



Northern Ireland  
Assembly

Committee for Enterprise, Trade and  
Investment

# OFFICIAL REPORT (Hansard)

Invest NI: Half-year Results

14 November 2013

# NORTHERN IRELAND ASSEMBLY

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

Mr Phil Flanagan (Deputy Chairperson)  
Mr Steven Agnew  
Mr Sydney Anderson  
Mr Sammy Douglas  
Mr Gordon Dunne  
Mr Paul Frew  
Mr Mitchel McLaughlin  
Ms Maeve McLaughlin  
Mrs Sandra Overend

**Witnesses:**

Mr Alastair Hamilton                      Invest NI

**The Deputy Chairperson:** Briefing the Committee today is Alastair Hamilton, the chief executive of Invest NI. Alastair, once again, you are very welcome.

**Mr Alastair Hamilton (Invest NI):** Thank you, Chairman.

**The Deputy Chairperson:** Do you want to make an opening presentation, which we will follow up with some questions for you?

**Mr Hamilton:** Thank you very much. It is good to be back in front of the Committee again. This is my usual half-year point, when I bring you validated information on the performance of the organisation for the first six months of the year. In my time in the post, which is just over four years, this is one of the most positive, encouraging and successful half-year reports that I have had the privilege to bring to the Committee, and I hope that you will see that as we go through the presentation.

I know that there was a slight disconnect the last time I was here in making sure that you all had colour copies of the papers so that you could see the greens and reds that I was referring to. I also know that there were some comments about that afterwards. We offered to send printed colour copies of the papers, but I see that Committee members have their tablets and laptops out, so everybody, I hope, has colour copies today.

Slide 2 gives a heads-up on our internal scorecard targets against which we measure the organisation's performance. I know that there has been a conversation about the goals and targets for the organisation. However, I am delighted to say that we are on target to achieve 16 of the 18 internal targets. We will discuss some of those targets today. I suppose that the most notable one that we are challenged on is exports, and I have a few slides to give you some more detail on that.

The second point is about continuing to raise the bar. Again, there have been conversations in this Building, particularly at the Public Accounts Committee (PAC), and in some other bodies about what happens if we over-perform and whether there is an ongoing desire to raise targets, keep stretching and ensure that we overachieve and have the targets to do so. At the Invest NI board meeting last week, targets in all the areas outlined — total jobs, total investment, local jobs, jobs fund and R&D investment — were lifted. The Programme for Government (PFG) targets will not change. Nevertheless, our targets have been raised internally to keep the organisation moving forward.

The headline for me is that 4,000 jobs were promoted in the past six months, a 90% increase on the same period last year. Last year was a really good year for us, but many of our jobs came in the last three months of the year, which created a lot of pressure on the organisation. We have managed to smooth that a bit, and having 4,000 jobs signed up in the first six months of this year is a really good position to be in. You will have seen and heard some of those jobs being announced, such as those for the Stream project, which are included in that 4,000 figure. However, other projects have not yet been announced, but I hope that they will be sorted within the next few weeks.

The other headline is that our total planned investment — the investment that comes on the back of that — is £388 million, which is up 100% on the same period last year. As we did four years ago, I will flag up a few times during this presentation that one project has had a slightly disproportionate impact on those numbers. That project is now publicly visible and was commented on by the Executive in the economic pact and by the Prime Minister when he was here recently. That project is the next version of the Bombardier investment project, and it accounts for about £120 million of that £388 million. However, even if we net that out, we are still ahead of where we were last year.

I know that the Committee has taken a big interest in the R&D side, and I have specifically included information on that to let you see exactly where we are going in that area. Quite a lot of our work at the minute, particularly with that Bombardier project and others, is on the R&D side, and that target has been increased from £75 million to £110 million. Bearing in mind that the Bombardier project is £120 million, you may ask why that target has not increased by more. We have agreed with the board that the Bombardier project will not count towards our internal targets because it is such a large, one-off project that sits alongside our other work in that area. Internally, we have committed to delivering £110 million of investment in R&D on top of the Bombardier project, and bear in mind that our initial target for the year was £75 million. Adding the two comes to £230 million, which, realistically, is where we expect to be.

I am conscious that I am mentioning individual companies. The Bombardier project is in the public domain and has been approved by us. As with the previous Bombardier project, it will be jointly funded by the Department for Business, Innovation and Skills and is going through EU approval. We believe that there may be challenges but not difficulties, and we hope to get it sorted before the end of this financial year.

The second point that interested the Committee was the new Programme for Government target on the balance of the R&D investment by small businesses that we supported. We were set a target of 20%, and, in the six months to date, 34% of the R&D investment was by small and medium-sized enterprises (SMEs), which is really good.

The next three slides are ones that I regularly show to the Committee: the volume of work that we do; our investment; and the combined investment between us and the companies. There is a very healthy picture in all three areas. We made 2,464 offers of support at the mid-year point, which is the highest number in the past five years. At the end of last year, I told you that we had crossed the line of 5,000 offers of support. That was the most that we had made in a long time, but that trend continues. Some of that is driven a little by the economic recovery and a real desire now among firms to start to put plans together for business growth, which means economic growth for us. A second bit is driven by the output of the wider base in the Boosting Business programme, which we are now starting to see. We have discussed well enough at this Committee the strategic attempt of Invest NI to support small businesses that we would not previously have been involved in. That is now flowing through into projects that we are able to support.

Slide 5 shows the assistance that we offer. Again, at the half-year point, £94 million of assistance has been offered to firms. It is the highest ever on record, going back to 2001, in the first six months of our operation. Yes, Bombardier accounts for £20 million of that. I would like to clarify the Bombardier picture: we are putting £20 million of combined support into that on behalf of the Executive and the Assembly, and there is £120 million total investment. So £20 million of that £94 million is for the Bombardier project, but even if we net off the £20 million, it leaves £74 million, which is a 65%

increase on where we were last year. We are in a very healthy position in being able to offer support to firms.

I am not here today to talk about budget management, but, at some point in the future, we will get into a situation in which those offers start to get drawn down. There is a challenge for us at executive level in Invest Northern Ireland to start to manage our budgets properly so that we are able to deliver against those commitments. The interesting point is that both local and external assistance are up. Local assistance is up by 84%, and external assistance is up by 217%. The Bombardier project is in the middle of that.

Slide 6 shows overall planned investment. It details the money that we are putting into firms and the amount with which they are matching it to deliver the overall project. At £388 million, our total planned investment is up over 100% on the same period last year. We can step out of the detail for a moment and look at a macro level at where the Northern Ireland economy is going. Recent survey-based reports indicate that the economy is moving in a much more positive direction than was the case over the past two or three years. You can, I hope, see that in the appetite of firms to invest and the projects that have been concluded. None of these are included unless there is a business plan and a firm commitment from the firm to invest. I hope that you see, from the work that we are doing and the appetite of businesses to invest, a similar picture that shows that firms are now in the market for investment.

Slide 7 is on jobs promotion. I am sure that we will have a bit of a chat today about job promotion and creation. At present, the majority of our targets based on the Programme for Government are promotion targets, and we will continue to measure against those. The number of jobs promoted is up 87% on the same period, from April to September, last year. Those are the 4,000 jobs that were my headline figure at the start. Last year, the comparable figure was just over 2,100 jobs, so almost double the number of jobs has been promoted in the same period. That is, I think, a very healthy position. It is not being dominated one way or another: local promotion is up 57%, and external is up 282%, swayed mainly by the Stream project, which accounts for 993 jobs.

You will probably be familiar with many of the recently announced projects, but I think it worthwhile to put those in context. The 650 Allstate jobs are a follow-on investment from an existing investor, taking the firm's total to about 2,500 employees between Belfast, Londonderry and Strabane. Terumo BCT, a large Japanese-owned firm, is making a substantial investment in the Larne area, which is really positive. Then, moving into the more manufacturing sectors, the Terex and Telestack projects are located well outside Belfast, and those are growing. Agrifood is represented by the Linden project and business services by Deloitte. Vello and Mango, new start-up investors, are brand new to Northern Ireland on the inward investment side.

You probably detect from my tone that I am very positive about inward investment and local company support. We have a really good balance of both and have substantial projects coming along. I do not want to say too much about what lies ahead of us, but you will know by doing a quick sum that we have not announced anywhere near the 4,000 jobs signed up in the first six months of the year. Some of those projects will come to fruition in the next two to three weeks and many of them probably before Christmas. I am very confident that, between now and the end of the financial year in March, we will be able to sign up a lot of the projects that were accelerated by the investment conference.

The reason why I will focus a little on the jobs fund this morning is that we are coming to the point when the fund's original targets start to time out. You may remember that the jobs fund's targets are not aligned chronologically with the Programme for Government. They are intended to time out a year before the Programme for Government times out because the whole point of the jobs fund was to create jobs quickly. Therefore, the jobs fund has targets that we will deliver against the Programme for Government target before we get to the end of the PFG period. We have already promoted 2,000 jobs this year, which brings us to a really healthy position. The original target was the promotion of 6,300 jobs by March 2014, and we have passed that. A total of 6,600 jobs has been promoted against that original PFG target. Needless to say, we are discussing with the Minister and the Department our desire to refresh the jobs fund and continue with it as we make our way out, I hope, of the economic downturn.

On the job-creation side of that, I have often said — I will repeat it because I think that it gets a little lost — that the jobs fund was a pilot programme for many things, but it was a pilot programme for us, operationally, to put into place in advance some of the systems that would accurately count the jobs created. Therefore, jobs created through the jobs fund are being counted in the same way as we count jobs created through all of our programmes. The commitment that we made was to give that

information at the end of the financial year for all of our job-creation programmes. Therefore, despite headlines that we cannot count jobs that are created, we are able to count jobs that are created for the jobs fund programme. Currently, we are at 3,530 jobs created on the ground — those people are in post. That is against the 2014 year-end target of 4,000. I am very confident that we will deliver and exceed that 4,000 target by the end of this financial year.

I will deal with the wider economic impact. Let me talk a little bit about the desire, which I share, to see jobs on the ground and be able to count them. May 2011 was the first time that the subject was discussed. I know that a lot of people are saying that they have uncovered an issue for Invest NI, which is that we cannot count the number of jobs created. In fact, I was the one who first raised that issue in May 2011, when I presented to the Committee a set of slides that outlined 18 individual programmes that we were going to drive under the Transform programme. One was on measuring outputs and outcomes, which is language that has moved more into mainstream conversation. On the back of that, we implemented a programme that facilitated the jobs fund in pilot form. It has now been implemented to measure jobs created in our wider programmes. You will appreciate that, in the environment in which we live, such a process takes considerable time. First, we needed a decision to be made on the procurement of a systems-based solution. Then we moved to implementation and the transfer of somewhere in the region of 5,000 live letters of offer and the information therein on to that new system. That is why a decision made around the end of 2011 got us to the point that we are at now. Having transferred all of that data across, we are tracking the systems. At the end of this year, we will be able to report on all the jobs created. I just want to clarify the situation because I get a little concerned when people think that, somehow, we are holding back the position on jobs-created information and that things are not open and transparent. That was the whole point that I made back in May 2011: we were on track to buy and implement a system that would enable us to report on job creation.

Even that will not give a full picture of the net employment position in Northern Ireland. All that it will give is how many of the jobs that we contracted with clients have been delivered on the ground. That is fine. From a governance point of view, it is important that we do that. I hope that I have assured you on that. However, when you ask individuals what they are looking for, you discover that the more important information is that which shows the net change in employment within the business base in Northern Ireland. So, in addition to the job creation calculations, we have implemented a change, which was also driven strategically on the back of the Transform programme: we now track the 1,200 customers that we account manage day by day. If you remember the segmentation model that I showed to the Committee, you will recall that we account manage 1,200 customers face to face with dedicated client managers and client executives. We manage the rest of the business population under the Boosting Business umbrella. We are now capturing data and information from those 1,200 companies on an ongoing annual basis so that we can track year-on-year movement, not only in employment but in exports and turnover. Those are important things for us to monitor so that we can make sure that we are putting resources in exactly the right places so that they have the most benefit.

I am presenting to you the first year of that data, and this is the first time that the data has been seen publicly. The data will come forward at this time every year, so in future at the half-year point we will be displaying this information to you as well. The headline figures for the 1,200 companies are that employment grew by 8% between 2009 and 2012, sales grew by 21%, external sales grew by 27% and exports grew by 22%.

On slide 11, you will see a breakdown of those figures. In those 1,200 companies, there were about 5,500 job gains. That figure is for 2011-12 only. The exact number is 5,486. There were 3,378 job losses, and the net position is 2,108.

Hopefully, we will publish the information on job creation at the end of this year. You will have this information as well, which is the net position, but it includes jobs that are created outwith the support that we give. It is important for us to stand back. There are projects that we get involved in and give financial support to, so we will track, measure and monitor those; however, there are many businesses that invest their own money and create jobs. That is what we want them to do. Our challenge is to put money in cases where, without that intervention, jobs would not be created. There are other firms that can create jobs without government intervention, and we need to remember that. Therefore, publishing the data annually will give us all a picture of the net position.

I put some interesting pieces in slide 12 to show what the figures look like across individual sectors and have highlighted the construction sector with a red circle, showing clearly what happened in 2009-2010. Since then, the position has stabilised. You will then see, encouragingly and importantly from my point of view, some of the key sectors that we focus on, both for local company support and inward

investment areas. Automotive and engineering and business services are growing strongly. You will see that financial and professional services grew, particularly from 2009 to 2010, stabilised and then dropped a little.

The two areas in the middle that I have put the big circle round are a strong reminder, if ever we needed one, of the importance of our agrifood sector. It has gone almost unnoticed, because many of our investment announcements and promotion are around the key inward investment of financial and business services and IT. You can see, year on year, steady growth on both the convenience side and the protein side of the agrifood sector. You are probably aware of the Agri-Food Strategy Board and its plan to continue to grow that, which is a really good opportunity.

On the right-hand side, albeit in smaller numbers, you can see growth in IT, life sciences, and materials handling. Those are all sectors involved in the figures that I mentioned in the previous slide on announcements in the past six months.

Slide 13 shows the trends in those areas. Some of the wider macroeconomic surveys, such as those of the Ulster Bank or the chambers of commerce, that look at the Northern Ireland business population as a whole, show that sales, turnover and exports have been either steady or going down. However, the top 1,200 companies in Northern Ireland show a different picture, with growth in turnover and exports. Increasingly, we are putting most of our focus and effort into firms that can drive exports, which is the remit that we have been given.

Slide 14 shows that we are in a good place for access to finance suite, which we have talked about many times in the Committee. There is £140 million of funding in that suite of products, at both equity and debt level. Various people, including Vince Cable, have been here over the past five or six months and looked enviously, not only at our suite of products but at our traction in the business community on the uptake of those products. Many schemes announced across the UK have not been particularly well taken up or are too bureaucratic, according to the feedback from some of the small businesses that struggle to access them. The latest development is the launch of the two development funds, which we have managed to get through the procurement process. It is a good end-to-end suite of products. We have often talked about leverage in European funding, and this is a good example. We have not gone into the detail of it today, but I am happy to send you information, if you want, on where we have substantially levered European funding to drive the programme, and very little of our baseline funding has been used on that overall suite of products. We are in a good position with that.

I will finish with a few slides on exports. We can now get below the covers and see the general picture in much more detail. Through the survey that we have talked about, we can now get access to export trends in individual companies in the same way that we have done with employment charts, and the trends will probably be no surprise to the Committee. Europe continues to decline at a rate of 3%, and it would have been higher than that, although it is starting to bottom out a little. America continues to decline, and, from our point of view, that is one of the bigger ones. The slide shows that 18% of our exports go to the Americas; therefore any marked decrease will have a big impact. It is running at almost 20% of our exports. However, there has been encouragement from a strategic point of view, albeit coming off a small base. Over the past while, we have put a lot of focus, including Executive and ministerial focus, on the emerging economies. Asia Pacific is up 10%, and India, the Middle East and Africa are up 16%. If you net those two out, it shows that our exports have declined by 1%, and while we do not want to be there — particularly with a target of 20% growth over the Programme for Government period — you need to factor in the increase in sales from firms in Northern Ireland to GB, which is not counted as exports. Sales to the Republic of Ireland are counted in the Europe figure, but sales into GB are not as they are not exports under the HMRC definition. That is fine as a definition, but those exports do add value to Northern Ireland firms, and many of them have found solace in the midst of the storms that they face on export markets by increasing their sales to GB. If you were to add the GB sales into the picture, that -0.9% turns into a positive figure. There is a net increase in sales out of Northern Ireland, but they are not captured in those numbers.

I will leave slide 16 for your own consumption. We may talk a bit about my desire to see the Committee visit some international markets, because that would be very supportive. The Committee can see trade mission or ministerial activity, and when you see Colombia, South Africa, China, India and Brazil, you will see why we are focusing on them. You can see the improvement across those areas, which are usually classed as Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa (CIVETS) countries as well as Brazil, Russia, India and China (BRIC) countries. That is the list of all those countries.

Slide 17 is an update on Boosting Business. The programme continues to drive very well. As I visit businesses, particularly small businesses and those in rural areas, I get the most positive feedback about the engagement with small businesses that use the Boosting Business programme, and that has been reflected here collectively and individually. We continue to drive it. We have had almost 11,000 attendees at events, seminars and workshops and, increasingly, as we capture more data from companies that make calls to us on a Boosting Business helpline, we can mine that data and target much more effectively the invitations that go to people rather than sending a blanket invitation to something that people may not be interested in. Based on what they tell us during those calls, we can target them more effectively to make sure that they turn up at the seminars in which they are interested.

We have discussed the local economic development side here in the past. We have taken the funding for local economic development on behalf of the Department of Enterprise, Trade and Investment (DETI) and driven much more collaborative programmes with councils. That is strategically important in the run-up to the review of public administration and the transfer of responsibility from us to councils. That is a positive area for us in supporting small businesses and working with local councils.

I could not end the presentation this morning without talking a little bit about the G8 and the investment conference. I came away from both those events feeling very positive. Our profile has been raised across the G8 countries, which are still the major inward-investing and trade countries for Northern Ireland. We have done ourselves proud collectively, and I know that many of you were involved in presenting Northern Ireland in the way that it was presented at the G8.

More important, from my point of view, was the commitment that was given when we hosted the G8 that there would be an economic legacy. In particular, as a salesperson who is trying to sell Northern Ireland to inward investors and from a trade point of view, the commitment of the Prime Minister to speak at the investment conference and to say the things that he did was superb.

The feedback from businesses and stakeholders across the community has probably been the most positive and supportive that I have had in the past four or five years. The team that pulled it together did a superb job, but the credit should go to the inward investors who turned up on the day, bringing senior people with them, to tell other potential investors about what it is like to do business in Northern Ireland in a very supportive and positive way. That was the message. We had a good group of existing and potential investors at the event. To be honest, there were more than I thought we would get when we started the programme. I am very positive about outputs from the investment conference helping us to move some of our projects forward.

I received a very kind letter from the Chairperson of the Committee on behalf of members, passing on very positive comments. We appreciate that, because I know that many Committee members were there on the day. I give credit to Ministers because we had a full turn-out of them at Hillsborough the night before, and it was commented on how joined-up Northern Ireland was at that event in Hillsborough, presenting a single message around the investment and trade opportunities for businesses in Northern Ireland. I felt very positive at the end of both events.

Hopefully, my presentation has lived up to my preface about the positivity of our position. We are starting to see a trend in inward investment and local company growth.

**The Deputy Chairperson:** Thank you, Alastair. That was a very comprehensive update and we are grateful to get it. When you were last here I asked you whether there was any bad news; I suppose that that is what I would ask you again. What have you left out in the way of bad news?

**Mr A Hamilton:** Those are two different questions. I have not left anything out. The bad, or challenging, news is that in a suite of targets and challenges that were set for us by the Assembly and the Executive, the one that I get frustrated about and which continues not to show the recovery that I would like to see is the export side. Although we can look to the emerging economies and see some green numbers, they are coming off a very small base. If you combine those two emerging economies, you only get to about £1.5 billion out of a £5.5 billion export side that we have here. Collectively, we have set ourselves on an export-led growth strategy. Although it is good to see growth in jobs, investment and R&D, strategically at the heart of it we need to see much more success and delivery on the export side. That is an area in which we are still challenging.

Some spots that were amber or red, particularly the start-up business programme, which was the subject of a legal challenge, are now on track. To its credit, the agency delivering that programme on our behalf has delivered its first six-month target for this year. I still believe that we can recover the

gap that was created in year one and deliver the overall numbers across the four-year Programme for Government position. I do not know whether that answers your question.

**The Deputy Chairperson:** I did not really have a question; I was only taking the hand out of you.

I know that the "jobs created" argument frustrates you because it is something that we always rabbit on about. I am sure that you understand why: as a scrutiny Committee, it is something that we want to see. How are things progressing in Invest NI to meet the target of indicating a figure for jobs created?

**Mr A Hamilton:** That programme is under way. Let us look at it for a second. I have said to the Committee in the past that we cannot accurately give numbers on that manually. We could lift out all the 5,000 letters of offer on the day when you ask your Assembly question, add them up and give you a sum, which would be a manual exercise. However, that would be relevant only at that moment. If somebody asked the same question a month later, we would have to do it all again. We do not have the systems in place.

I am not making excuses. Our systems were put in place to measure the things that we were set targets on: job promotion was the target that we were set, so the systems measure that. On 11 May, when the transform programme was launched, I made it clear that we wanted to join the dots between inputs, outputs and outcomes. That was the language that I used at that presentation and have used internally.

The only solution is to put in place a computerised system that will integrate with our offer system, which we use for the majority of our work. When companies make a claim against a letter of offer, they usually claim in bits, so that in a 500-person project they will recruit 60 and say, "Right, wrap that up and make the claim for 60." We need to be able to count that back into a system that says that out of the 500, 60 were counted, and aggregate those figures across about 5,000 individual letters of offer.

It is a systems-based approach. We spec'd that, went to procurement for that system; it is being implemented and integrated into our offer system. All new jobs fund programmes went straight onto that system rather than the old way and then having to convert them. That is why we can do jobs fund today. In the past six months, we have been taking all the existing letters of offer and re-keying all the information into the new system so that at the end of the year we can press a button more or less, although there is a bit more to it than that. Nevertheless, through that system we will be able to get to a number inside a day.

That system is up and running, and the data migration is in place. We need to do a bit of testing as we get to year end. In the same way that we publish all our other information, probably a month and a half after the end of March when we have validated all the data, we will publish job-created information for the past financial year.

**The Deputy Chairperson:** It is good to hear that. It is something that we wanted to see for a while, so it is good to see that the system is being put in place and we hope that it works out. The other thing that we would criticise Invest NI for is the issue of regional imbalance, which is also a target in the Programme for Government. What efforts is Invest NI making to address regional imbalance?

**Mr A Hamilton:** Most of our work in that area has been driven under the themes that we talked about on the local enterprise development programmes, where we are working with councils to develop programmes in their areas. This debate breaks into two, really.

I suppose that one is the foreign direct investment piece and encouraging foreign direct investment into those areas. The second is what are you doing for existing indigenous business to start up or to grow. Sometimes, those messages overlap a wee bit.

On the foreign direct investment side, we have spoken to almost every council in Northern Ireland, and to many representatives, some in the room and some through your parties, and said, "The most effective way for us to present a message for your area is if we have a unique selling proposition for it." I suppose that you have heard that language in this Building as well in the past few months.

We are sales people; we sell something. For those of you who were at the investment conference, that was an unashamed sales proposition where we clearly articulated what it is about Northern Ireland that is attractive to the firms that we target. I will not go through it all because you know what

the key things are. What is useful from our point of view is if we can build sub-regional USP propositions. Look at the companies that we target and ask, "Is there something in my area that is better than the rest of Northern Ireland for that area and how can I combine that?" Look at the colleges or universities in an area, at its infrastructure and telecommunications, and at the people as well as anchor tenants and key companies. Wrap all that up and let us build the sub-regional propositions.

We are engaged with councils, and I have committed my team to working with councils and other stakeholders to build sub-regional propositions. Some are more advanced than others. We are about to see presentations from councils in the next few weeks on the work that has been done.

On a second level, we have also committed, once that proposition is built, to populate specific app-based presentations of that data. We have a Northern Ireland-wide app that you can download to your tablet or device to relay all the information that we gave at the investment conference. If there is a message for a region that has a better picture than some other region, we will part-fund and collaborate in the development of that app for whatever council area. The only thing — and it is not for me to get political — is that this will be much stronger if it is done by clusters of councils. If we end up with 26 apps and 26 messages for Northern Ireland, it will get dissolved. This is not about RPA — although, I suppose, it probably is — but I encourage councils to work together so that there is a bit of scale, so that we have something that is aggregated and much more positive. I will not put a number on it.

Those are the things that we are doing to try to drive FDI. On the local company growth side, it is very aggressive. We must work with business in collaboration with the councils and other stakeholders to support local companies in the subregional agendas.

**Mr Dunne:** Thank you very much, Alastair, for a very informative presentation. We should congratulate you on your performance to date. To reach 16 targets out of 18 is very good indeed. It has been a difficult year economically. We should put on record our support for the Northern Ireland economic conference, as the members who attended it were very impressed. We learned that a number of businesses operating in Northern Ireland are willing to stand up and sell Northern Ireland. We are very impressed with that. We did not know much about some of the businesses. I did not know much about Allstate, for example, or realise that it was such a big player. Overall, it was a great success.

One of my points was about the follow-up on the conference, but I suppose that you have covered it already.

I have a few other issues. We are heavily involved and interested in R&D. Bombardier drew down the European funding for that successfully. Perhaps you could elaborate on the funding that you are offering Bombardier for the next phase. What is the funding for? Many of us who live near Bombardier know people who work there and have interests in it. Can you elaborate on the next phase? We were made aware of that when we visited and we were most impressed with the set-up, which is a credit to everyone involved. It is a good news story. Any member who has not been to it should certainly go and see the scale of it, how they manufacture the composite wings and so on. You have plans to move forward, and we would like some more information on that.

We get exercised about energy costs. How do you attract businesses to Northern Ireland when there are such excessive energy costs here? How do you compensate for that?

**Mr A Hamilton:** I will touch on the follow-up to the investment conference. Needless to say, there is a full programme of follow-up with all the firms that were here for the investment conference. Without disclosing confidential information, I can say that I have met five firms that have been on return visits to Northern Ireland since the investment conference. There is really a lot of —

**Mr Dunne:** They have come back since?

**Mr A Hamilton:** Yes.

**Mr Dunne:** Good.

**Mr A Hamilton:** There was a great deal of interest. The investment conference happens at a point in time, and the firms that we brought to it are in various stages of progression. Some were well

advanced on a project, and it has helped to move it forward; others were thinking about a project, and we were in discussions with them. Yet others we had been unable to get through the door, and we used the conference as an opportunity to hook them and bring them here. There is a range of different companies at different stages of progression in their projects. Those inward visits will be supplemented by visits that we will make to overseas markets. You will see quite a bit of activity, both ministerial and non-ministerial, in getting out and meeting those firms in their own backyard and trying to make the most we can of the investment conference. Bombardier has done tremendously well in its normal traditional aerospace growth, and it has a component in almost every aircraft in the Bombardier family. Through the C Series, Bombardier has also made a strategic move into advanced materials, which is really important for the future of the company in Northern Ireland.

This next project is equally exciting in that it is a new area for Bombardier. It supports other elements of the Bombardier family and other components in aircraft manufacturing. Unfortunately, I cannot go into a lot of detail about it. I am able to comment a little because it has gone for European approval, thereby putting it in the public domain. I am equally excited about this project. From the Government's point of view, it is a larger investment than the C Series investment. From an R&D point of view and for the potential for future job growth, it is on the same scale of importance strategically, and it puts Bombardier Northern Ireland, or Belfast, at the heart of the leading edge of Bombardier development across the Bombardier family.

You also asked about energy costs. Your specific question was this: how do we attract firms to Northern Ireland? Is it by accident or design? The answer is that it is probably a bit of both. At present, the majority of firms that we target are not high energy users. They are in the services sector, so they are office-based. They are in IT, software development, business services and financial services. We talk to a few manufacturing companies. There is a wider strategic debate around the impact of corporation tax on the manufacturing sector and the ability to open up the market in Northern Ireland for a more aggressive approach to target manufacturing-type inward investment and growth in Northern Ireland. However, it is pretty clear on record that existing firms that are heavy energy users are under severe pressure to maintain or grow their presence, because it is not only a Northern Ireland picture. I know that the Committee has had presentations and representations. A lot of the firms are benchmarked as part of a family of about 11 or 12 manufacturing sites across the world. Although they will all have a different balance of energy, employment costs, attrition rates and shipping costs for the end product, all of which play into the overall effectiveness of any site, significant pressure is being felt by manufacturing companies in Northern Ireland on energy costs. I encourage you as a Committee to do all that you possibly can to try to address that.

**Mr Dunne:** Are you able to offer compensation incentives for energy costs?

**Mr A Hamilton:** No. We looked at that a couple of years ago, and we tried every way that we possibly could. We can do some minor things around incentivising firms if they are going to put in renewable energy sources, such as wind turbines and renewable heat plants. We can do a little bit, and we have done that. That gives you a one-off hit. On an ongoing basis, it will not address the challenge for businesses, on a North/South or east-west basis, that are paying significantly more for their energy costs than businesses elsewhere.

**Mr Dunne:** Is there any evidence that it is a huge deterrent to businesses coming here?

**Mr A Hamilton:** It is not a deterrent. Since we do not target high energy users, we do not see it as a deterrent. If we had a corporation tax reduction tomorrow, one thing that would add heavily to the mix is the fact that we would target manufacturers, because corporation tax plays to being able to reduce the cost of tax at the point of sale. If you had that tool, and energy costs remained as they are, you would have a challenge in trying to encourage people. Strategically, that needs to be addressed in the longer term.

**The Deputy Chairperson:** If energy prices for industrial and commercial customers were lower, would you target a different clientele of potential investor?

**Mr A Hamilton:** We could target some. We could not target the full sweep, because there are still challenges in that other areas, particularly the Republic of Ireland, are able to target those areas with a compelling message on corporation tax. There would be greater growth opportunities for existing firms if energy costs were lower.

**Mrs Overend:** It is good to see you again, Alastair. It is always good to hear your positivity because we need that to move forward.

I appreciate that you recognise that exports are the key driver for Northern Ireland's competitiveness, so I am concerned about the lack of increase in exports overall. You mentioned that GB exports are not included in those figures. Do you have comparative figures for exports to GB to see whether those are increasing or decreasing?

**Mr A Hamilton:** I do not have them with me, unfortunately, but they have increased quite markedly over the past two and a half years. I can get that information to the Committee if you want to see it.

**Mrs Overend:** It would be interesting to see that.

**Mr A Hamilton:** It has gone up quite a bit, particularly for construction firms. Construction firms are still feeling the pressure, but from a logistics point of view, the easiest place for a lot of those firms to go was into the GB market. On the back of that, you may know that we recruited two individuals for our London office, whose sole job is to try to get those construction firms into the supply chain of some of the large projects, Crossrail being the most notable. We have managed to get some Northern Ireland firms supported into the supply chain for those large projects. The figures have gone up. I will get them for you.

**Mrs Overend:** What more are you doing to try to increase exports, not only to GB? Are you changing tack? Tell us a bit more about what you are doing.

**Mr A Hamilton:** In the same way as we segmented for our general support — we have explained that in the past — we have segmented those exporters in Northern Ireland. We are still trying to get new people into export markets, but that will not change that number tomorrow. That is a five- to 10-year picture for some of those firms to start to grow and to deliver numbers. We have segmented across six groups: not in export; potential to export; early exporters; and up to mature exporters. We have tailored our support, including — I must make this point — the vital job that Ministers and other people do on our behalf. In that area, we have not been as aggressive collectively as other countries to use government representatives to support firms to get access. We all have our challenges about propriety and how we do those things. Bearing all that in mind, I think that there is absolutely no difficulty with a Minister — some of our Ministers have done it — accompanying a firm on a visit in an international location to support it as it bids for work. That is at the top end of the scale. When we segment, it goes from how we work with councils to get people into export, to the top end, which is how we work with large exporters in Northern Ireland to support them when we go overseas.

A prime example of that is Minister Foster's trade mission to South Africa. There were three components to that trade mission. One was that some brand-new companies went with us, and we were able to support and work with them. Without giving you names, some specific firms went with us that were encountering trade barrier issues in South Africa. They are established exporters, but they were hitting protectionism issues with trade barriers. We had very specific meetings with that firm and senior government representatives to discuss the issue. Alongside that, we had a general trade mission, which was materials-handling-led. We had 20-odd firms from mid-Ulster and the west of the country at the Bauma Africa show selling one of our unique products, which is materials handling: stone crushers, screeners, cleaners and environmental products. It is a combination of things: trade mission activity; individual one-to-one company support on big contracts; and getting new exporters into market. At the investment conference, we displayed a map up of where we now have representation. I have made it part of my ambition over the past two years to grow that international exposure as much as we can and to do it by having local, national people in the areas where we work.

In the past, a lot of our support was in taking trade missions and local people from Northern Ireland and leading those trade missions, but we need local people, whether in Saudi Arabia, Dubai, South Africa, Brazil, the Baltics, where we now have a representative, or Russia, where we also have a representative. We have just recruited a new guy in Shanghai. In all those areas, we are recruiting people who stay in the country and continue to have that relationship on behalf of companies in order to drive trade forward. There is a lot of work to do. We have 14 new trade representatives in those countries, so a lot of work has gone into building that work, which I hope will take us forward.

**Mrs Overend:** Are you finding barriers to export that need a change in government policy, or are there things that can be done here?

**Mr A Hamilton:** The majority of the barriers are in the countries with which we are trying to trade. Some countries are more open than others. I do not want to get into too fine a detail, but there are really positive developments that will not hit those numbers. I know that they are important, but we need to be careful about numbers being the only benchmark that we use. In a market such as India, where entry barriers are so high — Brazil is the same — the most productive way for a Northern Ireland business to get into that market is to set up an operation in that country or to build a joint venture with an existing Indian or Brazilian firm. Once you do that, those numbers will not appear here because they will not be exports; they are not products that will be shipped from Northern Ireland to be sold in India. Components may be made here and shipped there, but, by and large, more of the business is done in the remote location. That is still positive for the Northern Ireland economy because all those firms are Northern Ireland-owned, so the profits will flow back into the economy here. However, increasingly, indigenous firms are setting up joint ventures and offshore operations that will not hit our numbers. Let us not get waylaid on that: it is still positive for the Northern Ireland economy.

**Mrs Overend:** You will just have to add more numbers to your report and try to include those figures as well so that we see the whole picture. That is important.

I will give you the opportunity to clarify one more thing. You talked about the Stream project, and Stream cut jobs in Londonderry in 2011. We subsequently had its announcement of almost 1,000 jobs in Belfast. Invest NI said that that was not a transfer of jobs, but, at the same time, when you report on jobs, we see only the jobs created and not those lost. That question is double-barrelled; I want clarification of the Stream project and to know why we do not see the figures for lost jobs.

**Mr A Hamilton:** I will make two points on that, the first of which is a general point. With the language that is used in the Programme for Government around rebalancing and rebuilding, it is important to understand that two distinct strategic efforts are under way on your behalf. Rebuilding is, in essence, the jobs fund, which is about creating jobs quickly. There is less of a focus on whether they are or are not above the private sector salary average; it is about getting people off the unemployment register and giving them an employment opportunity. Rebalancing is still there. Of the jobs that we create on the rebalancing side, 80% must have salaries above the private sector average. That is about continuing to improve the overall economy and productivity, as measured in Northern Ireland. You need to understand that there are apples and oranges in some of the projects that we bring to Northern Ireland.

I am not making excuses for firms that have created employment and have then gone. However, you need to understand that, in the context of call centre or customer support operations, those firms bid for projects with telecommunication companies, TV companies, banks and so on. They win a contract for a finite period, perhaps three or five years, at the end of which many of them successfully re-sign that contract. However, if they do not do so, they will not need the level of employment that they had in the past. I am not making excuses for them, but, in essence, you need to understand that what fuels such call centre operations is not work for their own organisations but contracted-out work on behalf of other businesses. We will and do work with them to try to support them as they bid for more work, but they will not always be successful. In many cases, the downsizing of some of those operations is a result of losing large chunks of contracts that they would previously have bid for and won.

That is in direct contrast to the majority of our drive with firms under the rebalancing side, which is for their own operations. Allstate, Liberty and the New York Stock Exchange have been mentioned, which are all in-house operations for those organisations. Therefore, unless those firms suffer a significant strategic change or downsize, those jobs are less at risk of being removed at some point in the future. So there is an inherently different job security risk in those two areas. It is important that we understand that that is built into those two sides.

I was involved in both sides of Stream's downsizing of its operation in the north-west. The answer has been given, but I will repeat it: we started what turned out to be the Stream project with another company — LBM — in Belfast. We were at a very advanced stage of discussion with it. Notably, although it was a sizeable project, it was, at that stage, for a lot fewer than 993 jobs. The company went into a period of non-disclosure. We now know that it was being talked to about a potential acquisition. Our project went cold for six months because it was taken up with that conversation. It was not made public, but once it had concluded that deal, it came back to us. Obviously, a firm acquiring another firm does due diligence. It will look at the other firm's existing commitments, and this was disclosed as a commitment. It could quite easily have walked away from the whole project at that stage and said that it was not doing any of it and had sites elsewhere. We then got into a

discussion about whether it would consider taking on the contract that we were at the point of signing and whether there was an opportunity to grow it. There are all sorts of negative messages in there, but I see it purely from the point of view of there being a project that we were discussing that was sub-500 jobs with a company that was acquired by another firm. At the point of acquisition, there is always a risk of loss. We turned that risk of loss into doubling the number of jobs. I know that the eventual owner reduced jobs elsewhere, but I would rather have those 993 jobs in Northern Ireland than not at all. That is where we got to with Stream.

**Mrs Overend:** Thanks for explaining that. I go back to the export issue. In which sectors do you see opportunities to increase exports? I imagine that the great news about Bombardier filters through to other companies such as Moyola Precision Engineering in my constituency. I think that the aerospace industry will grow and develop over the next 15 years. That is one sector. What other sectors do you see increasing exports?

**Mr A Hamilton:** I see aerospace and related industries as increasing exports. Although Bombardier is great as an anchor tenant, the big challenge for us is to move the supply chain — you mentioned some of those — into other areas of the aerospace and defence sectors. There is an opportunity for us to do that with those firms. It is worth bearing in mind that 12% of our manufacturing exports come from the aerospace sector. It is very strong. You then broaden that out into the wider manufacturing sector, taking into account firms such as Michelin, Ryobi and Montupet, and the wider automotive sector, including Schrader. We have really started to build a good cluster of firms that go right around the automotive and aerospace sectors. There are opportunities to grow those substantially as well.

Agri-food is another sector. In fact, if people in agri-food were listening to me, they would say that it is the single largest manufacturing or produced export out of Northern Ireland. I agree with the Agri-Food Strategy Board: there are substantial opportunities for growth on the agri-food side, particularly with some of the developments that local firms have made in extending the shelf life of products. That really opens up distant markets for some of those products. That is really worthwhile.

We talked about wider materials-handling work. Terex recently made an announcement, and there is growth in that area. I am really pleased to see the development in FG Wilson, or, to give it its proper name, Caterpillar. We have managed to bring the manufacture of a non-generator product into Northern Ireland. The announcement was made by the First Minister and deputy First Minister when they were in the States three or four weeks ago. We are also taking on board the assembly of a materials-handling unit for it. Hopefully, that will open up opportunities.

We are then into the wider services sector, which is an area that does not hit the numbers either. Look at PricewaterhouseCoopers (PwC), for example, which is opening its centre of excellence here. It announced the project last year: 250 people will be delivering a service export on behalf of those firms. Their work is not for Northern Ireland or these islands; it is work for America or the Far East. They fly to the locations, but they do the work remotely from their desks in Belfast. Services-related export is a big growth area for us because of the current growth in service firms here. There really are opportunities across those areas.

**The Deputy Chairperson:** Alastair, you may be happy to hear that we have implemented austerity measures in this Committee. Members are restricted to five minutes for each contribution, so can you keep your answers a bit shorter? I would rather criticise you than members. *[Laughter.]* It is easier because you are not here every week.

**Mr Agnew:** Thank you very much, Alastair, for the information so far. I suppose that the worst thing about politicians is that, the more information you give us, the more we want.

Obviously, compared with last year, there is a positive picture. Hopefully, it is a sign of an improvement in the overall economic picture. How far have we still to go before we start to get back to those peak years before the downturn, which we would consider to be a norm?

**Mr A Hamilton:** I fear that the opening line of my answer may inflame another debate: it is difficult to tell. We are having a debate about jobs created and jobs promoted, but members who have been involved in the recent review of the organisation by the Audit Office will know that, in the first three years of the operation of Invest Northern Ireland after its formation, it had no job targets set for it. There were wider measures, and, in the next year, it moved to targets on high-quality FDI. It is only in the most recent Programme for Government that we have got to a rounded number. So it is difficult to

tell, but, on an FDI basis, if the measure is high-quality jobs that have been created, we are well ahead of where we were five years ago, despite the economic downturn in the middle.

I will give you an indication. I have picked up a couple of numbers from that review, and I will keep your comments in mind. The quality of the jobs that we supported between 2008 and 2011 has gone up overall by 17%. The average salary is now £25,000. FDI has gone up by 30%, so the average salary for a foreign direct investment job into Northern Ireland is £28,500. To answer your question: apart from exports, in large on the job side, we are ahead of where we were even pre-downturn.

**Mr Agnew:** You touched on wages. Obviously, we hear a lot about in-work poverty and the working poor. Has any assessment been done? You talked about averages, but I am always wary of averages because high-end jobs can bring up the average. I suppose that, in the lower tier of jobs, jobs similar to those that may have been lost during the downturn are now being created. I am sure that that is not an easy task either, but it is important for us to see that one job being replaced by another is not the full picture. Wages are obviously a key factor.

**Mr A Hamilton:** That is a good question. I do not have that data, but we could probably look at that to try to compare the relative values and bands of the jobs that were being created before the downturn with where we are now.

**Mr Agnew:** That would involve comparing wages in real terms, particularly at the lower band, where it is of most importance to people if we are looking at tackling poverty and so on, which is a part of other Programme for Government commitments. That would be worth looking at.

In one of your examples, you mentioned that, if a Northern Ireland company was based in India, that would not show up in the figures. The jobs would be created there, but the profits would come back here. When we look at some of our own figures, is there any assessment of the amount of money that goes out of our economy in profits? Obviously, we welcome jobs created by companies coming in, but, to some extent, they come in here to take money out again to their parent companies. Is that assessed?

**Mr A Hamilton:** It is very difficult to get access to that sort of information. On the assessment that I showed you of the 1,200 firms, it is easy to see what the net turnover position is, but it would be very difficult, if not impossible, to track where profits go to from all those firms.

**Mr Agnew:** I can imagine that it would be difficult, but, to complete the picture, I do not know whether there is a way of getting estimates. It would be very difficult to get an exact figure. How much benefit are we getting from these companies?

**Mr A Hamilton:** I know the point that you are getting to, but it is worth bearing in mind that profits are not the only thing. Wages and salaries for people are a major contributor.

**Mr Agnew:** That is why I asked the wages question first and the profits question secondly.

**Mr A Hamilton:** We track wages and salaries. That is the main part of the £1 billion target that is set in the Programme for Government.

**Mr Agnew:** This will be my final point, bearing the Chair's comment in mind. Sorry if you covered this issue, but how does the jobs promoted figure break down for SMEs? Do we have those figures?

**Mr A Hamilton:** This is on slide 7. Let us break it down to locally owned businesses versus international businesses. Actually, the numbers for SMEs are not there. Local jobs are up 57%, and external jobs are up 282%. I am sorry that the breakdown is not there. Some 73% of the new jobs are in locally owned businesses. About 1,000 jobs are in externally owned businesses, and 3,000 are in locally owned businesses. The SME figure is not there but, as an average, take about 70% of that 3,000. Just over 2,000 of those jobs are SME jobs in Northern Ireland, which is very strong.

**Mr Douglas:** Thanks very much for the presentation; it was very upbeat. Congratulations to you and the team. You are certainly on course to meet most of the targets.

I have a couple of questions. I look at the emerging economies on slide 16, and you mentioned the likes of China. How important is it for the First Minister and deputy First Minister to be out there?

There is cynicism about it being just a political visit. However, from what I see, it has made a big impact in China. From your perspective, what added value does that trade delegation bring?

**Mr A Hamilton:** There are areas in the world where ministerial presence moves you up the ladder considerably. China is one such country, and India is another. We saw it with South Africa in the trade mission that I talked about. The US is another such area because of our historic connections with the US at a political level. The Middle East is the same. Ministerial intervention is critical in a lot of these areas. It is not just that it is nice to turn up, have an office and do all the things that we do. When those Ministers go overseas, they go either to meet people who can help us to do our job from a trade point of view or to meet potential inward investors.

I do not want to sound like a cheerleader for Ministers, but I said it the last time that I was at the Committee, and I will repeat it: purely from my point of view, if I possibly could, I would have Ministers more in international markets than they currently are. I know that there is a day job to do here and all the rest of it, but the benefit and delivery that we get from having our Ministers lead trade missions, meet companies or attend events is worth its weight in gold. I am unashamedly on the record as saying that. I know that there are all sorts of debates about what it costs, how to get there and so on. However, we are an international organisation trying to drive an international message, whether through exports or inward investment. You cannot do that from home; you need to be out there.

**Mr Douglas:** Slide 16 shows that Colombia's growth is 178%. Can you explain what that actually means?

**Mr A Hamilton:** It comes back to Mrs Overend's question. What is driving that is that we are now able to see, in fine detail, some of the sectors that are having particular success. The success in Colombia is from selling materials-handling equipment into the mining sector. Colombia is growing because of mining. It supplies China, North America, South America and other areas. There is a real growth on the mining side in Colombia and Chile, which is another area in which we have been active. The last two missions that we have taken to Colombia and Chile — I attended the mission to Chile — have been really well attended. The companies that have gone there are household names that you will know from the materials-handling sector in Northern Ireland. They have done tremendously well and won really good contracts in both those countries. The majority of that growth comes out of that sector.

**Mr Douglas:** I have two quick questions. Yesterday, I read about a survey in the States in which over 50% of people wanted to set up their own business. In Europe, I think it is something like 37%, so we are well behind. This question comes up time and again: what are we doing to try to create an enterprise culture? There has not always been an enterprise culture, but I think that things are changing.

**Mr A Hamilton:** The main avenue for us to support and encourage the enterprise culture is, by and large, through the start-up business programme. We have well rehearsed where we have been with that programme over the past couple of years, and it is now on track. The majority of the effort that we put into it is to support firms to write business cases. In the past, there have been other measures around it. However, the analysis, the research and the review of supporting people to start up their own business consistently shows that the most critical factor in determining the success of a business start-up is getting a good business plan at the start of it. It plays into so many things. It plays into getting funding from a bank or another organisation — and you need a good business plan to do that — and challenging people about whether they have really thought it through and clearly understood the market opportunity, and how they can play in that and grow their business. All of those things are in this, and a lot of our effort and focus is on the business plan.

Enterprise Northern Ireland is up and running with a programme. The numbers of business plans being written are very strong. We are about to go — inside the next month and a half — probably in the new year, on a pretty aggressive, above-the-line marketing effort to try to reinvigorate the whole programme and get more people to come forward and sign up for it.

**Mr Douglas:** Can I ask you a question about tourism?

**Mr A Hamilton:** I do not know whether I can answer that or not.

**Mr Douglas:** Obviously, the Derry/Londonderry City of Culture was huge. Is that the sort of thing that would attract business people?

**Mr A Hamilton:** Maybe not as much. The purpose of the event is not about a business piece, but there are business connections to it. Staying with that, with the G8 and other events we have tried to use as much of those as we can to get a connection between the tourism message and the investment message. I know that that is something that Minister Foster is very keen on. She has spoken to me quite often about making sure that the links between the Northern Ireland Tourist Board, Tourism Ireland and our operations are as good and as close as possible, and work is under way at the minute.

With regard, specifically, to the City of Culture, we focused our efforts on the whole hi-tech and creative industries sector and sponsored and supported quite a lot of events around the culture tech, which was a real area for us to get involved in, and which was very successful. The short answer is yes, there are opportunities to drive business on the back of tourism events.

**Mr Douglas:** Thank you very much for the investment conference. It was superb. I have been going to conferences for 20-odd years, and it was probably the best one that I have been to with regard to aspirational and inspirational aspects. Well done.

**Mr A Hamilton:** Thank you.

**The Deputy Chairperson:** Was the one in Brussels not inspirational?

**Mr Douglas:** I shall not say.

**Mr Mitchel McLaughlin:** I join in the congratulations. It was a very good report. Genuinely, you can see that, in quite difficult international conditions, we have a plus figure for jobs created.

As you may know from the past, I am particularly interested in the regional disparities. I do not want to be critical, but I have never really been comfortable with the explanation that you cannot force companies to locate in certain places. I noticed in the slides that there was no slide telling us where the jobs were located. I am only making a point; I am not asking particularly for information.

With regard to reporting back and informing the Executive — for example, with regard to the Programme for Government targets, including the one on regional disparities — what strong points are you able to enunciate for places such as greater Belfast that you cannot for other areas, which, in a sense, helps to underscore or highlight what other Departments can do to feed into developing the necessary communications, infrastructure, accommodation etc that would make the subregional areas, particularly the difficult areas, more attractive for inward investment?

I found your reference to the RPA and joint ventures by local authorities interesting given the projection for 11 councils and given the fact that they will have an increased role in economic development. They will be able to access European money that the Executive cannot access. There are key strategic issues here and I think that we almost need to have our own internal economic conference on this so that DEL, DETI, DFP and the DRD all have a role to play in addressing the disadvantages. I know that there is a significant failure rate for business plans, which tells me that there is a capacity issue to be addressed. Some areas are much better at presenting business cases and therefore much more successful in attracting investment.

This is a small region; we can iron out these disparities in a strategic way without resorting to the attitude of the traditional, well-balanced Derry man who has a chip on each shoulder — *[Laughter.]* We need to challenge ourselves, and Derry has to look at its own failures as well as looking for failures in other people. However, I think that the Committee and you in your function, and I think that you are a very effective leader of Invest NI, have to address the legacy issues that are holding some areas back.

**Mr A Hamilton:** To touch on what Belfast has that others do not, I suppose it probably breaks down into two areas. Northern Ireland is not on the radar for some projects because of their scale. Whether you are talking about a catchment pool for the population or infrastructure, mainly airports and ease of access from London or wherever it may be, the only proposition that can go forward in some cases is one where we have got the scale that would get us on the page. There are other projects, particularly with existing investors, where they have been here, have seen the area and have tasted it and benefited from that. We have seen that with Allstate, for example, and others, where there are

opportunities, once they put their roots down, they move into other areas where they can get those catchment pools elsewhere.

There is an issue of scale for some projects, and then, with very specific projects, there is the issue of clustering, which plays both ways. If you look at the financial services piece, there is the movement of people around the financial services firms that we have managed to bring in. Sometimes, they complain about that, because staff are poached from one firm to another. However, those firms tend to want to cluster together because there is a pool of people in the general area, perhaps anchored by one or two firms, and then an ecosystem, as they call it, is created around those firms. It is then very difficult to bring in a new firm and tell them that they will be 70 or 80 miles away in a different place. It does not matter what the infrastructure is like or what the universities or colleges are like, it is just a debate around clustering.

I do not want to repeat everything that I said earlier, but that is why I am keen to work with the councils to see whether there is an alignment between some of the firms that we will approach and the USPs that are either in the areas or could be developed in the areas.

I am often asked, and you have asked, what Belfast has that others do not have. Other people ask me what they need to put in in order to be in the running for some of these projects, and I think that that process will highlight things that they could do that would set them apart in a subsector of what you are pitching. I have had councils come to me and say that they have looked at Invest NI's app or pitch for Northern Ireland and that they can do all of that. The reality is that there are subregions in Northern Ireland that cannot do all of it. We need to be realistic about this and we need to build propositions that are attractive.

You made a comment about RPA and joint ventures and you made some wider comments. There are some big strategic pieces coming down the track. I would add to the mix the current discussions on resetting the selective financial assistance and the regional aid guidelines. Those could have a substantial impact on how we move forward, as will European funding in a more general sense. That is a good idea, and we would have an appetite for being involved in a wider debate with other agencies and Departments to show that there is a joined-up picture between all the agencies, and to show how we are going to deliver against some of the strategic changes that are coming our way.

**Mr Mitchel McLaughlin:** On the basis of the up-to-date report and progress against targets, 16 out of 18 is impressive in anybody's language. Is addressing regional imbalance or disparity one of those targets?

**Mr Hamilton:** No, it is not. I will be careful what I say, because I do not want to get into a big debate about it. There is not a specific target in the Programme for Government around that. It is a statement of intent. I am not saying that in a defensive "this is not my problem" way. I am being genuine.

When I came here in May 2011 and talked about Transform and the outputs piece, I also talked about the ropes touching the ground. I talked about making sure that there was complete connectivity between the Programme for Government, the Executive strategy, our corporate plan and my operating plan so that the guys and girls who are doing a job for me can look at their targets and see how those contribute to a Programme for Government target. It is not about what I do, or do not, want to deliver; it is about clarity of purpose in my organisation, so that people can see that they are doing something because they can see a direct line between it and the Programme for Government target. That is why —

**Mr Mitchel McLaughlin:** I asked the question and I knew the answer before I asked it.

**Mr Hamilton:** I know you did.

**Mr Mitchel McLaughlin:** I am genuinely not criticising you; it is the absence of a strategy to achieve an end to disparity in what is a very compact geographical region. A conversation has to start, and I think that the particular expertise and professionalism that you have in your team in Invest NI means that you can enunciate what needs to be done at subregional level. You are not going to be setting targets, nor are you going to be in a position to do in some areas what you can do in others. However, you are informing people, in a positive and constructive way, what they have to do to make themselves candidates for that type of inward investment.

Quite clearly, in my view, that is a responsibility for the Executive and not their agents. The conversation and awareness has to start somewhere. I am not joking about the idea of an internal economic conference. There is a lot of rhetoric and point-scoring going around and nothing is changing on the subject. It is one on which you could make a positive contribution.

**Mr Hamilton:** We are ready to play our part in that. Some people want me to lead the charge but it is difficult for me to do that in the absence of a clear view from the Executive.

**Mr Mitchel McLaughlin:** Very often, you are the person who has to answer why these statistics are so persistent.

**Mr Hamilton:** I know that. I will resist the temptation to do it.

**Mr Mitchel McLaughlin:** Why don't you throw a paper together, as they would say?

**Mr Hamilton:** I do get frustrated at times. I have no difficulty in being held to account for the targets I have, but because there is lack of clarity in this area I am being notionally held to account for targets that I do not have. People will make up what they view they would want me to do in their area on the basis of a set of words that is in the Programme for Government around regional imbalance. Although I take the intent of that, it is very difficult for me. I hope that you see, personally and corporately, an organisation that can take targets and deliver against them.

**Mr Mitchel McLaughlin:** Oh, I do, yes.

**Mr Hamilton:** Therefore, that makes it a little bit more frustrating when —

**Mr Mitchel McLaughlin:** On the basis of this report we are going to have to raise the targets, but that is —

**Mr Hamilton:** Well, they have already been raised. The point is that, as I showed in the first slide, we have raised our targets on the back of the success that we have delivered.

I am conscious of the Chairperson's comments. On behalf of the organisation I would welcome a wider debate around these things, but it needs other stakeholders around the table, including policymakers and the economic advisory group, which has played a role in this and which has advised the subgroup of Ministers that drives the economic strategy. Ultimately, it will need to flow into a wider policy piece.

**Mr Mitchel McLaughlin:** This is my final, final comment. Fronting up about the difficulties that there are, generally, for this region, even where there have been patterns over the years and success in inward investment in recent years, there are still challenges that had to be overcome, and some areas are particularly difficult. I think it would be useful if you were to report on what those difficulties are, because you are filling in the gaps for people who have, perhaps, settled for pointing the finger rather than doing something about it.

**Mr A Hamilton:** I understand.

**Mr Anderson:** Thank you, Alastair, for your in-depth presentation. I too congratulate you on it and on the positive details coming from it. I will touch on what Mitchel said. I have figures from the Department for the past couple of years. You could break down the spread of jobs across Northern Ireland; I am sure you are well aware of them. A number of jobs have been promoted across Northern Ireland. Do you agree?

**Mr A Hamilton:** Yes, I did not want to carry on the conversation, but I will.

**Mr Anderson:** Am I leading you into something here? I have the numbers sitting in front of me.

**Mr A Hamilton:** I am not going to quote the numbers; they have been there. Once I start to quote numbers, someone else will have a different set of numbers, and then we will get into a numbers debates. That is probably not as productive as we need it to be.

At a more general level, a lot of people focus on foreign direct investment as being the only thing that will drive subregional growth. I understand and accept the challenge that we need to understand what the USPs are in individual areas, how we can promote them better and try to drive more foreign direct investment into those areas. Let us not take our eye off the ball. In a lot of those areas, much of the growth is going to come from start-up businesses growing and scaling or through indigenous businesses reinvesting. I do not want us to lose that piece in the middle of all of this. Look at the numbers here. The majority of the jobs created are coming from indigenous firms. When you look at exports, you see that a lot of them are coming from indigenous firms. So, there needs to be both elements of that in the challenge that you have left. How can you support subregional growth through local company growth and inward investment?

The most recent set of numbers that we have are interesting; I will pick them out. In 2011-13, 52% of all of our offers went to targeting social need (TSN) areas, as did 60% of our assistance, investment and jobs promoted. Your question about targets was not rhetorical; both of us knew the answer to it. The previous Programme for Government had a target, not at TSN level but at a slightly different level. Maybe I should have asked the question before I gave the numbers, but it would be interesting to know what people think the investment from an organisation like ours should be in job creation in some of those areas. I think that 60% is very strong. I am not putting it in any way other than to say that this is historical; it is what has happened in the absence of targets and goals, perhaps. You are right to highlight the point that there has been quite a lot of investment jobs created in areas outside Belfast and in some of the areas that are classed as TSN or disadvantaged areas.

**Mr Anderson:** Alastair, in your response you touched on the types of jobs. We welcome the foreign direct investment jobs, but should we focus more on traditional and home markets and, maybe, help out in areas such as that?

**Mr A Hamilton:** I think we have got a really good balance at the minute. The balance between internationally-owned inward investors and indigenous company growth is good. Maybe this will be a subject of conversation as well, but there are inherent opportunities and risks. I have discussed some of them today with regard to customer service call centre operations, but there are inherent opportunities and risks with investment from different sorts of firms. I think that we need to be conscious that there is a balance in both.

A large firm such as Citi, for example, will bring capability and skills to Northern Ireland that would never be grown by an indigenous firm. That helps. Equally, if you look at the likes of Almac, Randox or Norbrook, there are — or was, in the case of Almac, through the late Sir Allen McClay — entrepreneurial owners in the middle of them who decided to set up their businesses where they were born and brought up. It would be very difficult for us to attract a foreign-direct investor to one of those areas, clean sheet, off the top of a page, and without any connection to Northern Ireland.

So, there are inherent, positive pieces to the whole fabric of indigenous small and large companies, foreign-direct owned large and small companies and the supply chain that sits in the middle of that. We need to be conscious of keeping a balance. We have a very good balance at the minute between indigenous and international company support.

**Mr Anderson:** We are always talking about jobs promoted versus jobs created. Slide 9 talks about 6,600 jobs being promoted and 3,500 being created. That is around a 50% return on investment. At the beginning of your presentation, you said that you saw a lot of jobs coming in in last three months of last year and the first six months of this year. Do you see the gap between jobs promoted and jobs created closing due to the economic recovery?

**Mr A Hamilton:** Let us be careful. The slide is not saying that out of the 6,600 jobs only 3,500 will ever be created. It is saying that, out of the 6,600 that we have signed contracts for, 3,500 have been created up to this point. We fully expect, and have a contract for the remainder, to go up to 6,600. There is always a time balance between signing a contract and the period — sometimes three years and sometimes five years — that it takes for the jobs to come through.

I do not want to go on a hobby horse, but this is the inherent challenge in the middle of very loose conversations about jobs created. There are three dimensions to "jobs created". First, at the end of a contract in which somebody said that they would create 500 jobs, how many were actually created? It is important to know that. Secondly, out of the work done this year, how many jobs were created? I do not care whether it was a contract that was signed five years ago or one year ago, it is about how many jobs have hit the ground this year? Then, there is the third number. Out of the 7,500 jobs that

you had on a set of slides two years ago, how many of them were created? We have had those type of questions, and I expect them to continue. So, we had to spec the system to answer lots of different questions that we have been asked and some that we have not been asked. So, I want to make the point that the 50% figure is not an attrition rate on projects. We expect the rest of them to be delivered.

Can we expect to see a higher level of jobs created? When the numbers published at the end of this year, you will see a number of jobs created in-year that is very close to the number promoted in-year. The only time that they will start to get out of step is when an economic cycle changes and you get into a situation where projects start to slow down or speed up.

**Mr Anderson:** That is pleasing to note.

Slide 11 shows the rate of job change. There were 5,000-odd job gains and a certain number of job losses, which gave a net change of 2,108. If we could work on the job losses, that would be a decent slide to look at. For the number of job losses, what jobs are we talking about?

**Mr A Hamilton:** If you look at the next slide, which gives you a breakdown, and look at the chart movement and compare only the green bar and purple bar, you will see the areas where jobs have declined.

Individual members here have, over the past four years, been very aggressive in trying to support firms at the point where they are under pressure. We always try to find a balance in these things. Let us be clear that our remit is that if a firm is sustainable and will survive beyond the end of the economic challenge, we will put support into it and try to see that through. However, if there are other, larger dynamic shifts, such as in the construction sector, where firms, for whatever reason, will not be sustainable purely to do with exposure to borrowing in those firms — and I do not want to get into the whole debate about banks — we take the very right decision that we are not there to offset those situations. Unfortunately, we have seen some construction firms that battled well over three years go to the wall this year.

We have done as much as possibly to support firms where there are job-loss possibilities. Inevitably, however, there are some areas where we just cannot do that.

**Mr Anderson:** I understand. Thank you very much. It is good to hear your positive report and wish you well.

**Ms Maeve McLaughlin:** Thank you, Alastair. Of the 4,000 jobs promoted, and you indicated that announcements will be made before Christmas, how many have been announced?

**Mr A Hamilton:** I would not be able to give you a number. At a guess, probably about 25% to 30% have been announced, but not all of them will be announced. Somebody will go back and count the numbers for me but I would guess that last year we promoted about 7,500 jobs. Probably about only 2,500 to 3,000 of them ever get announced because a lot of them are indigenous firms putting ones, twos, fives and 10s into their company and they never end up as an announcement.

**Ms Maeve McLaughlin:** Roughly between 25% and 30%.

**Mr A Hamilton:** Yes.

**Ms Maeve McLaughlin:** It is positive that we are moving towards actual job-creation statistics. My understanding is that the new claims and offers management system was in place in early 2012. I listened to what you said about collating and extrapolating the information, but why over two financial years? Why the delay?

**Mr A Hamilton:** In the first year, we transferred all the jobs fund programmes, so we needed to test the system to make sure that it worked. There was no point in our putting numbers out at year-end and people going through them and finding problems and difficulties. We took the first year to put all the jobs fund stuff across and started to report on the jobs fund. At that point, we started to put all brand new projects on to the system.

There is a balance to be struck, because data-transferring existing letters of offer on to the system is labour-intensive. We took the conscious decision to do two things. The first was to start to populate the system, when it was implemented, with all new letters of offer that went out. Over a year and a half, all our new letters of offer went on to the system. In addition, we put all the jobs fund stuff on and started to report on that to test and make sure that the system was reporting and measuring. We did all sorts of manual calculations alongside that to make sure it was operational. We decided at the beginning of this year to start the data migration process.

If I had waited another year, it would have been less expense for me to transfer the data, because existing letters of offer would have timed-out and new letters of offer would have been put on as a matter of course and I would not have had the manual rework. I am trying to find a balance. I could not have justified, on day one, employing the number of people it would have taken to manually transfer all our letters of offer across to the system.

**Ms Maeve McLaughlin:** How many people are employed to do that?

**Mr A Hamilton:** It is being managed within our existing headcount, because we decided to let existing offers work out and put new offers on to the system. That is why we did it in that way. It was not to hold back but to manage the operational side together with the reporting side.

**Ms Maeve McLaughlin:** I agree, Alastair, in relation to the unique selling point. As you know, I have been part of discussions around the north-west and doing exactly that. It is about regions stepping up to the plate; I accept that. I am listening to what you say about developing sub-regional apps, if you like. I do not want to get into debates about statistics because we do that enough on Radio Foyle. However, there is a consistent pattern in the north-west across jobs created, investment, the boosting business initiative and start-up businesses. I looked at the figures for Boosting Business, which I am referencing specifically because you referenced it. Enquiry rates run at 2%, so there is a capacity issue. First, what will the app's development do for the conversation that we were having about regional disparities and, in your words, the lack of targeting commitment? What will it do there? Secondly, is that a shift in your approach? Is it a shift in INI or DETI policy?

**Mr A Hamilton:** I will explain what the app will do, and then I will answer the question. Members have seen what the app will do. My role and responsibility in the investment conference was to present the proposition for Northern Ireland in as clear and articulate a way as I possibly could. What we are trying to do with the app is to translate all of that information and data. Quite a lot of that benchmarking data supplements our proposition around accommodation costs, wages, salaries and so on. We have made that information available on the app. You can go into the app today. It is Northern Ireland-general, but we will make it specific. It is interactive. You could put in a 100-person software development centre. You could then set the time period over which you want to create it. It will generate charts so that you can see the savings that you would get in Northern Ireland compared with any other area. We benchmark other cities — North, South, east and west.

If we can build a proposition that is specific to individual areas, we have committed to modify the app and generate a different version of it so that it will not hang on the back of the Northern Ireland one. It will be an app for investment in areas such as the north-west, Fermanagh, Newry, or wherever it may be, and we would then be able to promote it. When we go to see people, and there is a specific USP draw in an individual area, we will say to them, "Have a look at this. Download this app".

**Ms Maeve McLaughlin:** To be clear: if, for example, CultureTECH — there are four key sectors, but I am more familiar with culture technologies from the north-west — is recognised as a unique selling point in the north-west, and INI develops a subregional app around that, what can INI do practically, bearing in mind the conversations, limitations and decisions on profit, wages and so on, if a company or business looks at the North of Ireland to suggest, within your targeting limitations, that they look in that direction? Can you do that?

**Mr A Hamilton:** Yes. As I have said many times, it is about push and pull. There needs to be both. At the minute, it is all about why we are not sending people here, there and everywhere. There needs to be a pull as well. That pull is the proposition, the USP and so on. It is also about engagement. I know that you and others have been heavily engaged in meeting people and doing what you can to try to deliver an encouraging environment for those investors when they visit. It is about all those things together. We need to get the push and pull.

Let me translate what the app will do. If we can build the proposition, the app will take, for example, the CultureTECH USP, if you want to use those words around it. The app consists of case studies, which are very powerful for existing investors, hence why we did what we did at the investment conference. I encourage you to download the Northern Ireland app as it stands so that you can see the shape of it. There is a cost message and a talent pool message. That can be customised so that the press releases are relevant to the north-west, in your case, and are specific to the creative industry sector. They get lost in the Northern Ireland app because there are so many other things moving about. That is what we can do.

Is it a shift in policy? I would not put it that strongly. We have a job to do. I have a job to do. I recognise the preciseness of some of the things that we have been asked to do and, perhaps, the impreciseness of some of the things that people would like us to do. I am not walking away from that impreciseness: I am saying that I will do all that I possibly can to try to deliver something in that environment that addresses that need. I hope that you see that. Perhaps it is not about setting targets for inward investment visits to go to this area or that area. I think that all of that is a sideshow with regard to visits. I will not play that game: I will not artificially take firms to areas so that I can tick a box when I am next asked the question and say that I took five firms to Fermanagh, three firms to the north-west or two firms to Newry. It is a false game, and I will not play it.

**Ms Maeve McLaughlin:** I think that that is honest, and I do not think that anybody is requesting that you do that. I also think that there is a bit of a shift, which I welcome.

Finally, you talked about the balance between FDI and indigenous business. We have heard evidence in the Committee that indicates that the current economic strategy is too focused on FDI and that the balance is not right. Do you think that it is balanced?

**Mr A Hamilton:** I think that it is very balanced. I do not have an issue with that at all. I cannot remember the numbers exactly, but if you look back, say, to five years ago, much more of our investment went into internationally owned firms than happens today. From memory, five years ago, about 50% went into indigenous firms, and today it is 70%, 73% or 75%. Boosting Business has driven that quite significantly.

**The Deputy Chairperson:** Thanks, Alastair. I have been asked to clarify the name of the app.

**Mr A Hamilton:** If you search for "Invest Northern Ireland" on any of the stores, you should find it.

**The Deputy Chairperson:** Thank you for your time. We are grateful for your update, and we look forward to continuing to engage in the future. You did not get a chance to raise your proposed trade mission, but the Committee will look to that being brought forward.

**Mr A Hamilton:** Would you like me to bring that forward to the Committee?

**The Deputy Chairperson:** The Committee has previously agreed to go back to Invest NI on that.

**The Committee Clerk:** The Committee is waiting for Invest NI to come back with proposals.

**Mr A Hamilton:** We are trying to build a much more comprehensive view between the First Minister and deputy First Minister and other Ministers, and we have now added the Committee to that list. I will write to you with proposals. I do not know whether the Committee has a view of what that will look like, but I do not want to run a trade mission that is just for the Committee. I would rather try to pick a smallish number. We will get round all Committee members in time, if that is what you want to do, but I would rather have Committee members there in a maximum of threes or fours to try to support a trade mission rather than my having to put on a separate programme with 10 or 12 people, because that is not productive.

**The Deputy Chairperson:** I think that we would agree with that.

**Mr Mitchel McLaughlin:** That is disappointing; we wanted to send the Deputy Chairperson to China. *[Laughter.]*

**The Deputy Chairperson:** On a one-way ticket, Mitchel. *[Laughter.]*

**Mr Douglas:** I will pick up on a point that you made about adding value. Is something such as a job description required? I suppose that that depends on each visit.

**Mr A Hamilton:** On trade activities, rest assured that we will do with you what we do with everyone else. I must say that the Ministers do really well. We spend a bit of time briefing people before we go on any trade mission on the companies that will be there and their individual challenges and opportunities, and we then explain the more general messages that need to be portrayed. We have gone from a situation in which the Executive's ministerial activity was more focused on foreign direct investment and less on trade five years ago, and we now have a set of Ministers who are really switched on to the trade challenges. I think that we are in good shape.

**The Deputy Chairperson:** Thank you.