermen for every football fan who attends a match on a Saturday, and that has not been exploited to its full potential.

Tom, I think that you said that no one noticed whether the Assembly was up and running, but I may have accidentally misquoted you. Will you comment on that? I am sure that you will agree that the scenes in Newry this week will not make your job much easier. In fact, they will make it infinitely more difficult. We can well do without those sorts of problems.

Do you have any figures for tourists visiting Northern Ireland from destinations such as Malaga and Nice?

Mr McGrath: Tourists from outside Ireland are unaware of the political situation in Northern Ireland, unless reports of violence appear in the national and international press. That is when people have a reaction to Northern Ireland. Tourists may not understand our institutions, but they understand the reports of violence when the international press picks up on them.

I attended the prize distribution at an international angling competition in Fermanagh this year, so I can confirm that there is a wealth of interest in fishing. There was great attendance, and folk from many parts of Europe participated, particularly from Great Britain.

Mr Clarke: Tourism in Fermanagh has gone through a difficult period in the past five years. Fermanagh remained fairly static while tourism in Northern Ireland increased by 44%. Angling has not increased in recent years because there is now more competition.

Cruising was heavily reliant on the German and Swiss markets, but they have gone through a difficult period economically. However, in recent months, the Tourist Board has worked with the local council and the private sector to create a new strategy entitled 'Destination Fermanagh — A new vision for tourism in Fermanagh' to try to take Fermanagh's tourism forward. It is a wide-ranging document, which examines not only the promotion of Fermanagh and product development, but the infrastructure required to succeed. The Tourist Board submitted resource bids during the comprehensive spending review and during the new round of European funding for 'Destination Fermanagh', because it needs that new approach to which you referred.

Ms Ward: We do not pay much attention to the figures for Malaga and Alicante, because they are mainly outbound holiday routes. However, I will read our estimated figures from graphs for the routes that we support through air-route development. Forgive me if they are not 100% accurate. An average of 4,000 people a month fly into Northern Ireland from Paris. They have booked their flights in Paris, so that figure does not include outbound passengers. About 1,700

people per month fly into Northern Ireland from Berlin; 1,800 from Nice; 2,000 from Rome; and 2,000 from Geneva.

The Berlin route delivers good inbound percentages, but there are only four flights per week. NITB is pushing Easyjet on that, and the airline is considering increasing the number of flights to seven per week. The figures that I have just given are the numbers of inbound tourists per month from those destinations.

Lord Morrow: If New Yorkers are asking how you can live in such a dreadful place, why is the number of Americans visiting Northern Ireland up by 20%, while the number of visitors from the Republic of Ireland is only up by 6%?

Ms Ward: That 20% increase demonstrates the potential of the United States. Tourism Ireland is doing good work for us in New York, and the introduction of direct flights has made a big difference.

NITB recognises that the Republic of Ireland market provides a challenge. One of the things that we are doing this year — and terms of reference will be with us in two weeks' time — is a review of our marketing in the Republic of Ireland, where there is huge potential.

There is huge competition for visitors from the Republic of Ireland, as they have a huge number of flights available to them. There are 16,000 seats on flights to Northern Ireland on sale in Europe, whereas the Republic of Ireland has 20,000 seats on the Poland-Dublin route alone — more than to Northern Ireland from the whole of Europe. There is huge competition for the Republic of Ireland euro, but we are investigating and reviewing what we need to do to change that. We realise that we are only hitting the tip of the iceberg in relation to visitors from the Republic of Ireland.

Mr McCarthy: We have been all around Northern Ireland, so it would be remiss of me not to draw attention to one of the best assets in Northern Ireland, Strangford Lough, which is in my constituency. NITB does not seem to have much planned for Strangford Lough. Fishing was mentioned earlier, but can you suggest anything to the subgroup to rectify or improve the situation in the wider area of Strangford Lough and the Irish Sea coast and to bring some prosperity to it?

Dr McDonnell: I thought that Mr McCarthy was one of the assets.

Lord Morrow: I thought that he was the asset.

Mr Clarke: The Christian Heritage/St Patrick signature project spills into the Ards Peninsula, and it will be included in that overall initiative.

We are trying to develop the Causeway coastal route, which was mentioned earlier, to link with the St Patrick route and, in due course, into the Mourne. We are looking at a programme of strategic routes

throughout Northern Ireland to integrate the signature projects and link them all together.

There is a working group around Strangford, which we feed into, but our main vehicle in the area is the Armagh Down Tourism Partnership, which has developed a business plan for tourism. Again, the key issue in taking that forward is to ensure that the resources are available to implement the plan.

The Chairperson (Mrs Long): Do you have any views on fiscal incentives that might help to develop tourism within Northern Ireland?

Mr Clarke: Accommodation grants are currently administered through Invest Northern Ireland. NITB has an annual budget of about £1.5 million for visitor amenities. We have tried to use that money to create momentum for the signature projects. For example, this year a sizeable chunk of the tourism development scheme budget will go into the Thompson Dock development to create some momentum on the Titanic project.

In relation to market failure, NITB is beginning to examine what public-sector intervention is required to take tourism forward. Direct intervention in certain locations will still be needed. Those locations may differ from the current priorities, but the largest fiscal incentives must relate to programme budgeting for the major capital projects such as Titanic, the Giant's Causeway and the coastal route.

Also, picking up on Mr Newton's point, there must be more investment in the skills side, and that requires proper resourcing. The key infrastructure and skills must be right in order to give the private sector a much better playing field on which to compete.

Mr McGrath: Fiscal incentives might help the indigenous population to be a bit more entrepreneurial and the folk who are already in the tourist industry to expand their businesses. I have often felt that if some advantage were given, some folk might advance. The feeling is that people come in from abroad and get the grants; that point has been made to us by a number of people in the hospitality trade. They would like some special incentive to help them increase their facilities.

The Chairperson (Mrs Long): Thank you for your very detailed and useful presentation.

Mr Clarke: Thank you.

11.15 am

The Chairperson (Mrs Long): The next submission will be from Mr Victor Hewitt of the Economic Research Institute of Northern Ireland (ERINI). Thank you, Mr Hewitt, for attending at short notice. I must remind everyone to completely turn off mobile phones, as they interfere with the recording equipment. We have about 45 minutes; normally we allow 10 minutes for the presentation and the remainder for questions from

members. We would appreciate it if you could be brief, without detracting from the evidence you present.

Mr Victor Hewitt (Economic Research Institute of Northern Ireland): Thank you. I appreciate the opportunity to speak to the subgroup. I preface my remarks by saying that the ERINI board has not met to discuss this, so my remarks should not be taken to reflect the views of every board member.

You have posed three questions: what are the obstacles to economic growth; what are the opportunities for, and effects of, fiscal incentives; and what might a financial package involve? I will try to structure my submission around those questions.

I am sure that you have heard a lot of information about the economy, so I will not labour the basics. On the surface, the economy has been doing quite well since the 1990s. We have had fairly steady growth, as measured by gross value added per head. Employment has reached an all-time high with the creation of well over 100,000 jobs. Unemployment on the official measure has dropped below the radar compared to that of previous decades.

On the downside, economic inactivity remains a significant issue. It is ahead of any other region of the UK by at least seven percentage points; that, due to ill health, is 50% higher than in the rest of the UK and 300% higher than in the Republic of Ireland.

That is the surface picture. I have tried to probe beneath that to explore how the economy works in Northern Ireland. The obvious starting point is to think of the economy as a miniature national economy. That is not an appropriate vehicle, however. Instead I have focused on a balance-of-payments approach to the regional economy. That is not normally brought out, but if you consider the economy in those terms, it is fairly clear that Northern Ireland has a standard of living considerably in advance of what the market economy can sustain. In other words, we import a great deal more than we generate in exports to pay for those imports.

If this were an independent country, a number of things would follow from that. First would be rapid depreciation of the exchange rate to bring the trade balance into line. That cannot happen, because Northern Ireland is part of the monetary union of the UK — and potentially that of the European Union — so the exchange rate is more or less fixed.

Secondly, if prices could not be adjusted, unemployment would rise very rapidly in order to reduce the amount of consumption in the economy. That is not happening because a mechanism is available to finance the balance-of-payments deficit — to pay for the excess of imports over exports. That mechanism is, of course, fiscal transfers, which support wages and jobs in the public sector and sometimes support direct transfers to

individuals through the benefits system. Those transfers are then used to support the purchases of goods and services, including imports. As long as that fiscal-transfer mechanism is available, the balance of payments will be financed and we can continue as normal.

A question arises about the effect of fiscal transfer on economic activity. There is also an interesting question about the relative size of the public sector, which is very large in Northern Ireland. I have tried to raise a matter that is not often addressed, namely that it is not only the amount of public expenditure that is important, but where that expenditure goes.

Public expenditure can be thought of as supporting a spectrum of spending. At one end is consumption. For example, benefits are paid to recipients that support their standard of living. Likewise, the payment of wages to public servants supports their standard of living. Investment lies at the other end of the spectrum. Obvious areas for investment include roads, etc, but some expenditure has a dual character. For example, the payment of teachers supports their level of consumption and standard of living. However, the product of teachers is education, which is an investment in the future.

Given the existence of that spectrum in public expenditure, what is the balance within that spectrum that is best for the future development of the economy? The evidence on that is quite interesting, and it does not come from Northern Ireland, but from Italy, where the south of that country has remained very poor for generations in comparison with the north. That situation also applies to Sicily, to take an island situation. Until the 1970s, the investment from the north of Italy to the south went into investment, supporting the building of infrastructure, etc. That investment then began to shift towards supporting incomes. Until that happened, evidence appears to show that the south was closing the gap with the north. Since income support took over from investment, that gap has more or less remained unchanged.

A similar phenomenon occurred when East and West Germany reunified. After the Berlin Wall came down, the German Government made a conscious decision to support incomes in the east, rather than investment. The east has lagged considerably behind the west ever since. That shows an important issue concerning the use of the funds obtained by the Government.

Productivity is at the centre of the performance of the economy. The evidence on that is a bit discouraging. I said that we had created more than 100,000 jobs, which is a much bigger rise, proportionately, than anywhere else in the UK. Did the creation of those jobs close the gross-value-added-per-head gap with the rest of the UK? The answer is no.

While we have increased the level of employment, the jobs that we have created have, on average, probably had a lower gross-value-added level than jobs that were created elsewhere in the UK. Therefore, the gap has not been closing. That gap was closing between 1990 and 1996, but, thereafter, it has remained static. That raises concern because the stated policy of the Government was:

“To encourage the development of a high value added, innovative, enterprising and competitive economy leading to greater wealth creation and job opportunities for all.”

Job opportunities have been created, and some of those policy objectives have been met, but we have actually been creating relatively low-value-added, low-productivity and relatively low-skilled jobs. That is what an examination of overall productivity appears to indicate.

Why is productivity different? There are a number of matters to consider, the first of which is industrial structure. If there are many industries that are traditionally relatively low in productivity, that will pull the productivity average down. That appears to be the case in Northern Ireland, where productivity is pulled down by about 3·5%. Another important question is whether the national economy — the one to which the local economy is most closely attached — is growing. That is a very important factor. If we had had the same economic structure as the UK average, we would have grown by 14% from 1995 to 2002.

There are other catch-all factors, which can be attributed to local characteristics, such as location, transport costs etc. There is also what the Department of Finance and Personnel (DFP) describes as the “four drivers”, factors such as skills and R&D innovation. Also, the size of the public sector in Northern Ireland is unique. Once those factors are taken into consideration, it is only the growth of the UK and world economies that can push up productivity. Structural factors and other issues pull back productivity. When these other factors are taken into account, the 14% national growth factor comes down to a productivity increase of about 6%.

Over the years, Northern Ireland has made enormous efforts to push up indigenous productivity by spending billions of pounds. From a historical perspective, that is a long, slow process. I shall use an analogy: an orchard can be grown from planting a handful of seeds, but there will not be a harvest for a very long time. Are there any short cuts? The obvious answer is yes. Instead of growing the trees from seeds, the trees are brought in and planted so that the harvest comes sooner. In my analogy, the trees being brought in equals FDI. Northern Ireland has been trying to do that since the early 1960s. We were relatively successful in

the early years, but then FDI tailed off; our local difficulties did not make that situation any easier.

The reason that FDI should be brought in is neatly encapsulated by a simple figure: productivity rates in foreign-owned firms are about twice the productivity rates of indigenously owned firms. In the Republic the figure is 4:1, but that is inflated somewhat by an accounting methodology in which profits are moved around to take advantage of the Republic's incentive structure, which is corporation tax. A-list companies that have high productivity rates are tremendous catches. They usually embed themselves in the local economy, establish supply chains and have R&D departments. Those A-list companies drive up productivity simply by pushing up the average, and they also drive up the productivity of firms working with them.

Even if C-list companies come in, they at least capture the gross value added, which represents the wage payments to the employees, even if they have no R&D facilities or do not make connections with the rest of the economy. When consideration is being given to bringing these firms in, this ratio is useful: how much will be paid in grants relative to what might be returned? With regard to C-list firms, if the grants amount to a high proportion of the wages bill, it is a less attractive proposition.

As far as fiscal incentives are concerned, Northern Ireland has traditionally used grants and, sometimes, loans and shares. Grants have been awarded through selective financial assistance schemes and other schemes such as the company development scheme, which supplements selective financial assistance. Elsewhere, tax breaks are used, but there is a fundamental difference between those two instruments. Grants can change companies' input behaviours. Grants are given for capital so that companies invest more. Grants are given for training so that companies do more training. Grants are awarded because there is a belief that the firms are not investing and training enough and that if they did more, they would increase their output. Tax breaks can be used for that purpose; the R&D tax credit is used in that way.

However, the main instrument is corporation tax, which is a different animal because it dangles a carrot in front of firms. The companies are not being told what to do and how to do it; instead they are told that if they succeed and are profitable, they will keep more of their profit than they would elsewhere. That is the game that the Republic has played for a very long time. Low corporation tax did not start in the 1990s; it goes back to the 1950s. At that time, corporation tax of 10% was levied on the profits of exporting firms. The European Commission ruled that that was illegal and that tax was extended to all firms eventually, but the Republic has been at that business for a long time.

11.30 am

The Republic of Ireland is probably embedded with companies to a greater degree than we are, and, as a result, it has focused on what really is important to companies — the bottom line. Companies tell us all sorts of stories, but what they are really interested in is making profit. If one has the mindset to understand how they make profit, one has a head start when it comes to trying to encourage them.

Corporation tax is an important instrument. To try to reduce it in Northern Ireland throws up many practical difficulties. None of those difficulties is insuperable, but, equally, none of them is without cost. An ideal situation for Northern Ireland would be for the Chancellor to agree to Northern Ireland having a different corporation-tax regime, with everything else remaining the same. That is probably overly optimistic. The Chancellor is unlikely to allow Northern Ireland to have a grant regime alongside a tax-break regime, which, at the same time, is disruptive for the rest of the UK.

A more likely scenario is that corporation tax will become a localised tax in Northern Ireland, as is the case with rates. We would keep the proceeds from the corporation tax, but the price that we might have to pay for that up front would be that the initial proceeds from the corporation tax would be taken off the block grant. If £500 million were paid in corporation tax in Northern Ireland, we would lose £500 million from the block grant straight away, and year after year. In return, we would keep whatever was raised from corporation tax. The gamble is that, by reducing corporation tax, we would encourage companies to pay more in the longer term than we are losing from the block grant up front. That is one scenario, and a likely one. One would like to think that other options are possible, but, based on our experience of the Treasury while working in the DFP, it is never that simple.

I have mentioned, among other things, effective marginal tax rates and effective average tax rates, and I am happy to talk about those.

What puzzles me most was the financial package. The size of the financial package is non-specified, but I am sure that members want a lump sum to be divided among various activities. We have received a number of financial packages. In 1998, the Chancellor unveiled a package, the Chancellor's initiative, which was worth £315 million. That put money into, for example, first-year capital allowances and the science park, and it paid for training programmes. Unfortunately, however, I can find no overall analysis of the Chancellor's initiative. Those projects were all carried out individually, but no one appears to have looked at the overall impact of how that money was spent. If one does not know what happened with the money that one received previously, one's case for asking for more is rather weakened.

There are two elements to the reinvestment and reform initiative (RRI) that was launched in 2002. First, I do not count that as a financial package, because the Northern Ireland ratepayers must pay back what was borrowed, with interest. In fact, the borrowing mechanism is a method of trying to close the gap between what is paid by council-tax payers in the rest of the UK and ratepayers in Northern Ireland. Borrowing can only be accessed if that gap is closed. That is possibly not well known.

Secondly, the control of security sites was transferred. Some of those sites were made available to be sold off for housing. Some of them have been taken on as investment opportunities. Ilex, the urban regeneration company in Derry, is attempting to develop the various barracks there. There are developments at the former sites of the Maze Prison and Crumlin Road Prison. Projects, however, have been quite slow to get off the ground from what I can see, and, in some instances, there have been serious internal difficulties. Therefore, the jury is still out on the RRI.

If a financial package were allocated, on what could it be spent? My suggestion is that some of it could, in effect, be used to oil the wheels of change in the public expenditure system. If funding is taken from one programme and given to another, there are howls of protest. However, if that process could be smoothed to make the transition more orderly, it could potentially multiply the power of any additional funding.

The second issue is to focus more on investment than consumption. If the consumption route is chosen, it creates a constituency for resource, and when the resource runs out, the constituency remains, which generates a lot of pressure. The European peace programme is a classic example of that. Its funding allocations were quite large to begin with; they are becoming quite small. However, in the meantime, infrastructures have been created, which are being inherited.

I have probably talked for long enough, so I am happy to take questions.

The Chairperson (Mrs Long): Thank you. Members have submitted a long list of questions, so I remind them to be as concise as possible to allow all members to ask their questions.

Mr Newton: There are three issues on which I would like you to comment, the first of which is the impediments to the economy. On page 8 of your submission you refer to Prof Harris's research on R&D, saying that:

"The basic problem is traced to the low R&D base among firms in the region and hence a fundamental lack of capacity to undertake such work."

The Northern Ireland economy has a strong SME base and, as I understand it, the manufacturing sector has declined to approximately 90,000 people. Without proper R&D and the development of higher-value-added products, it is likely to decline even further. How can we encourage more indigenous companies to invest in R&D?

Secondly, the failure of DEL's Jobskills strategy was mentioned. If my reading is right, its potential replacement will be delivered heavily through what are being referred to as sector skills councils, none of which have core funding. They are dependent on project funding and are fairly low-level resourced bodies.

The third issue is the disparate nature of the Northern Ireland Departments. For example, Invest Northern Ireland has its responsibilities, DEL has its responsibilities and so on. There is a lack of synergy and joined-up thinking between the Departments.

I welcome your comments on those three areas.

Mr Hewitt: I will try to be brief. I have a copy of Prof Harris's report, which I will leave for members to peruse at their leisure. It is a technical report, but the essential message is that R&D activity would be increased if the relevant tax credits were doubled or tripled. However, R&D takes a long time to feed its way through and can be relatively modest in its overall effect. The reason for that is that very few companies commission R&D. In Northern Ireland, there are only five, or even fewer, major players in the R&D market. I will not mention names, but it is not difficult to identify them. In smaller companies, R&D often means redesigning a milk bottle every five years. That is not a serious assault on R&D.

I am sceptical about heavy grant regimes for R&D. Probably the most effective way to involve companies in R&D is to get them to engage with people who can show them its benefits, be that other companies or, more specifically, local universities. One reason why I suggested that a financial package could be used to boost the university sector is that, although higher education R&D is relatively healthy in Northern Ireland, it is not expanding as much as it could.

Carrots such as grants and tax credits can certainly be offered. Interestingly, the survey shows that local companies are much more interested in grants than tax credits, because they are paid up front and remove some of the risk. Tax credits are only available if profit is made or expenditure is incurred.

I am not particularly specialised in the Jobskills programme. However, ERINI is heavily engaged with DEL in supporting research on the skills base for the economy. Those structures have yet to bed down. We reflect the situation in England, which is not always necessarily a good thing. It would sometimes be better to strike out on our own and tailor things to our

requirements. I do not have much to say on that, although I can provide the subgroup with a supplementary note.

Politics plays a large role. The number of Departments was increased from six to eleven, not for efficiency reasons but for political reasons, which led to some very difficult co-ordination issues. For example, the Department of Finance and Personnel (DFP) was undisputedly the primary finance Department under direct rule. After devolution, DFP was effectively shadowed by the Office of the First Minister and the Deputy First Minister (OFMDFM), with a joint approach to budgeting and so on during those years. That was not a particularly efficient use of resources, but it was politically necessary.

I am most worried about the lack of a co-ordinating mechanism within Government for economic issues. The Economic Development Forum (EDF) does good work but, to be frank, policy cannot be discussed and developed in a quasi-public forum. Some matters must be discussed within Government, and there is no mechanism for that at the moment.

The economic steering group was a co-ordinating mechanism for under-secretaries and permanent secretaries of Departments with an economic interest. That was quite a useful vehicle, because new initiatives could be discussed without the immediate assumption that they would happen, which tends to be the case when things are placed in the public domain. That group became moribund. A corresponding social steering group was also very active and helpful, but, again, that group became moribund. It might not be a bad idea to re-establish some of those co-ordinating vehicles within Government.

Dr McDonnell: Could I just tease that out?

The Chairperson (Mrs Long): You will have to be brief, because we have a long list of questions.

Dr McDonnell: Surely the role of OFMDFM was to do exactly what you were talking about.

Mr Hewitt: The economic policy unit within OFMDFM was established at the outset of devolution. Its remit was to stand back from the day-to-day business of Government to concentrate on longer-term thinking and co-ordination, especially in relation to the economy. However, the unit tended to pick up work on which other sections did not have a particular handle.

11.45 am

Much business was transacted through the economic policy unit, which involved, in the short term, answering questions from your good selves in the Assembly, rather than concentrating on the long-term development of the economy. The economic policy unit was also the principal vehicle shadowing DFP on finance.

Mr Newton: I would welcome the supplementary paper to which Mr Hewitt referred.

The Chairperson (Mrs Long): I have added it to the list of matters to be addressed in the summing up.

Lord Morrow: Mr Hewitt, in your submission you said that:

“DETI has the objective ‘to encourage the development of a high value added, innovative, enterprising and competitive economy leading to greater wealth creation and job opportunities for all’.”

That is a noble and commendable mission statement. However, you paint a very gloomy picture of economic inactivity:

“Part of the explanation for this is the higher proportion of students in Northern Ireland ... Very much more worrying, however, is the proportion of the inactive due to sickness or disability ... The Northern Ireland figure is 50 per cent higher than for the UK as a whole and an astonishing 300 per cent higher than in the Republic of Ireland.”

Those are some frightening figures. That obviously must be tackled if we are to have a thriving and competitive economy. Do you have any ideas about how to do that? Do you have any ideas as to why there are more sick people in Northern Ireland than in the Irish Republic or in the rest of the United Kingdom? Is that sickness confined to one area of Northern Ireland — are more people sick in the east than in the west, or vice versa? If so, something must be going on in those regions that we do not know about.

Dr McDonnell: It is you they are sick of. *[Laughter.]*

Ms Gildernew: Hear, hear.

Lord Morrow: I will ignore Alasdair McDonnell's remarks.

You also said that:

“The first thing to note is that the standard of living in Northern Ireland far exceeds what the market sector of the economy could alone sustain.”

You are obviously telling us that we are living far above our means. That must be frightening because, if I read the situation correctly, the bubble will burst one day, and our dilemma will be worse than ever. Furthermore, you tell us that:

“Since 1996 over 110,000 new jobs have been created, an increase of almost 20 per cent compared to 12 per cent for the UK. Employment at approximately 700,000 is at an all time high.”

Yet, our sickness rate is the highest in the UK and is 300% higher than in the Republic of Ireland. Is there a contradiction in that?

Mr Hewitt: Economic inactivity is a concern. I mentioned that unemployment rates have dropped. Long-term unemployment, which means being unemployed for longer than one year, is a dimension of joblessness that has always been higher here. To some extent, the long-term unemployed have migrated to receiving disability payments of one sort or another. Indeed, there was a policy, although I would not call it deliberate, that, at least for presentational purposes, during some phases people were encouraged to move off certain registers and on to receiving other benefits.

I am not particularly concerned about the student element of economic inactivity, because I hope that students are an investment in the future and will get a job at some stage in their lives — I certainly hope that for my own.

However, the sickness element is a considerable concern. If the overall general health of the population is increasing, why are we experiencing an outbreak of disability? At some stages, 1,000 people a week were becoming disabled. That is partly due to migration from one benefit to another. Jobseeker's allowance is a difficult benefit to get and sustain, because there are a lot of things for recipients to do and applications for them to fill in. They are seen regularly, and there is every incentive for them to get off that benefit and get on to one that is a bit more stable, where they are seen once a month or every three months rather than once a fortnight. Therefore, there is a combination of incentives.

Immigration into Northern Ireland, especially from eastern Europe, is an interesting phenomenon that has not been commented on much. Anecdotal evidence that can be gathered by simply going round stores and restaurants and so on shows that a lot of people from eastern Europe are coming in and taking jobs that are at the bottom end of the market — filling supermarket shelves, working as waiters, working in the food factories in mid-Ulster.

Why are those people coming here and taking those jobs? Why are local people who are coming off disability living allowance or jobseeker's allowance not filling those posts? The answer is that the difference between what people can claim in benefits and what they can earn in employment is a considerable disincentive to employment. Those benefits are not available to people who come from eastern Europe, at least for their first year here. Therefore, a labour-market experiment is going on, which we should study carefully and learn lessons from.

Lord Morrow: Do you think that the medical profession has a role to play?

Mr Hewitt: That may be so. I do not wish to cast aspersions on that profession. *[Laughter.]*

Dr McDonnell: Good man.

Mr Hewitt: However, I am sure that others who are better qualified will speak on that matter. Many GPs come under pressure from their patients.

Dr McDonnell: The medical profession will have a role in extracting some of the poison and vitriol out of the political system.

Lord Morrow: They have not been very successful to date. *[Laughter.]*

Mr Neeson: I am interested in your remarks about the jobs that have been created in recent years, and the fact that they are not creating more gross value added. Is that a criticism of the development of jobs in the service sector, which seems to be growing at present? Why do you think productivity is greater in foreign firms than in indigenous firms?

Mr Hewitt: Overall figures show that jobs that have been created are creating added gross value. However, they do not create as much as jobs in the rest of the UK. The productivity gap between Northern Ireland and the rest of the UK is now static. It rose from about 75% per capita to about 81% or 82%, but thereafter it has been static. I do not denigrate those jobs in any way, but they are not the type of jobs that are capable of closing that gap, if that is an objective. Many of those jobs are in the retail sector. The companies that have come into the retailing sector are big, and they are adept in their labour practices.

When supermarkets hire employees, they tend not to provide full-time jobs. They provide part-time jobs, up to a certain number of hours in a period. The reason for that is that if they employ a person for more than a set number of hours, they incur National Insurance costs. They are clever about balancing their books. Jobs are being created, but not necessarily full-time jobs. We are talking about headcounts. One would like to see new jobs that generate above-average gross-value-added levels and close the gap between Northern Ireland and the rest of the UK. Those jobs do, at least, provide employment for people, but they are not the way forward, and do not promote dramatic growth in the Northern Ireland economy.

Mr Neeson: Why is productivity greater for foreign companies rather than for indigenous firms?

Mr Hewitt: That is not surprising. Foreign-owned companies tend to be engaged in exports. They operate in a competitive environment and there are competitive pressures on them all the time. They survive in those competitive export markets only by becoming efficient. Local firms are often not export-orientated, and their markets are local. Local firms are not subjected to the same competitive pressures.

Mr Neeson: Large indigenous companies, such as Wrightbus Ltd, depend on exports. William Wright appeared before the subgroup on Tuesday 8 August.

Mr Hewitt: Not all indigenous companies are of below average competitiveness. It is a numbers game. There will be some, but there are not enough of them. It is the tail that falls below the average that tends to pull the average down. Those are the smaller companies that are probably not engaging in as much competition with their peers as would be desirable.

Dr Birnie: I have two questions.

First, we are faced with a choice between tax credits and corporation tax. At least, we can choose what to ask for; the decision on whether to grant either lies with others. Can you expand on the arguments for and against those two fiscal instruments?

My second question is about the negative effects of the subvention. If we allow that they do exist, do you agree that there is a transition problem? If it is true that those sort of soft budget constraints lead to efficiency problems arising as a result of the bias towards spending for consumption rather than for investment, then the policy recommendation is not necessarily clear. Cutting consumption will create a negative demand effect in the short run, which will reduce income and employment. So we are on the horns of a dilemma. How do you make the transition?

Mr Hewitt: I will deal first with the question about corporation tax and the tax credits for various activities. I try to make a distinction between incentives that target inputs into firms' production processes — such as R&D, skills, marketing strategies, capital investment, and so on — and other incentives.

The so-called market failure argument is that a firm, left to its own devices, will not engage in as much of those sorts of activities as is socially optimal. From the firm's perspective, it might be doing exactly what it thinks it should be doing. It often thinks that it is taking the right approach and making sufficient investments, so it is difficult to persuade it that, from society's point of view, it is not doing enough. It is not isolated, so its actions cause a spillover.

Putting that argument across to firms can be quite difficult. It asks them to do things that, from their perspective, are suboptimal, but which, from society's point of view, are optimal — in other words, they are being asked to spend more than they normally would.

I will use the analogy of pushing on a piece of string. Pressure is being placed on the end of the string in the hope that the front will advance. More emphasis is being placed on the inputs. Firms are employing more people and carrying out more R&D. They are not doing that for its own sake; they are doing that so that additional output will flow at the other end.

The corporation tax is, in a sense, the reverse of that. It is pulling the string from the other end. It dangles a carrot in front of businesses and says: "You

make the profit; you keep it." It does not tell businesses how to make a profit, simply that if they do make it, instead of paying 30% tax, they will pay just 12.5%. That is a big incentive for companies to increase their output.

However, I need to introduce a caveat. The corporation tax is not just about encouraging companies to produce more. As I said, companies are clever entities. They will obviously attempt to move as much of their profit as possible from wherever it is in the world to the area with the lowest tax rate. That is, of course, what is happening in the Republic. Some colleagues would call that economic development by tax scam. Companies will attempt, through various transfer-pricing mechanisms, to make it appear that they are making most of their profits in the Republic. They pay 12.5% corporation tax there, whereas if they paid tax in the countries in which they were really making profits, they might be paying 30% or more.

12.00 noon

The other factor is that this is not just a matter of the tax system in the country that is giving the incentives; it is also a matter of the tax system in the company's country of origin. The United States tax system allows companies not to pay corporation tax until they repatriate monies to the United States from earnings made around the world. However, companies do not repatriate those monies — they attempt to use them for further investment outside the United States.

There was an amnesty on that, and so much money, which had been held outside the United States, flowed back that it has probably held up the dollar for the past few years. Tax is a difficult issue. You are hunting big game, and you need the correct instruments to hunt big game, because they have sharp teeth.

We can have almost ideological discussions about the public sector: public sector good, private sector bad, or vice versa. However, that takes our eyes off the ball. The private sector is not growing fast enough, but, if it did, it would generate income and wealth, and taxes would be paid on that. As a result, the fiscal deficit would automatically reduce.

Dr Birnie asked whether the large public sector is a drag on the private sector and how resources can be transferred from the public sector to the private sector. That is a difficult question, because public expenditure and resources tend to have a ratchet effect — once you move up, it is difficult to move back down. An obvious solution is to limit the growth of, rather than cut, the public sector. That will happen in the next spending review. Public expenditure has been outstripping the growth in the economy, and it cannot continue at that pace.

Some things will happen automatically, and others will require a rethink about public expenditure priorities

and what we really want for Northern Ireland. Currently, a confused morass of priorities is packaged together, with a spin put on it that it is a coherent package. The investment strategy is an example of that. The Republic wants its current success to continue and will do things to reinforce that success. Here, an amalgamation of Departments' wish lists is packaged together as a strategy.

The Chairperson (Mrs Long): Thank you. We have kept to time thus far, with the exception of the closed session at the beginning. However, we are now running into the time allotted for the Northern Ireland Council for Voluntary Action (NICVA). Are members willing to extend this evidence session to allow the last four questions to be taken, if they are brief? Will members be available after this session, so that we do not lose our quorum for the NICVA presentation?

Members indicated assent.

Mr McNarry: I welcome what you have said and written. You have brought an important perspective to our deliberations, and I thank you for that. I have nine questions, but I will only ask two.

On page 11 of your submission you say that the low achievement of school-leavers borders on a scandal, and I agree with that. You suggest that a limited financial package would assist low achievers. Can you elaborate on that limited financial package? If your reply is extensive, perhaps you could provide it in writing.

Secondly, what role will renewables play in our economy?

Mr Hewitt: Low achievement among school-leavers has been a problem for some time and must be seriously addressed. I do not wish to get into a debate about the 11-plus, but, at the top end, there are some high-quality students. However, at the bottom end, the record is dismal. It is improving, but it is still not good enough.

It is not satisfactory that people spend 12 years at school and leave with no qualifications — they attempt to get a job and are found to have no basic reading or numeracy skills. Money must be spent on remedial action in this area before such people can hope to gain employment.

Mr McNarry: Does a lack of skills contribute to the sickness levels that you mentioned?

Mr Hewitt: It may, but I am not aware of any detailed research on that. One can easily understand that if people find it difficult to get jobs because they have no skills or qualifications, they may become dispirited. They may feel that the easy way out is to be classified as disabled in some way and go on to long-term benefits. That is fatal, particularly for younger people.

A lot of money goes into education. The structure of the education system has been inherited. Five systems

of education run simultaneously, which is not efficient. When I served on the board of governors of a good grammar school, I was struck by how many incentives for teachers are based on nothing to do with teaching. The incentives are to accumulate management allowances for doing almost anything other than teach. As a result of those incentives, the best teachers tend to spend relatively few hours teaching. Incentive mechanisms within schools ought to be examined.

More analysis is required on a financial package to assist low achievers. We need answers to basic questions. Who is failing? Where are they failing? Why are they failing? We must then assemble a mechanism to address those matters. To some extent, that would probably have to be done by skewing some of the existing baselines and moving resources either from other parts of the education system or from other parts of the public sector to the education sector in order to finance that specific package. A financial package could ease such transitions.

The analogy that most comes to mind is the Making Belfast Work initiative of many years ago, which members may recall. An investigation in various areas of Belfast produced quite shocking results. However, at least a positive mechanism was put in place. That was criticised but nonetheless did a reasonable job of focusing on achieving a particular goal. Similarly, achieving the goal of raising the educational attainment of low achievers would be worthwhile for both society and the economy.

Renewables present quite a challenge. There is not time to examine the energy issues here, but the world has got itself into a bit of a mess over the years. I do not blame anyone in particular for that: it is a difficult area. Renewables are a means of addressing some energy issues, but nothing comes free. There are relatively high upfront costs that it is hoped can be recouped over long periods of time. Renewables make a useful contribution, but I do not consider them as playing a central role in the economy. However, if expertise in renewables and associated technology could be developed, that could be used to create a niche in the economy, which would be very useful.

Ms Gildernew: You are most welcome, Victor.

Evidently, there are many problems. Several contributors have talked about one such problem being a small private sector, as opposed as to an overly large public sector and, given the percentages, that could be the case. There is also the difficulty of duplication right across this island: 5 million people need healthcare, education, etc, and there is duplication everywhere.

As for foreign direct investment versus indigenous industry, it is true that an American company can set up here and move its profits, on paper, to where it pays

low corporation tax, and that has been the case in the South. I want to see a package or some type of financial incentives to help the small- and- medium-sized-enterprise (SME) sector, because there is a high level of dependence on SMEs, particularly outside Belfast. What is the best way to sustain indigenous companies to enable them to compete?

Mr Hewitt: We have not really talked about the SMEs. Economists use the rather ugly term “lack of churn” to characterise that sector. Firms here have a relatively low birth rate but an equally low death rate — in other words, some firms tend to last quite a long time. That may be considered to be good, but firms in dynamic economies tend to have a high birth rate, yet also a high death rate. In other words, that high turnover drives the SME sector.

We have done quite a lot of research utilising the global entrepreneurship monitor, which is a large-scale survey. People go into business for different reasons; some for opportunity, others for necessity. Interestingly, in the west of the Province, necessity drives people to set up businesses, whereas opportunity is a driver in the east.

The ERINI went through a phase of providing grants, but that has died off. A universal small package is now available for those who want to start a business. The real secret is that people here do not have the skills to run businesses — they certainly do not have the skills to engage with the global economy. The best thing that we can do for small businesses is to increase our support for building managerial skills and equipping SMEs for the realities of dealing with the wider world.

The Chairperson (Mrs Long): Members should be conscious that Hansard is recording, and other conversations at the table may interfere with that.

Ms Ritchie: In Northern Ireland, there is a problem with fiscal deficits, and subsidies have focused on maintaining income. What do you perceive to be the solution? The final paragraphs of your submission state that there is an urgent need to embrace an economic strategy. What does the ERINI perceive to be the essential components of that strategy? Your answer will assist us in formulating our interim report.

Mr Hewitt: In relation to the fiscal deficit, the distribution of public expenditure is heavily weighted towards what might be termed “social programmes”, such as education; social housing, to an extent; and health, which alone consumes well over £3 billion of the available departmental expenditure limit.

Investment in public expenditure has fallen away in relative terms; roads and bridges are not being built, and ports and access routes are not being developed as much as they should. The cutting-edge budget for economic development now looks extremely miserly.

It is asking much of a Department such as DETI, which has a limited range of responsibilities, to carry the full burden of economic development on an upfront budget of £150 million, if that. Most of the remainder of the budget pays staff salaries. Serious consideration must be given to refocusing our efforts in relation to investment.

A strategy is being prepared, of which many members will have seen a draft. As the principal Department for economic strategy, DFP is developing that with contributions from DETI. The strategy reflected typical DFP concerns; it is a finance-driven document rather than an economic document. Strategies need central vision — something that drives the activity. To engage with the global economy, one must connect and communicate within it.

12.15 pm

Connectivity is important and can be translated into a range of actions. It can mean physical connections — ports, airports and factors such as the development grant system, which was a good, effective scheme. Connectivity can mean networks and telecoms. It can also mean people, because people need skills in order to engage with the world economy. Connectivity can mean foreign direct investment, with Northern Ireland being seen as an attractive location to bring in and engage with international companies.

We need a theme that threads through all Departments so that Departments can ask themselves whether their work improves their ability to connect with the global economy. Some Departments will respond that they are working to improve standards of public service for the indigenous population. However, many Departments identify with issues such as that.

Dr McDonnell: Thank you very much, Victor, for your presentation. It was stimulating and far-reaching. I have a couple of points that I want to probe.

Michelle spoke about small companies. Does anyone in the economic world think that small-company loans are more beneficial than packages or grants? Such loans are successful in the United States.

I feel strongly about R&D and pull-out technology companies, but I think that we are strong on the “R” and not so strong on the “D”. What can be done to encourage company spin-out from universities? I may be wrong and unfair about this, but much university research appears to be semi-academic or academic-oriented. Research seems to be undertaken for the sake of intellectual fulfilment rather than for the development of a viable company or a commercial product. Perhaps you could comment on those two points?

Mr Hewitt: Loans are an alternative to grants. Companies must think carefully before taking a loan, so they may engage more fully. They must ask them-

selves whether a company's activities will enable the loan to be repaid. Companies do not have that concern about grants, because they are not directly repayable. The issue of loans could be further explored.

You asked about research and development and the universities. We have come some distance from a time when Alfred, Lord Whitehead said:

"Here's to mathematics. May we never find a use for it."

That sums up the academic approach to life. An incentive mechanism is imposed on universities — research assessment exercises — that rewards academic research. That is certainly the case in my subject area, where theoretical research is rewarded over applied research. Articles in journals about game theory, and so forth, will score better in the research exercise than a tedious piece of work on something practical on the applied side. However, we have subscribed to those national schemes. We should consider whether we need to follow UK national schemes slavishly.

I mentioned that it might be sensible to make a serious effort to upgrade our universities beyond the level that they are likely to reach in the future, given the existing funding. The universities here have established companies of one sort or another to roll out the products of their research. Queen's has spun off a number of rather successful companies. However, academic entrepreneurs tends to look at whether they can get a company up and running and established to a point at which somebody will take it over and buy them out, so that they can make a few bob from it. There is nothing wrong with that, but we do not really incentivise our academics to pursue that path.

The Chairperson (Mrs Long): Thank you. I wish to put two other brief questions to you. First, you refer to the potential for the financial package to be used to oil the wheels of transition within general funding. Can you provide examples of where that has been the case in other economies or where it may be the case in our economy?

Secondly, would you recommend harmonisation with the Republic of Ireland's rate of corporation tax?

Mr Hewitt: I shall take the second question first. The subgroup is probably aware that ERINI was approached to undertake a study of the effect of harmonising the two corporation-tax regimes. That study is under way. We work on the basis that we go where the evidence takes us. I do not want to pre-empt the results of that study, which we hope to have in the autumn. We have involved teams of academics from Northern Ireland, the Republic and the rest of the UK to work together on that. Many of the issues are quite complex. I wish to make clear that the project is not about the practicalities; it is not about how we

harmonise the two systems. It is about the size of the prize. If we are to do this, what is the potential prize for Northern Ireland?

Other recommendations will flow from the answer to that question. If the prize were relatively small, the effort to try to introduce harmonisation would be less urgent. If the prize were large, the effort would be greater. At present, I hesitate to endorse absolutely the corporation-tax route as the way in which to go, but it is the only big idea in town that I have seen. If something that dramatically changes the trajectory is not introduced, it will be a case of more of the same, and we have had much of the same over the years.

Off the top of my head, I cannot give you any local examples of where cash injections have been used to smooth a path. From my experience of working with public expenditure in DFP, the injection of relatively small amounts of money in Budget rounds produced results. Members will recall the Budget rounds. Those cash injections enabled disputes to be resolved and progress to be made. In a sense, that money was high-powered money, because it produced results way out of proportion with the actual amount provided.

The Chairperson (Mrs Long): Thank you for those answers. On behalf of the subgroup, I thank you for your presentation and for subjecting yourself to what was a lengthy and detailed question-and-answer session. It has been of great benefit to the subgroup's deliberations. Finally, a supplementary note on the Jobskills programme would be useful, if possible.

Mr Hewitt: I shall leave this copy of the R&D report with the subgroup.

The Chairperson (Mrs Long): The next submission is from Seamus McAleavey and Frances McCandless of the Northern Ireland Council for Voluntary Action (NICVA). NICVA has provided a written submission, which is included in the loose papers that members received at the start.

You are both welcome. I must apologise because the previous presentation overran. I appreciate your patience. If you have mobile phones, I ask you to switch them off, rather than simply put them on silent mode, as they interfere with the recording equipment. There are 45 minutes available for the presentation. If you keep your initial comments as brief as possible, to 10 minutes, it will allow for the maximum number of questions and answers.

Mr Seamus McAleavey (Northern Ireland Council for Voluntary Action): Thank you for inviting NICVA to make a submission to the subgroup. We will be as concise as possible.

NICVA is the representative body for voluntary and community organisations, much like the Confederation of British Industry is for businesses. There are

approximately 4,500 voluntary and community groups in Northern Ireland. As with the private sector, they cover a broad range of areas, stretching from small groups to multinational organisations such as Save the Children. The voluntary and community sector here employs about 30,000 people and accounts for approximately 4.5% of the GDP. Its income comes from a broad range of sources. It receives public money for the delivery of public services, and members of the public and charitable trusts raise money for it.

As some members know, NICVA is involved in the Economic Development Forum (EDF). In general, social partnership, through the engagement of the Government, the private sector, unions, farmers and organisations such as NICVA, is a good idea. EDF is the closest thing to that, even though it is an advisory body to the Minister, rather than one that makes decisions. NICVA would like that engagement to be properly developed in future.

The subgroup's terms of reference include impediments to economic growth in Northern Ireland. An obvious impediment is political instability, and if a sustained and stable Executive were in place, that would send out a strong message to investors around the world.

A vision for Northern Ireland, which tells people what it is trying to achieve, must be developed. NICVA supports, and is involved in, DETI's 'Economic Vision for Northern Ireland'. However, one of NICVA's big fears is that it may be seen as DETI's vision: although DETI's strategy mirrors the priorities and budgets, it is important that a much more encompassing vision be developed.

The Executive's work on the Programme for Government was good. It began to set out an all-encompassing vision for Northern Ireland that took account of political, social and economic development. NICVA believes that investors around the world would really want to see that.

NICVA thinks that it is obvious — and I am sure that members will be focusing on this — that Northern Ireland is stuck between a rock and a hard place with the economy of the Republic of Ireland and that of the United Kingdom, which is dominated by the south-east of England. That has a huge impact on business development in Northern Ireland.

NICVA has often said that merely talking about creating more entrepreneurs, or exhorting them, does not make increased entrepreneurship more likely. Subvention here amounts to around £5.5 billion. Approximately 66% of GDP goes through the public sector. That is unlikely to change. I am a member of EDF's enterprise subgroup. At its meetings, major business people have said that the smart career

move is to go into the public sector, so to encourage entrepreneurs, wider options than fiscal incentives must be considered.

The Republic casts a huge economic shadow over Northern Ireland, and Northern Ireland could more easily prosper if a common economic area were developed. For example, in future, the only way that petrol retailers who own petrol stations in border towns will be able to safeguard their risk will be to buy a station on both sides of the border. As tax rates change, they will get hammered on one side and then the other. We have seen that shift take place.

12.30 pm

Much mention has been made of the reliance on the public sector. That is unlikely to change. Therefore, the private sector is not seen as a smart career option — there is a feeling of prosperity at the moment and private-sector jobs have increased. I agree with Victor Hewitt's earlier comment that, as public expenditure tightens, Northern Ireland will take the rap.

There is general consensus that the private sector is too small. There is little doubt about that. NICVA recognises that manufacturing industries have gone to other places in the world and that we cannot compete with them as regards unit costs and so on. We must look to the new knowledge-based industries, which some economic commentators refer to as the "creative economy". In our submission, we highlight the views of Prof Richard Florida. Regions will attract investment based on the entire range of benefits that they can offer. Simply providing grant support, for example, is unlikely to attract investors who want talent and skills. Providing grant support will not compensate for investing in the wrong place. There is a fair deal of merit in the views that have been expounded by Richard Florida.

NICVA agrees with promoting enterprise and taking risks. Like many members, we think that Northern Ireland has become very risk-averse and that there is a culture of risk-aversion. The Government can do something about that. If there is to be a new Executive, members might want to think about how bodies such as the Public Accounts Committee (PAC) are used. The reason there is a lot of risk-aversion is that people get punished for failure, which is often tantamount to public humiliation.

Something must be done about that because it will thwart Ministers who want to deliver programmes and make changes. Many people will tell someone that they cannot do something and give 49 reasons. Our culture of risk-aversion goes across the public, private and voluntary sectors. Everyone blames each another. The Government can take the lead in trying to change that culture, and the PAC would play an important role in that.

Unless Northern Ireland has the skills required by new industries, talent will not be attracted here. We must be able to attract talent from other places, as the United States has done in the past and the Republic is doing now.

There are people much better placed than we to comment on fiscal incentives. However, reducing corporation tax on its own is unlikely to be a magic bullet. If corporation tax were changed tomorrow, investment would not flow in. It would have an impact, but a whole raft of other things needs to happen as well.

Everyone, including the EDF, knows that incremental change will not make a difference. From the research that has been put before the EDF, we know that, if current policy interventions continue, not much will change in the next five or 10 years. There will be a flat-line development and, from some indicators, things will actually get worse. A radical change is necessary.

The subgroup will probably have heard from DETI about the EDF's work on draft scenarios in which it can see whether specific actions will have greater impact in the future. That work has yet to come to fruition.

Returning to Prof Florida's views, tolerance is important. One thing that modern investors will look for is a tolerant society that can cope with a range of people — Prof Florida refers to people working in the new software and hardware industries as being fairly Bohemian. The cities that he sees as doing well are quite tolerant. The policy document 'A Shared Future' might address that.

Developing cities and regions is important, but we must achieve a balance by developing Northern Ireland as a whole. As a result of conversations that we have had with others about many different issues, our sector is keen that regional development should be balanced. It should not be Belfast-based, with the west being left behind.

Women are likely to be a big driver in the employment market. However, we need to think about that because we are very far behind with childcare provision and so forth.

NICVA believes that the education system has failed Northern Ireland and that there are real problems; I am sure that members know the statistics. Obviously, there are different arguments about how we should go forward, but radical change is needed. If 25% of people in a modern knowledge-based economy have major literacy problems, they are simply written off. That is a waste to the economy.

We worry about the figures on economic inactivity, and we cannot get our heads around those. Unemployment is decreasing, and there is a real feeling in areas that have experienced high unemployment that there

are job opportunities — there is no doubt about that. However, something strange is happening in regard to people who are hidden in those figures. We are not quite sure what is going on with the 20,000 migrant workers who have come into Northern Ireland; that point will need further explanation.

We have had our 10 minutes, so we are happy to take any questions.

Ms Ritchie: What does NICVA perceive to be the financial instruments that would provide for a sustainable economy and for new growth in that economy?

Mr McAleavey: There is a real problem with the amount of public expenditure that comes into Northern Ireland. Therefore, rebalancing the economy will be difficult. Focusing on one aspect of the economy, such as corporation tax, is unlikely to do the trick. Earlier today you heard Victor Hewitt say that tax is a difficult issue because it is like hunting the big beast. The Treasury is not keen on Northern Ireland looking for what it considers to be handouts. You will have to negotiate a package that begins to set out how you would reduce the £5.5 billion subvention. You need to show how, if certain things were done here, that could make a return for the UK as a whole. A broad range of financial instruments would probably be included in that package.

Ms Frances McCandless (Northern Ireland Council for Voluntary Action): We would also like to see any public investment that is part of the package being used to lever in massively increased private investment. We want to see attempts at serious regeneration. We want someone to stand up and say that north Belfast needs an overall facelift. Now that the Crumlin Road site is opening up, there are opportunities to develop major arterial routes, businesses, shops and leisure facilities — housing is being tackled already. However, if such work is done in dribs and drabs, the projects cannot always be connected.

We want to see a massive project of the type that public funding alone could probably not deliver. We have seen models in the United States in which public and private funding streams are used together. Those projects return market rates to investors and provide sustainable income streams for communities. The communities have a say in how the regeneration of their areas should look. We would like to see some kind of investment being used to channel that sort of change into some of our most deprived areas.

Dr McDonnell: The high levels of underemployment and disability have jumped out at us. Someone said this morning that disability levels here were 50% higher than the UK average and 300% higher than the figure for the Irish Republic. Do you have any idea why we are stuck there? What are the

components of those statistics? How should we unlock the potential that is buried there?

Mr McAleavey: Some people think that the population is entrepreneurial when it comes to claiming benefits. It is said that difficulties placed upon the unemployed by jobseeker's allowance caused a flight to other benefits, and that that was the smart option for claimants. It is noticeable that the numbers are much higher here than in the Republic, and that is why there is a need for a closer look at the economically inactive. It is wrong to leave people stuck in a mould and left behind in terms of economic development. We are unsure of what is happening, but we think that it is related to opportunity and perception of wage levels. People north of the border are not seeing the opportunities that people see down south. That must explain the huge variation in numbers.

Ms McCandless: It is also important to look at the structures of worklessness. We have many workless households in which there are two potential earners, neither of whom are working, and both possibly on sickness or disability benefits. As soon as one of them steps into the labour market, the benefits disappear. Unless both of them can find jobs concurrently, it is not worth either of them working. We need to look at the income structures of individual families. Those are the hard cases. New Deal has dealt with the easy cases and we are down now to the cases that are very difficult.

Mr McAleavey: Some years ago in the Republic, transition periods were created, during which people could hold onto benefits as they moved into employment. That let people make the leap into employment.

Ms McCandless: Mentoring schemes were also used very successfully south of the border. For someone who has been long-term sick or disabled, getting up every morning and going in to work is extremely difficult. They might be able to do it for a month, and then they stop and they are back at the start of the road again.

Lord Morrow: I have read a substantial part of your paper and I would like you to clarify some things. You said that we were between a rock and a hard place. I think you said that, economically, we are stuck. Mr Hewitt said earlier that there had been a 20% increase in jobs in Northern Ireland, as compared to 12% in the UK. That, on the face of it, is good news, but perhaps when we delve deeper we learn more. I agree that the private sector is too small and has to expand. We keep knocking our education system. All we hear is that it has failed. Tell us what needs to be done to turn it from failure to success, so that it will better serve the people, the community, our children and generations to come.

I am glad that you touched on migrant workers. I believe that the issue must be explored. I come from

Dungannon, where we see this phenomenon at first hand. There must be reasons why thousands of migrant workers are coming in, and we must learn what those reasons are. I believe that no in-depth study has been made to try to find out the reasons for that.

I am concerned by what you say in your submission about the Celtic tiger:

"A host of other factors in the Republic have played their part like: reform of the education system and creation of regional colleges; creation of a Social Partnership in 1988; targeting of investment in pharmaceuticals, computer software and hardware; attracting corporate European headquarters to Ireland; clustering effect".

Please help me to understand that.

Your submission also says that:

"NICVA believes that fairer, more equal societies are more desirable [and] more economically stable".

What is your definition of a fair and equal society?

You mentioned the petrol filling stations along the border. You are correct to say that many of them have closed, but it was not for tax purposes alone. Although that was a factor, there is another issue: racketeering and smuggling. We are trying to get on to a level playing field. How can that happen and how can it be encouraged?

12.45 pm

The Chairperson (Mrs Long): There are a lot of issues to cover: schools and how the education system can be adapted; migrant workers; how a fair and equitable society can contribute to economic growth; the European headquarters and clustering effect; and the impact of racketeering on the economy.

Ms McCandless: First, as we have said in many places, NICVA would like to see the removal of selection. Two years of "teaching to the test" could be removed and two years of education could be put back into the education system. Selection does not advantage any of the kids in the system.

NICVA would like smaller class sizes and the link to be broken between where a child starts out and what their educational attainment is likely to be. In Denmark, there is absolutely no statistical likelihood that a child who comes from a disadvantaged background will have a poor educational attainment. In the UK, there is quite a strong link between those two factors. We would like that link to be broken because, for the economy, it means wasted potential.

We would like to see some other changes in the education field, and we have put many of those proposals in writing in recent months. Of course, we would also like to see less waste and duplication in the system; we do not really want there to be five

education systems. Investment should be much more strategically targeted at giving kids a better outcome.

NICVA welcomes the new curriculum because it allows young people the flexibility to make choices at different stages in their educational career. Thus, if they find they are not on the right path at age 11 or 15, they still have time to make new choices and to adjust.

Lord Morrow: I hear what you are saying, but it is at variance with every survey that has been carried out.

Ms McCandless: It is not, actually; I have various analyses that I could send you of all the different surveys. Surveys often ask two similar questions. We will not go into this in detail now, but, for example, if you are referring to the 'Belfast Telegraph' surveys, people may say one aspirational thing in one answer — they may perhaps say that they want an end to selection — and on another question, if they are asked whether they think selection is fair, they will say that it is not. The survey evidence has been used quite selectively, shall we say, in some of these debates, but I do not think that we need to go into that here.

Turning to what we mean by a fair and equal society, in Northern Ireland income differentials between the richest and the poorest are still slightly increasing. In the UK as a whole they increased hugely during the 1980s and then stabilised a bit, but they are still massive.

NICVA looks at regions such as Scandinavia, as do many others — including the UK Government — and notes that where the gaps between the rich and the poor are smaller, the economies are much more vibrant and stable. They have stable political systems and civic institutions, strong trade unions, and extremely open and competitive economies. Sweden's economy is more open, in global terms, than the Republic of Ireland's economy. Sweden is now number one, and the Republic of Ireland number two, in terms of inward and outward investment flows. Therefore, we do not believe that equality and economic success are mutually exclusive.

The Chairperson (Mrs Long): The other three issues were: migrant workers and how they affect economic inactivity; the clustering effect of European headquarters; and racketeering.

Mr McAleavey: NICVA has highlighted the issue of migrant workers. I am very conscious of Lord Morrow's remarks about his area, where 10% of the workforce are migrants, yet there are still a large number of economically inactive people. Are people here missing out for a particular reason? The meat plants in places such as Dungannon try to attract migrant workers because they do not appear to be able to find workers locally. That is a huge issue. Lord Morrow is right that we do not know enough about the exact reasons for that. Migrants are very attractive to the economy as they bring in new skills, and better skills as regards the knowledge economy, and so forth.

They have been very important to other places. NICVA is not in the least anti-migrant.

As regards European headquarters, the South has a policy of trying to attract companies that will establish headquarters there. About four years ago I attended a talk by Ketan Patel, who was then head of strategy at Goldman Sachs. He highlighted economic hotspots and noted that Ireland was the base for the European headquarters of big companies such as Intel. A peripheral island is increasingly placing itself at the centre of some of the current economic development. We must consider how we can benefit from that.

Racketeering has a desperate effect along the border. The political parties made representations to the Chancellor to cut fuel duties, recognising that we are losing — or he is losing — £500 million in duty, and that it was fuelling illegal activity along the border. Racketeering is the downstream activity that comes about as a result of the differences along the border. Petrol stations in Newry used to be extremely busy, but now it is those on the other side of the border. A legitimate business on the border can be wiped out on one side or the other, and we must find ways to deal with that. The Chancellor would not cut tax in Northern Ireland, because that would upset constituents in England. One way to cure racketeering is to cut tax: if there were no incentive, there would be no racketeering.

Mr Neeson: I recognise the important role that NICVA plays in the EDF; one of its recent meetings was held at NICVA headquarters. I am pleased that you highlighted the importance of the development of a shared future. Do you think that enough is being done, through Government policy, to develop that? Secondly, what could social partnership contribute to developing the economy of Northern Ireland?

Mr McAleavey: A shared future takes a long time, like many things, but it is a prerequisite to economic development. On the day after 9/11, the EDF met in the Ramada Hotel and discussed the impact of the Holy Cross dispute in north Belfast. That had a massive negative impact on attempts to attract investment to Northern Ireland. Investors are attracted to stable, tolerant places, and the reverse of that is unappealing, because there are easier places in which to invest. That is NICVA's basic premise on the economy.

The social partnership model is important, because there is benefit in getting the Government, the private sector, unions, the voluntary sector and others to try to agree a shared position on the future of the economy, but we do not really have that. Take renewables, for example: I raised the issue of wind farms at the EDF and asked if it would be possible to get a joint position on it, but many people backed off and said that it could cause trouble. They asked me to square it with my

members, but our members have differences of opinion. Some voluntary organisations totally oppose it, and others think that it is great.

Unless we sit down, try to thrash these things out and get a body of opinion which is shared by the Government and the other sectors, we will be unable to make step changes. The issues that we have to deal with will be difficult and painful, so it would be a good idea to try to get agreement on them.

Ms Gildernew: Your submission showed common sense and was succinct, which is always good for a subgroup that is buried in paperwork.

Last week, the economist John Simpson said that school representatives had told him that children's behavioural patterns were no longer appropriate for an educational environment by the time that children had reached the ages of five, six or seven. That is an indictment of us, of the education system, and of the communities that have that level of difficulty in them. What does NICVA — and the groups affiliated to it in the voluntary and community sector — think we could recommend or do to try to tackle that? If four- and five-year-olds cannot benefit in an educational environment, they cannot benefit in an economic environment.

Your submission mentions women in the workforce. I know many women who have great skills and qualities, for whom it is not economically viable to work after they have had three or four children, because they would be working to pay the childminder. What possible incentives or measures could be put in place to encourage women into the workforce?

The third part of my question is about regional growth: what can be done to ensure that any economic growth is not solely centred around Belfast and that the west does not get left behind?

Ms McCandless: Part of what I said in answer to Lord Morrow's question is relevant here too. Investing in children is part of the key to turning the economy around, and it is too late when they are four or five years old. A great deal of statistical evidence from child psychologists and child development experts shows that children learn to learn from the ages of 0 to 3 years: that is when they learn to socialise and interact with others and develop all the skills that they will use for the rest of their lives.

There are kids at that age who, if they are looked after at all, are being looked after by 16-year-olds with an NVQ. In other parts of the world, you need a university degree before you can go anywhere near young children in a developmental setting. Much more investment should be going into those early years, so that before young children even get to school, they have had the kind of investment in their learning and developmental capacity to enable them to take advantage of what the education system can then offer.

Programmes such as Sure Start have been running for a while. Head Start has been running in the United States for about 20 years. There was a great fuss about the evaluation of the UK's Sure Start programme, because it was not entirely positive. However, it is early days to evaluate a programme that is intended to be as long term as Sure Start. Only now, some 20 years on, are meaningful evaluations being done in the States: did those kids get decent jobs, did they achieve decent levels of educational attainment?

NICVA's response would be to beef up the investment in early years. There is no better place to spend money than on the first three years of a child's life: it is better than spending money on a university education, because by that stage it is far too late and middle-class kids are most likely to benefit.

That answer is also relevant to the question about women moving into the workforce — and to lone parents who are not women — who are the sole carers for their families and have no other options. Universal, accessible, high-quality childcare, as is available in other countries, would potentially release a huge pool of labour into the workforce, much of which is already skilled and equipped, but not currently being utilised.

Mr McAleavey: Regional growth is a big issue. In discussions with the Advisory Council on Infrastructure Investment and the Strategic Investment Board (SIB), NICVA has said that good communication and transport systems in Northern Ireland are critical to achieving balanced regional development. Having good communication and transport systems means that the workforce can move around relatively freely, or does not have to move, and provides the opportunity for companies to locate in different areas, particularly in the west. Without them, Northern Ireland will experience the same problems that develop everywhere, such as in Dublin, where everything gets increasingly sucked into the one area in which incoming investment wants to cluster. It must be made attractive for investors to locate in different parts of Northern Ireland.

Mr McElduff: There is plenty of evidence that the border impacts negatively on our economic opportunities, and there was a reference to pressure on petrol retailers along the border. I know that Maurice Morrow understands that well, because DUP members are often in the queue in front of me in Emyvale and Lifford. *[Laughter.]*

I will not name them, because I do not want them to be investigated by their party.

Will you elaborate on the suggestion in your submission of a joint economic area?

Mr McAleavey: NICVA recognises that there are social and economic difficulties in border areas everywhere. The European Union has been running the INTERREG programme for donkey's years, so we all

know that many border areas have problems, some of which relate to peripherality itself. It is not specifically a Northern Ireland/Republic of Ireland problem, but where the disparities are greater, the difficulties increase.

The view of NICVA and the EDF is that the economy in the South casts a big shadow, and has done so for the past 15 years. Much of the discussion at the EDF concerns the Southern economy and its impact on the North.

1.00 pm

We must find a way to harmonise with the South, or its economy will obliterate ours. That is not a political view; from an economic viewpoint, the North would not be an attractive place in which to invest. In the UK, businesses cluster in the south-east of England. There are problems in Great Britain in connecting with the north of England and north of the border. However, motorway development has allowed some business to move north. It is critical that we find a way to give us a fair opportunity to compete with the economy in the South.

Mr Newton: I want to concentrate on skills. At paragraph 1.7 of your submission, you say that:

“The [skills] strategy would be far more effective and powerful if it had greater focus on the ‘customers’ — the people who need training — rather than on those who may wish to employ them.”

I want you to explain that sentence to me. As I understand it, the Jobskills initiative, which received extremely bad publicity and was regarded as a £500 million fiasco, dealt with the perceived needs of customers and in many cases ignored the needs of future employers. Training was being done for the sake of training. At the end of the training period, trainees were hugely frustrated when they discovered that there were no jobs for them. Many trainees felt that they had been used as cheap labour and that they did not even get a worthwhile qualification that would enable them to get another job.

NICVA seems to be advocating a return to that situation and a move away from a philosophy of supply and demand. I tend to favour the latter option. Training that aims at meeting the needs of employers results in high placement levels and securing of jobs at the end of the training period — around 80% in that context, as I understand it, against 12% where training is being done for the sake of training.

Ms McCandless: NICVA does not dispute what you are saying; we agree with you. Paragraph 1.7 of our submission is linked to paragraphs 3.2 and 3.7. NICVA is not saying that customers’ perceived needs have not been dealt with, but that customers’ real needs have not been dealt with. People are given inappropriate training, or training that they never fully access because they

may need additional help or support. Paragraph 3.7 of our submission lists the factors that prevent people from taking up, or fully benefiting from, training that has been offered to them.

The balance must be addressed between what employers think they need today, what people think they can access and benefit from, and — the third leg of the stool — what the economy needs tomorrow. Paragraph 3.2 of our submission deals with that issue.

The supply side must be dealt with. Perhaps there is an element of: “If you build it, they will come”. If Northern Ireland were stuffed full of skilled engineers and graduates in bioscience, biotechnology and nanotechnology, would employers come here? Possibly they would. Supply and demand must be catered for. NICVA does not advocate swinging the balance entirely towards the customer. The balance must be redressed slightly, and the needs of the future economy, rather than the needs of employers today, must be factored in.

Mr Newton: Also in paragraph 1.7, you say that NICVA advocates moving away from employers because they have no idea how to motivate low-skilled people.

Ms McCandless: We say that we should move away from employers leading the training process. Employers should participate, but an undue emphasis has been placed on employers leading the strategy based on current needs.

There are two elements missing from that: what skills people can absorb and use; and what employers or the economy will strategically need tomorrow. What employers will need tomorrow is not the same as what they need today.

The Chairperson (Mrs Long): I take this opportunity to thank you both on behalf of the subgroup for providing us with your presentation at relatively short notice and for the question-and-answer session. Your contributions have given us an important perspective on the community and voluntary sector’s point of view. Your input has been very valuable.

Mr McAleavey: Thank you, Chairperson, and thank you to the subgroup.

The Chairperson (Mrs Long): Members, we are now in closed session, and the next item on the subgroup’s agenda is “Any other business”. We have the research presentation from Dr Peter Gilleece to discuss, but, before we deal with that, we shall consider the draft of the subgroup’s press release.

The Committee Clerk: We had not received the presentations before today’s meeting, so we could not write the press release before the meeting. I have had to write down notes as we have gone along. The question-and-answer sessions were so good that I have had to leave out a great deal. I shall now read my notes — minus

the topping and tailing, which is standard — on the evidence sessions, to see whether members are content.

In his presentation, the chief executive of the Northern Ireland Tourist Board, Alan Clarke, described the trends in tourism performance. Those trends indicated a generally positive and improving position on visitor numbers and spend. Mr Clarke emphasised the importance of developing effective planning strategies to support sustainability and the importance of promoting better joined-up government to provide the strategic leadership that is needed to grow the industry and to move it from a discovery destination to a long-term-brand position. NITB has identified to the Government the funding requirements for five key signature projects and recognises the importance of securing adequate public and private investment for capital projects.

Mr McGrath noted the importance of avoiding an increase in tax initiatives, such as a bed tax, which could make the Northern Ireland tourist industry uncompetitive. He stressed the strategic importance of having an effective roads infrastructure so that Northern Ireland can take full advantage of increased visitor figures, which have come about as a result of people's benefiting from cheaper air travel. Mr Clarke noted the need to merge the efforts of NITB, People First and Invest Northern Ireland to ensure that the tourist industry has an adequate supply of appropriately skilled staff.

On earnings, Victor Hewitt noted that the economy has been performing quite well: unemployment has been reduced and gross value-added has improved. He added, however, that, when considered from a different perspective, Northern Ireland had not performed so well. It has higher rates of economic inactivity, and there is a large trade deficit between its exports and imports. That deficit is financed by the fiscal transfer from the United Kingdom Exchequer of some £6 billion per annum.

Mr Hewitt said that Northern Ireland's lower productivity rate reflects the traditional industrial structure and its bias towards low productivity industries, the rate of growth in the United Kingdom economy and a range of supply-side factors that can influence productivity performance. Key among those are the so-called drivers of productivity: innovation, especially R&D; enterprise; and skills in the workforce. Improvements in those areas will give long-term economic benefits.

Mr Hewitt noted the low R&D base in Northern Ireland companies and emphasised the importance of linking business to universities to identify R&D opportunities. He noted also the advantage of developing networks and collaboration between businesses to maximise R&D activity. He noted the importance that

FDI attached to a low rate of corporation tax, both in Northern Ireland and in the source economy. He added that some care should be taken to ensure that tax incentives such as corporation tax were structured to maximise future investment in the economy. He emphasised the importance of developing a coherent public-expenditure strategy that focuses on a central theme and encourages economic growth and genuine productivity gain.

I know that this summary is proving to be a bit long, but they are key points, and I will pare them down in the final version.

When speaking about impediments to economic growth, Seamus McAleavey from NICVA noted the importance of political stability and a devolved Assembly. Although NICVA supports DETI's 'Economic Vision for Northern Ireland', Mr McAleavey recognised the need to develop a wider vision that would create a politically, socially and economically attractive society.

NICVA would like to see action to encourage entrepreneurship to address the risk-averse culture that pervades the public and private sectors.

NICVA is not convinced that, on its own, a reduction in corporation tax would be sufficient to create the fiscal environment needed to stimulate business and investment.

Mr McAleavey said that regional imbalances in Northern Ireland must be addressed to encourage a wider spread of economic opportunities across rural and urban areas.

NICVA recognises that, on its own, public expenditure would not be sufficient to address adequately the structural problems facing, for example, north Belfast, and that a joint public and private sector investment package, similar to approaches taken in the USA, is required to regenerate such areas.

I have tried to capture issues that have been raised by the witnesses from, if you like, both sides of the house. If members are content with those —

Mr McCarthy: Should we publicise the comments that the representatives of NITB made about the possible introduction of a bed tax? Doing so might plant a seed in somebody's mind to introduce it.

The Committee Clerk: The seed has been planted. The bed tax might grab media attention, so perhaps we should not publicise it.

The Chairperson (Mrs Long): Are members content with the press release?

Lord Morrow: There is one thing that I think should be included. No mention is made of the fact that members contributed to the meetings by asking questions. The press release refers only to the

witnesses' presentations, and I am not sure that that will give members of the public the right impression.

The Committee Clerk: Lord Morrow, the beginning of the press release states that the initial presentations were followed by extensive question-and-answer sessions.

Ms Gildernew: The members who attended the meetings are named at the end of the press release.

Lord Morrow: Victor Hewitt and NICVA said that they are concerned about the number of people who are economically inactive. I too am concerned about that, as, I am sure, are other members. It must be addressed.

The Committee Clerk: I will add a line on that.

Lord Morrow: Yes. It should be included.

Ms Ritchie: That issue must be addressed.

Ms Gildernew: Another theme that arose frequently was investment in education. The reference need not be elaborate, but we should include it as the issue was referred to in most of the presentations.

The Chairperson (Mrs Long): Members would like references to economic inactivity and investment in education to be included. On that basis, are members content with the press release?

Dr McDonnell: The investment needs to be targeted at the correct education sector. A fair amount is invested in education, but some of it needs to be better focused.

The Committee Clerk: Do you mean tailored investment?

Dr McDonnell: Yes, because the places that need the investment most are sometimes skimmed over and ignored.

Mr McNarry: I am happy enough with the press release. However, the subgroup has received few facts on the level of economic inactivity. Could the subgroup get some more detailed facts on how major a problem it is?

The Committee Clerk: If the subgroup has identified any specific areas on which it would like more facts, I will ask the relevant organisations for them. The DETI submission listed some of the reasons for economic inactivity. They included sickness and other areas that I cannot remember off the top of my head. There are four or five reasons, and the DETI publication gives the percentage split for them.

Are there any other areas on which members would like further information?

Ms Ritchie: Perhaps the Social Security Agency (SSA) could be asked to provide information on the number of applicants and approvals that there have been for the various disability benefits over the past 10

years? Such information would show whether there have been increases and whether there are regional variations. Perhaps, also, we could ask for an assessment of why those increases have taken place.

1.15 pm

Mr McNarry: There are many genuine and deserving cases, and we must not be seen to be intruding on them. There is also the scam element, which is difficult to prove.

The Committee Clerk: Perhaps we should have someone to talk about fraud figures.

Mr McNarry: There is a lot of fraud, but is it an impediment to economic growth in Northern Ireland?

Lord Morrow: I think it has an impact, David.

Mr McNarry: It has an impact on people's mentality. Many people ask: "Why am I working my butt off when there is a malingerer or waster sitting in the pub, playing cards and doing nothing when he is meant to be sick or receiving disability living allowance?" It would help to find out how large the problem is.

The Chairperson (Mrs Long): Three questions have arisen. We need to clarify how we want to deal with them. The first one is what constitutes economic inactivity, and how the figures are broken down. It seems that this has been dealt with in the report from DETI. If members are satisfied that —

Mr McNarry: It has not been dealt with in the DETI report. As usual, anything coming from these Departments is all waffle and piffle and does not give a direct answer.

The Chairperson (Mrs Long): So you want additional information. Is there a seconder for that proposal?

Ms Ritchie: Yes.

The Chairperson (Mrs Long): Do we have agreement?

Members indicated assent.

The Chairperson (Mrs Long): The second issue is Ms Ritchie's proposal that we seek information from the Department for Social Development on the profile of people receiving the various benefits within the area of economic inactivity over the last 10 years, and any changes that have occurred.

Lord Morrow: And the regions?

Ms Ritchie: And the regional variations, including age profiles.

The Chairperson (Mrs Long): Is there a seconder for that proposal?

Mr McNarry: Yes.

The Chairperson (Mrs Long): Is that also agreed?

Members indicated assent.

The Chairperson (Mrs Long): The third issue is in relation to fraud levels. Could we clarify that? It came from Mr McNarry. Are we talking about statistics for fraud over the same ten-year period?

Mr McNarry: I think so. We need to address the impediments to the economy. We could get into paramilitary activity, but we need to know it.

The Chairperson (Mrs Long): Do we have a seconder?

Lord Morrow: Yes.

The Chairperson (Mrs Long): Is that agreed?

Ms Gildernew: I am a bit concerned that you are talking about benefit fraud, David. When I was on the Social Development Committee, it was made clear to us that the amount of money lost to the Department for Social Development through fraud was less than the amount of benefits not taken up by those who were entitled to them. That is a higher figure.

Mr McNarry: We could link the two. We could look at the balance between fraud and the absence of people taking up entitlements. That is a valid point.

The Chairperson (Mrs Long): Are proposer and seconder content with that addition to the proposal?

Mr McNarry: Yes.

Lord Morrow: Yes.

The Chairperson (Mrs Long): Dr McDonnell has been waiting to speak.

Dr McDonnell: I want to make the point that Michelle has made. It would be very wrong for the subgroup to suggest that a handful of people fraudulently claiming benefits was having a major impact. There may be fraud, but it is a very small factor. The subgroup needs to understand the various benefits that are available. As a result of our economic circumstances and of attempts to massage unemployment figures, people who had anything wrong with them were moved sideways on to benefits. Once people are on benefits, they presume that they will have them for life.

There is a presumption that once you are disabled, you are disabled for life. We should look at the problem creatively and positively and ask the Department for Social Development and others to devise a programme to get people back to work. That could copy the model in the Irish Republic and allow the disabled to receive benefits for six months or a year, or it could create transitional programmes. From experience, I know that once people get into a benefit trap, it can be extremely difficult for them to get out of it. Frances McCandless described a situation in which two people in a house are long-term unemployed; if one goes for a job, they both lose their benefits.

If we are concerned about fraud, I will get down to brass tacks so that colleagues understand. Sometimes Joe Bloggs cannot judge very well whether someone is mentally ill. Even if someone can do a, b or c, he may still be incapacitated mentally. Indeed, he may have a severe mental illness that is not physically obvious. A spectrum of factors needs to be considered.

Although I have no statistical evidence to back it up, I suggest that a lot of the increase in benefit claims hinges on mental illness. The numbers of mentally ill people have seriously increased here as a result of 30 years of madness. They have not had that experience in England or the Irish Republic, so —

Mr McNarry: I do not disagree with a word of what Alasdair has just said.

The Chairperson (Mrs Long): Mr McNarry, I am sorry; Lord Morrow indicated that he wanted to come in on this point. I will come back to you after that. At that point we will have to decide whether to go for this research, because Dr Gilleece has still to present his report.

Lord Morrow: Again, David has taken the words right out of my mouth. I do not disagree with anything that Alasdair has said. However, if we are to have a fit economy, we must look at all the issues, and this is one of them. I want to know why the figure for Northern Ireland is 50% higher than in the rest of the UK and 300% higher than in the Irish Republic.

I regularly represent people at tribunals, because they are genuinely entitled to that service. I defend those people and appeal their cases. I already know about the genuine people, so I am not talking about them when I ask what is behind those figures. I support the people whom Alasdair has mentioned, and I have a social conscience. However, I want to know how we get our economy fit for purpose. That is important, and those figures are startling.

Mr McNarry: I share the views of Lord Morrow and Dr McDonnell. It is not a question of our sitting here trying to damage anyone. However, there are few facts and figures to back up some of the things that people say. We need to find those facts and figures to see how big the problem is.

We have a substantial black economy in Northern Ireland, and nobody ever talks about it. Part of it involves people who are on benefits “doing the double”, as it is called. People fraudulently hold down jobs with employers who fraudulently engage them. I do not know how widespread that is, but if it is an impediment to our economy it is within our remit. This is the sort of thing that people talk about in the pub. People talk about the guy down the road. I would not like to think that anyone would talk derogatively about someone who has a mental incapacity.

The Chairperson (Mrs Long): The proposal is that we ask for additional information on the levels of fraudulent claims in the past 10 years and on the lack of take-up of benefits in the same period. Is that agreed?

Members indicated assent.

The Chairperson (Mrs Long): We will move on to Dr Gilleece's presentation.

Dr Peter Gilleece (Senior Research Officer, Northern Ireland Assembly): I will run through a summary of the paper and then move on to some of the concluding remarks.

Mr McNarry: This is the report about the Republic of Ireland?

Dr Gilleece: It is. The contribution of formal education to economic growth in the Republic of Ireland is of enormous significance. Ireland was one of the first European countries to grasp the economic importance of education. Economists suggest that this up-skilling of the labour force accounts for almost 1% per annum of additional national output over the last decade. Key components of this development are outlined in the paper.

Institutes of technology, for which there is no UK model, arose during the 1970s. Regional technical colleges evolved from innovative policy developments recommended by the OECD in the 1960s.

A link was forged between higher education and the market. The Manpower Consultative Committee, established in 1978, was a forum for dialogue between the Industrial Development Authority and the education system. It recommended an urgent programme of expansion to alleviate shortages and to increase output to meet projected demand. Irish education now has an explicitly vocational component that did not exist 30 years ago.

The view of Government agencies is more likely to lead to new course initiatives or pump-priming by the Department of Education and Science or the Higher Education Authority than any other force.

Participation in upper secondary and tertiary education has risen phenomenally over the last four decades. In 1995 the Republic of Ireland had an above-average ratio of graduates to population and a higher number of persons with science-related qualifications, relative to the size of the young labour force, than all other OECD countries including Japan. In addition, between 1990 and 1995 public spending in tertiary education institutions and on financial aid for students rose by 33%.

More significantly, in view of comments heard today on future development, it has been argued that the most important factor determining the contribution of the education system to economic progress within

developed countries is the emphasis it places on sustaining a high level of performance on the part of the bottom half of the ability range. The Republic of Ireland lags behind OECD countries in this respect.

The Irish economy has strategically placed itself as a knowledge-based economy. Successive surveys of foreign-owned firms reveal that two of the important determinants of the decision to locate in Ireland are the availability of skilled labour and the specific skills of the workforce. However, the growth in wealth has not been spread evenly, and overcoming economic and social disadvantage remains a significant issue.

In 2003 the Department of Education and Science invited the OECD Secretariat to undertake a review of higher education to evaluate performance of the sector and recommend how it might better meet Ireland's strategic objectives. The report identifies new challenges that will have to be overcome if the Government's ambitions are to be realised. The report makes a series of recommendations that call for significant structural change.

To move from being a technology-importing, low-cost economy to an innovation-based technology-generating society requires that Irish tertiary education and research, and innovative indigenous enterprises, have to become the new drivers of economic development and of the country's international competitiveness.

There is a growing phenomenon of technology sourcing FDI, which sees firms seeking access to resources that are only available in the overseas locations targeted. Increasingly, multinational firms are setting up overseas R&D facilities where local conditions are such as to increase the likelihood of innovations emerging. The likelihood of that happening depends upon the local innovations system; the process by which public and private sector institutions, firms and national policies interact and coalesce to generate innovation.

In information and communication technology alone over the last few years, a number of significant developments have been registered under this new strategy. For example, and it is one of many given in the paper, IBM has announced further significant investment in its Irish R&D software facility in Dublin. A director of the company explains that its decision was influenced by the availability of the necessary skills, the strong support of the Industrial Development Agency and the growing emphasis on scientific research by the Science Foundation of Ireland.

The key issues emerging are: building a strong education system; maximising investment in R&D; and developing a local innovation system. All are key to developing the capacity necessary to add value for indigenous interest, and in the longer term to be attractive to technology sourcing FDI.

1.30 pm

I will move to the concluding remarks on page 14.

Investment in education is fundamental to the growth of economies whether the approach is to provide the skills and intellectual capital base to attract foreign direct investment as in the Republic of Ireland, or a model of building the educational base to support indigenous interests.

In the case of the Republic of Ireland a very strong enabling environment, with skilled labour and specific skills of the workforce, was in place to complement the low level of corporation tax.

A number of key milestones have been identified over a period of forty years, which, under the right conditions, conspired to produce a highly successful economy. Some key lessons may be learnt from that.

I now turn to the education system.

A consistent feature of this evolution has been the objective assessment of government policy. For example, at key junctures the Republic of Ireland have invited analysis of their education policy by the OECD. The OECD reports of 1964 and 1965 have been described as landmarks. In 2003, at a key crossroads in the development of the education system, the OECD were again invited to review higher education policy. This strategic approach has in the past ensured that there was a sound basis for the growth of economy.

The subgroup has heard criticism of the divide between policy development and implementation in Northern Ireland. There has also been criticism of our system of educational provision.

Victor Hewitt spoke earlier about the amalgamation of Departments' policy wish lists versus the greater focus in the Republic of Ireland.

I shall turn to participation in education. It has been argued that the most important factor determining the contribution of the education system to economic success within developed countries is the strength of the emphasis on encouraging those in the lower ability range.

The subgroup has also heard evidence of the failings of education in economically disadvantaged areas.

On the knowledge-based economy, my paper says:

"It may be the case that the foundations upon which we hope to build the knowledge economy in Northern Ireland are appropriate, however there is no certainty and evidence would suggest that, based on delivery to date, there are failings in the system. Perhaps consideration should be given to an ambitious, targeted and comprehensive review of educational policy with specific reference to its impact on economic development, at all levels in Northern Ireland, similar to the objective scrutiny that the Republic of Ireland has invited."

I move on to the section on higher education and the market. In the Republic of Ireland the interchange between higher education and the market is to a considerable extent mediated through government agencies. Irish education has now an explicitly vocational component.

Robin Newton mentioned apprenticeships and training schemes. The UK is unique from the rest of Europe in that training is not matched to real jobs. Appendix 1 of the paper contains a critique of apprenticeship schemes. The paper also highlights that, in the Republic of Ireland, the change centred around the non-university sector, and the universities themselves ultimately adapted to the vocational imperatives which had become part of the climate.

My paper goes on to state:

"Consideration may be given to the adoption of a model similar to the Manpower Consultative Committee, as a forum for dialogue between Invest Northern Ireland and the education system."

And, looking ahead to the challenges:

"The next stage of development for the economy in the Republic of Ireland will place greater emphasis on research and innovative indigenous enterprises as the new drivers of economic development. In Northern Ireland there is a need therefore to address the barriers to business investment in universities, improve the current financial and fiscal mechanisms of support for R&D activity"

— primarily within universities —

"and reconsider our attitude to risk in the support of R&D activity."

Technology-sourcing foreign direct investment represents a significant change in strategy, dependent on a strong local innovation system. My paper states:

"Moving towards foreign direct investment with a reduction in corporation tax may be considered a longer term goal, perhaps over 5 to 10 years. There may be a need to ensure that there is sufficient capacity to take full advantage of any new corporate tax regime."

The change in emphasis to technology-sourcing FDI may be particularly irrelevant in the light of the gamble scenario described by Victor Hewitt.

The Chairperson (Mrs Long): Thank you, Dr Gilleece, for your presentation.

Ms Gildernew: That was an excellent paper, Peter. The reports that the Twenty-six Counties invited the OECD to write in 1964 and 1965 predated its corporation tax regime and many of the factors identified as drivers of economic growth.

As a result of that, the subgroup must strongly recommend that we invest in education from birth right through, as Ms McCandless said. Rolls are declining, and schools are being closed down left, right and centre. There may need to be some rationalisation, but here is a unique opportunity to turn those smaller classes around, to improve the pupil-teacher ratio by getting more one-on-one teaching, and to support schools, rather than close them down willy-nilly across the Six Counties without taking that into consideration.

We may also have to consider seriously the amount of money spent on arts degree courses in universities, as opposed to vocational training in further and higher education. This is thought-provoking and proves that incentives are one thing, but the education and skills of our young people are paramount — that is probably the most fundamental factor in ensuring the future growth of the economy. Fair play to you, Dr Gilleece, it is an excellent paper.

Mr Newton: There is a great deal in this paper, and it is worth a detailed read. I have only two comments. I am concerned that the word “education” is only seen in the academic sense: it should also be seen in the vocational sense.

Dr Gilleece: Education and skills; training.

Mr Newton: Yes. I would have thought that the development of an entrepreneurial ethos would have been mentioned in the Lisbon strategy. Entrepreneurship should be delivered as a core subject from primary education, so that it feeds into the higher echelons of education.

Ms Ritchie: I thank Dr Gilleece for his in-depth paper and for the analysis that he has carried out into the system that pertains in the South of Ireland.

There is a need for a re-examination of educational attainment in Northern Ireland. When we think of education — and perhaps I am thinking similarly to Robin Newton — people focus on academic education. Twenty-five years ago, people did concentrate on vocational education, but in the pursuit of academic qualifications they forgot about the vocational side; they were anxious to obtain O levels, A levels and a university education. They forgot about vocational skills, and they forgot about those children who did not have the capacity to pursue an academic line and who would have been better suited to apprenticeships or working in the likes of the mechanical and construction fields.

We must consider the recommendations made by the Construction Employers Federation about the nature of apprenticeships: they should be pursued by 15- and 16-year-olds in secondary education, and there should be a transition to the factory floor or to the construction industry.

We must examine why there has been a dearth of entrepreneurial spirit in the North of Ireland and why there is a regional variation in that. In an area such as Kilkeel there is considerable entrepreneurial spirit, not solely in the fishing industry, but also in response to the downturn in that industry, and people have used their skills in other industries. We should consider case studies to determine how certain areas have built on that entrepreneurial spirit.

The subgroup should recommend that the OECD examine what has been done in the area of educational attainment, both generally and more specifically in relation to vocational skills, and assess why there has been a downturn in the number of people who have felt inclined to go into vocational training. Parents who force children into academic education rather than ensuring that children’s education is geared specifically to their abilities play a large part in that. A great deal of research needs to be carried out on that.

Dr Gilleece’s report shows how the Republic of Ireland has been able to move from an agrarian economy in the 1960s to one able to attract FDI and concentrate on technological industries. However, I know from friends who have worked in the technology industry in the Republic that some have had to relocate to lower-cost economies, and we must be mindful of that need and be aware of the difficulties.

We must also examine what our universities are doing in the technological field and whether they are training people to apply their knowledge to the appropriate skills. As Michelle said earlier, those of us who left university equipped with degrees in the arts that were of little value to employers need to encourage people to challenge themselves to train vocationally.

Dr Birnie: I thank Dr Gilleece for his excellent summary. I have two questions, or perhaps observations.

First, ideally the subgroup would like some sort of tabulation, to include both Northern Ireland and the Republic of Ireland, showing European continental comparisons of the percentage of the labour force that is qualified to each of the five educational levels. I know that that is a difficult task, because I tried to do it about 15 years ago, and statistics are never set out on a comparable basis.

My second observation is designed to inject a little scepticism, or perhaps realism, with regard to the contribution of education to economic growth. Some of it is a product of timing, as I sense was implied in Dr Gilleece’s paper. The big burst in public spending investment in post-11 education in Northern Ireland occurred after the Education Act 1944, and the benefits to economic growth came about 16 or 18 years later, after people had moved through the education system.

In the Irish Republic, as has been pointed out, a similar wave of investment in secondary — and later tertiary — education began much later than elsewhere in north-west Europe, from the mid-1960s onwards. Sixteen years on brings us to the mid-1980s, and the Celtic tiger economy began in the late 1980s. Therefore, economic growth is a product that comes some years after the investment starts.

Educationalists and economists still debate whether investing in education has a permanent effect on an economic growth rate. Those who believe that it does can be optimistic and say that the South's investment in education will lead to economic growth remaining high for the foreseeable future. There is an alternative view that diminishing returns will set in, and that you cannot keep increasing the percentage of graduates in your labour force. Once it gets above 50% — as is the case in Northern Ireland — arguably the benefits to the economy decrease.

I am just introducing some necessary scepticism or realism. Simply putting money into the education system does not necessarily produce extra percentages of economic growth at the other end of the pipe.

Ms Gildernew: Esmond, are you talking about types of education? A person may be very well-educated person, perhaps an expert on ancient Greece, but no good for the economy.

Dr Birnie: We need to reflect on that debate. I heard Margaret almost apologising for doing an arts subject. We need to be very careful. If a degree helps you to think, it will have produced a benefit generally for whatever career you end up in.

Ms Ritchie: Flattery will get you nowhere. *[Laughter.]*
1.45 pm

Dr Birnie: I think we need to be very careful about sticking everyone into technology courses. We might teach people in the technologies of today, which may not be the ones that are around in 10 years' time. We must try to strike a balance.

The Committee Clerk: Could I ask Dr Gilleece —

The Chairperson (Mrs Long): Dr Gilleece will sum up at the end. He is taking on board the questions that are being asked.

Mr Neeson: To me, in drawing direct links between the economy and the educational system the main issue is that the system in Northern Ireland is wrong. Departments do not work together, and there is no joined-up government. That has become evident in several evidence sessions. Looking at Ivan McCabrey's letter to us today, and coming from a teaching background as I do, I recognise the weaknesses in the system. It is important that our report reflect Michael

Maguire's comments on responsive education from primary level up.

Education in Northern Ireland is about to be reformed, and it is important that we get it right and address it as an Assembly. I do not agree with the 11-plus, but I certainly do not agree with the proposed replacements. The relationship between the needs of the economy and society as a whole is vital if we are to achieve the 140,000 jobs that the Northern Ireland Business Alliance has targeted.

Lord Morrow: It is a pity that we did not have Dr Gilleece's paper before the meeting. That is no one's fault; it is just the way things are.

A key issue is building a strong educational system, which no one can gainsay. The technical colleges argued that they should be afforded university status. Are we trying to find the highest common denominator, or the lowest? An economy should always reach for the highest.

"Most findings from studies of the relationship between labour market earnings and initial education conclude that an additional year of schooling is likely to yield an annual 'rate of return' for individuals of 8-10%."

That is very significant and very telling. That issue must be "got out there", as the saying goes, and really demonstrated.

"Similarly positive results emerge from macro-economic growth studies on the impact of additional schooling on long-term growth in GDP."

That is of great relevance. I would like to hear Dr Gilleece elaborate on that a wee bit. I have other points to make, but I will stop now. I can see that everyone is getting hungry.

The Chairperson (Mrs Long): We can ask Dr Gilleece to deal with that during his summing-up.

Dr McDonnell: Chairperson, I do not want to come between colleagues and their lunch. Most of the points that I wanted to make have been covered already. I am delighted that colleagues have recognised Dr Gilleece for the gem that Sean Neeson and I encountered some years back on the Committee for Enterprise, Trade and Investment.

Lord Morrow: Did you find him?

Dr McDonnell: Sean and I invented him.

Mr Neeson: We groomed him.

Dr McDonnell: Yes, we groomed him. Dr Gilleece was an excellent resource and an excellent support to us back then. Rather than compliment him on yet another gem of a paper, I will leave it at that, Chairperson, because there is no point in my repeating what others have already said.

Mr McElduff: I want to express my appreciation to Dr Gilleece for his presentation. There would have been real value in having a formal submission after which we could have asked questions, but, given the time constraints, that was not to be.

I agree with Robin Newton, who said that the briefing paper requires detailed reading. We could perhaps revisit the paper when we come to consider the written evidence.

The Committee Clerk: We will be doing that.

Mr McElduff: The convergence of some of Victor Hewitt's points about the historical context for Ireland's success and Dr Gilleece's reference to T K Whittaker's 'Economic Development' paper of the late 1950s is interesting.

The Chairperson (Mrs Long): Esmond Birnie has proposed that further research is required into the percentage of the population that is qualified to each of the five levels, compared with the Republic of Ireland, Great Britain and other European countries. That may be something on which members need to agree first. Before we do that, I invite Dr Gilleece to sum up.

The Committee Clerk: I can ask the Department for Employment and Learning for that information, but what do you mean by "the five levels"? Are you talking about Key Stages 1, 2, 3, and so forth?

Dr Birnie: Dr Gilleece can elaborate on this. Level 5, I think, refers to a PhD, level 4 to a degree, level 3 to a HND or technical qualification, level 2 to an apprenticeship and level 1 to GCSEs. It is something like that. We are not talking about Key Stage qualifications. It is the level of so-called paper qualification that a person has attained.

Dr Gilleece: I think that I managed to catch all the comments. I would like to quickly respond to some of them.

Dr Birnie mentioned that he is sceptical of education's contribution to economic growth and of the benefits of producing graduates. Robin Newton mentioned the former point as well. It is about education as a whole — the skills, the vocational training, and all the rest. I refer in my briefing paper to the successful economies in the Nordic countries, which have superb educational systems. As Frances McCandless said, people in those countries from socially deprived backgrounds are experiencing no educational disadvantages whatsoever. The opposite happens to be true in Northern Ireland. Equally, there is the same problem in the Republic of Ireland. Education seems to be the means of helping people become more economically active.

The Scandinavian countries have a superb educational system. The whole philosophy there is not about the process of education, but about education as a fundamental right. Pupils there are encouraged to

progress right through the educational system. There is an ethos of high tax and strong social welfare in Scandinavia. Also, among the EU countries, they account for the highest R&D spend as a percentage of GDP and, as a result, their economies are very successful. That success seems to be due to their investment in education, R&D and innovation.

I agree with Sean Neeson. We are on a treadmill of producing strategies and policies with no real opportunity to evaluate their success objectively. In researching this subject, one of the things that struck me — I mentioned it in the paper that I presented on 3 August — is the ability of civil servants and politicians to sit back, open the doors and ask people to tell them what they think of what they are doing and whether they are doing it wrong. When the Republic of Ireland took that approach, particularly in the 1960s, it opened itself up to ridicule. The 2004 OECD examiner's report, 'Review of National Policies for Education: Review of Higher Education in Ireland', is significant because it proposed a change in direction.

Barry McElduff mentioned T K Whittaker. An interesting point, which touches on the paper that I presented last week, is that T K Whittaker was a civil servant who, at the age of 39, was promoted to the position of permanent secretary. Seán Lemass sponsored him and gave him the opportunity. He was innovative and creative, and he was given the opportunity to record his thoughts and work outside the rigid Civil Service system. T K Whittaker was an important catalyst for the changes to the system in the Republic of Ireland. He was originally from Rostrevor.

The Chairperson (Mrs Long): I thank Dr Gilleece for the contribution that he has made to the subgroup with the paper and the answers to members' questions. There will be an opportunity to explore the paper in more detail during the sessions set aside to consider written evidence.

Dr Birnie has proposed further research. Does anyone wish to second that proposal?

Ms Ritchie: I second it.

The Chairperson (Mrs Long): Do members agree?

Members indicated assent.

The Committee Clerk: Peter is on holiday next week. Therefore, he will not be available on 15 August to answer any questions that arise from his paper. I can ask the Department for Employment and Learning to provide the additional statistics. Dr Gilleece, do you have access to those?

Dr Gilleece: Not in the time available, but I can gather them when I come back from leave. I will probably be on leave for most of the following week as well, but when I come back, I will address that issue if

it is still relevant. As Dr Birnie said, without the statistics, it is difficult to compare like with like.

The Chairperson (Mrs Long): OK. That will be noted.

Do members have any other items of business that they wish to raise?

Some Members: No.

The Chairperson (Mrs Long): Good.

The next meeting will be held at 10.00 am on 15 August, when the subgroup will consider written submissions. Members have been provided with a draft agenda. To repeat what I said earlier, it would be helpful if those members who are going to attend that session are given advance access to the written evidence to give them the opportunity to study it.

Adjourned at 1.59 pm.

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Roll of Membership, 3

Kennedy, Mr Danny

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Kilclooney, The Lord

Roll of Membership, 3

Lewsley, Ms Patricia

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Long, Mrs Naomi

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**Long, Mrs Naomi (as Chairperson of the Subgroup on
the Economic Challenges facing Northern Ireland)**

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McCann, Mr Fra

Roll of Membership, 3

McCarthy, Mr Kieran

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McCartney, Mr Raymond

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McCartney, Mr Robert

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McCausland, Mr Nelson

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McClarty, Mr David

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McCrea, Dr William

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McDonnell, Dr Alasdair

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McElduff, Mr Barry

Roll of Membership, 3

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McFarland, Mr Alan

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McGimpsey, Mr Michael

Committee on the Preparation for Government,
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Roll of Membership, 3

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McGlone, Mr Patsy

Committee on the Preparation for Government,
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Roll of Membership, 3

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McGuigan, Mr Philip

Roll of Membership, 3

McGuinness, Mr Martin

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Roll of Membership, 3

McLaughlin, Mr Mitchel

Roll of Membership, 3

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McMenamin, Mr Eugene

Roll of Membership, 3

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McNarry, Mr David

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Maginness, Mr Alban

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Maskey, Mr Alex

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Molloy, Mr Francie

Roll of Membership, 3

Molloy, Mr Francie (as Chairman of the Committee on the Preparation for Government)

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Morrow, The Lord (formerly Mr Maurice Morrow)

Committee on the Preparation for Government, CPG1, CPG24, CPG25, CPG31, CPG32, CPG39, CPG45–6, CPG47, CPG52, CPG70, CPG88, CPG96, CPG97, CPG99, CPG100, CPG101, CPG102, CPG105, CPG107, CPG108, CPG109, CPG110, CPG110–11, CPG111, CPG114, CPG117, CPG131, CPG132, CPG133, CPG138, CPG140, CPG141, CPG144, CPG145, CPG146, CPG147, CPG154, CPG223, CPG263, CPG264, CPG265, CPG267, CPG268, CPG268–9, CPG269, CPG272, CPG273, CPG275, CPG276, CPG277, CPG278, CPG279, CPG283, CPG284, CPG285, CPG286, CPG287, CPG288, CPG289, CPG291, CPG431, CPG432, CPG435, CPG442, CPG443, CPG446, CPG451, CPG452, CPG453, CPG455, CPG456, CPG458, CPG458–9, CPG462, CPG463, CPG464, CPG466, CPG468, CPG469

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Moutray, Mr Stephen

Industrial Rating, 69–70

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Murphy, Mr Conor

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Neeson, Mr Sean

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Nesbitt, Mr Dermot

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O'Rawe, Mrs Pat

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O'Dowd, Mr John

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