



Northern Ireland  
Assembly

Committee for Enterprise, Trade and  
Investment

# OFFICIAL REPORT (Hansard)

Programme for Government Delivery Plans:  
Department of Enterprise, Trade and  
Investment

28 November 2013

# NORTHERN IRELAND ASSEMBLY

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

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

**Witnesses:**

Mr Phil Rodgers	Department of Enterprise, Trade and Investment
Mr David Thomson	Department of Enterprise, Trade and Investment

**The Chairperson:** With us today are Mr David Thomson from the Department of Enterprise, Trade and Investment (DETI), who is deputy secretary of the policy group, and Mr Philip Rodgers, who is head of DETI's economic policy unit. You are very welcome. Thank you for attending the Committee meeting today: it is good to see you. The format is that you make your opening statement, and that will be followed by questions from Committee members.

**Mr David Thomson (Department of Enterprise, Trade and Investment):** Thank you, Chair. I do not have much to say, other than that I am glad to be here to provide the Committee with the update. There are 11 Programme for Government targets (PFG) for DETI, but we contribute to a number of others. Each of those targets has a single responsible owner. That provides good accountability, because there is an individual who is responsible for delivery. We monitor the targets closely in the Department. They are also scrutinised by the Office of the First Minister and deputy First Minister (OFMDFM). An interdepartmental group, which is chaired by the head of the Civil Service, also reviews progress before the lot goes to Ministers. Therefore, there is quite a good reporting mechanism.

The Committee has been provided with quarterly updates on progress, and you have the update for September.

Halfway through the PFG cycle, we are quite pleased with the positive and encouraging rate of progress. I think that that broadly reflects the economy turning and the confidence that we are

beginning to see. I do not intend to go through every PFG target in detail. I know that the Committee received a very comprehensive report from Alastair Hamilton of Invest NI last week. About half of our PFG targets are Invest targets, so Invest covers those.

Our assessment at this time is that the targets are all sitting at green, apart from two. One is sitting at red, and the other is an amber/green shade — whatever you call that. The red target is to do with manufacturing exports, and I know that Alastair discussed that with the Committee last week. Exports are important. Indeed, the economic strategy is focused on export-led growth. I think that that export performance reflects the ongoing difficulties in trading partners, including the Republic of Ireland. There are also some definitional issues that Alastair discussed with you, but Invest and InterTradeIreland are working hard in supporting companies increasing their level of exports.

The other target that is not shown as green as such — we are assessing it as amber/green — is the £50 million loan fund to help liquidity of small and medium-sized enterprises (SMEs). Good progress has been made there. The table shows the number of loans that have been provided. Invest is fairly confident that that target will have turned to green by the end of the PFG period. Overall, we are fairly pleased with performance to date.

That is all that I want to say at this time. I am happy to take questions.

**The Chairperson:** Thanks very much. On one level, the target for electricity consumption from renewable sources appears to be on track. However, I am picking up a lot of concern from the industry that there seems to be two aspects involved. One is the length of time that it takes to connect a turbine to the grid, and the second is the capacity of the grid to deal with the connections. It is particularly an issue west of the Bann, for historical reasons, and so on.

Measurable progress has been made on renewables sources, but serious concern has been raised with me from within the sector. Indeed, I hear that some firms in the renewables sector have stopped. People who were trying to connect turbines to the grid have, for the reasons that I mentioned, stopped. It is not feasible for them. They cannot wait, and they cannot afford to wait four, five or six years to get a connection established to the grid. I would like to hear your take on that. We want to be able to reach the 40% target by 2020, but the concerns are the serious problems with the protracted time that it is taking NIE to allow for a connection and the inability of a grid to absorb connections.

We have a briefing paper from one of those companies, Simple Power. We will forward that to you. I would appreciate hearing the Department's reflections on it, because it raises major concerns around those issues.

**Mr Thomson:** I will say a couple of things, if I may, about that. We are still hopeful that we will meet the Programme for Government target of 20% by 2015. That is an interim target on the way to the 40% target. It was always our intention to review the 40% target and the strategic energy framework. We have committed to doing that review next year, so we will be looking at that target. I am making no comment on whether it will be changed; I am just saying that it will be reviewed next year.

There is an issue around what we call microgeneration. That requires a strengthening of the grid, especially — I am not an electricity expert — the 100 kV. Is that —

**Mr Agnew:** I think that it is the 33 kV, but I am probably wrong.

**Mr Thomson:** Sorry. Do not quote me on that; I am not an expert.

There is an issue around the connection for microgeneration, and it concerns the sheer physics involved when you put on a much greater number of microgenerators than was anticipated. There are questions around what that will do to the transformers and everything else.

**The Chairperson:** With the greatest of respect, the grid could not anticipate that because historically it was not able to take it.

**Mr Thomson:** Yes.

**The Chairperson:** For anybody who was thinking of renewables and about connecting turbines into the area in which they are of greatest benefit, which is in the mountains west of the Bann, the very first

thing that should have popped up was the question of whether the grid is able to absorb that. It is not rocket science, although I am not a physicist. We heard earlier about the community benefit of some of those things. It is crucial for industry, farmers and many people in the rural community that we know whether the Department is engaging with NIE and the Utility Regulator on the issues and what the outcomes are from those engagements.

**Mr Thomson:** The answer is that we are engaging. The Minister will be seeing the new regulator in the next few weeks. There is ongoing engagement, but the amount of investment that NIE is allowed to make is a matter between the regulator and NIE. Indeed, it has been caught up in the recent referral to the Competition Commission. That determines the amount of investment —

**The Chairperson:** Sorry, Mr Thomson. This issue is a wee bit like the bath beginning to overflow. Everybody knew that the plug was in the bath, and everybody knew that the water was on. It has now come to a critical point. Companies are just saying no. That will cause problems with meeting the 40% target. I realise that you are starting to review that figure. What has the Department of Enterprise, Trade and Investment done about it? The Department is obviously a major issue for us. Has there been any product from the engagements with the Utility Regulator and NIE?

**Mr Thomson:** I would need to get my energy colleagues to give you a lot more detail on that, as I do not have the detail. I can assure the Committee that discussions are ongoing all the time with the regulator. We have always recognised that grid enhancement is a major issue. One of the major areas of concern of NIE's latest proposition to the regulator, which then went to the Competition Commission, was the amount of investment that should go into the electricity grid that would have to flow back to consumers. That is what a lot of the debate has been around.

**The Chairperson:** I think —

**Mr Thomson:** The Department has not been involved in the detail of that discussion. That has been a discussion between the regulator and NIE, and it is now with the Competition Commission.

**The Chairperson:** I find it strange that the Department was not over the detail of that dialogue, because it is the Department that is subsidising, supporting and setting the targets for renewables. It is industry in the renewables sector — as well as industry in other sectors, as we hope to roll this out — that is being affected by this. I find it odd, if not strange, that the Department was not across the detail. However, I realise that you need to speak to some of your colleagues about the energy aspects, so we will share with you the submission made to us. It raises issues that make me concerned about the future viability of sourcing from renewables in particular and the ability to meet the criteria. We will share that submission from Simple Power with you, and I ask that the Department respond to that, please.

**Mr Thomson:** I am happy to do that, Chair.

**The Chairperson:** I read it last night, and it makes for very concerning reading.

A number of colleagues wish to ask questions.

**Ms Maeve McLaughlin:** Thank you for the update. There is £784 million of investment secured, so the PFG target has been achieved. In fact, it has been exceeded. Are there specific departmental targets for areas of investment or sectors? Are there targets for the type of investment?

**Mr Thomson:** We do not have specific targets for each category of investment. However, the economic strategy sets out the areas that we are focusing on particularly, such as agrifood, ICT and sustainable energy. Those are set out in the economic strategy. However, we have not broken down that investment target specifically to those areas.

**Ms Maeve McLaughlin:** Alongside that, given the fact that the target has been exceeded, which is good news, are you likely to increase it?

**Mr Thomson:** We will not be changing the Programme for Government target, because that was set by the Executive, and my understanding is that the Executive do not intend to change their Programme for Government targets during the lifetime of the Programme for Government. I know that there are a number of areas in which Invest, for its own purposes, has increased targets internally.

**Ms Maeve McLaughlin:** Thank you. Does the Department have a projected figure for investment by the end of the PFG period — 2015 — given that the target for this year has been exceeded?

**Mr Thomson:** No.

**Mr Phil Rodgers (Department of Enterprise, Trade and Investment):** Not at this stage. To go back to the point about the breakdown, we can tell you where the £784 million has come from: £324 million has come from locally owned firms; £298 million has come from foreign direct investment (FDI); and £162 million has come through the jobs fund, which is a special ring-fenced fund that Invest put in place. That £784 million figure is for up until the end of March. Some £184 million of investment was secured between 1 April and 30 September. I do not have the breakdown for that figure, but we can provide it.

**Ms Maeve McLaughlin:** It would be useful to get that breakdown to the Committee.

The Programme for Government had a commitment around jobs promoted. Some 13,870 jobs were promoted during this Programme for Government period. When Invest was in front of the Committee two weeks ago, it gave us a very welcome date for the actual jobs created figures from the end of the financial year, but it indicated a willingness to look at the whole notion of subregional clusters. What is the Department's view on that?

**Mr Thomson:** We have not set subregional targets in either the Programme for Government or the economic strategy, which sits alongside the PFG.

**Ms Maeve McLaughlin:** Is it something that you would consider?

**Mr Thomson:** We are happy to discuss it with Invest, yes.

**Mr P Rodgers:** The economic strategy talks about Belfast and Derry/Londonderry as being the growth clusters, but it does not go below that in setting targets for specific areas. Invest has always said that the difficulty is that this is demand-led, so it is down to where investors want to invest. It is difficult for Invest to tell people where to put their money.

**Ms Maeve McLaughlin:** I think that there is an acceptance of that, but Alastair Hamilton in his evidence to the Committee indicated that if areas, regions, council areas and new council boundaries were willing to work on their unique selling point (USP), Invest would certainly be open to exploring things such as the promotion of subregional apps and different areas' USP. That, in my view, is a shift, and I wonder whether the Department will support that shift.

**Mr Thomson:** We certainly support that shift. We work very closely with Invest NI. Alastair will come and talk with us, so that is why I am saying that we are happy to let Invest NI lead and advise us on those issues.

**Mr McKinney:** I will deal with commitment 18 and the Our Time Our Place initiatives. How is the specific contribution of DETI to the success of tourism events measured?

**Mr Thomson:** Primarily through visitor numbers, but more important for us is value of spend. It is all very well having visitors come in, but if all that they are doing is coming in, spending nothing and going away again, that does not help the economy very much. That is why the two targets are on visitor numbers and spend.

**Mr McKinney:** Yes, but how do you measure your contribution to the event?

**Mr Thomson:** It is difficult to track. For example, a lot of what we have done in the past few years for tourism has been to invest in signature projects, whether that be the Walled City, the Giant's Causeway or the Titanic. The reason for doing that — it has been a very significant investment — is to have product that will attract the tourist.

That is one set of things that we did. We then have our campaign advertising, through the Tourist Board on the island of Ireland and Tourism Ireland overseas. To what degree you can say that a tourist who has come from China is coming because of a campaign, because there is product or

because of a combination of both is very difficult to determine. That is why I am cautious about linking the considerable investment that we have put into specifics. What we concentrate on and why the target is set in the way it is is the tourist coming in and the value of the spend.

**Mr McKinney:** Take, for example, last year's circumstances. I will not say that they were unique, but they were unique in the recent past, in that we had a revisiting of a negative backdrop because of flags, and so on. Would your target —

**Mr Thomson:** This morning, the latest six-monthly tourism figures came out. Beneath the aggregate figures, we have indicative figures for the different markets. You can see where the trends are and where a market might be going up and then dropping again, and, from that, see from where the impact is coming. This morning's figures are very positive, but the negative in them is that the Republic of Ireland's market has dropped again. We can speculate on the cause of that. Is it because of events in Belfast or is it because we had a huge advertising campaign in Dublin, particularly on ni2012, which you will have seen if you have been through Connolly station? We eased back on campaign advertising, so the level in the Irish market dropped last year. You then start to see impacts on your visitor numbers. What is causing it? I do not know.

**Mr McKinney:** To go back to my question, how can you accurately measure the specific contribution of DETI to the success when you have those variables out there?

**Mr Thomson:** We evaluate programmes. There are the normal ways in which to evaluate programmes. The statisticians do what statisticians do to evaluate them. Each of the programmes is evaluated. The Tourist Board evaluates its campaign advertising as well.

**Mr McKinney:** In your milestone target, you talk about achieving the:

*"legacy benefits from Our Time Our Place".*

Do you accept that that is vague?

**Mr Thomson:** Yes.

**Mr McKinney:** Why?

**Mr Thomson:** Our Time Our Place was being developed when the Programme for Government was launched. We are now sitting down to assess the legacy, in the same way that we are sitting down with Derry City Council and the other bodies involved to assess the legacy of the UK City of Culture. That is being worked on. I do not have a legacy plan at the moment.

**Mr McKinney:** I am trying to work out what you would measure that against in a post-event scenario if you did not set out targets to begin with.

**Mr Thomson:** We had targets for the UK City of Culture. We knew what we were going to do in that regard. It is the legacy. It depends on where we end up. It is about a lot more than tourism. For example, it is a lot to do with the communities. It is a lot to do with the schoolkids and the music. It is a lot to do with lots of other things. There has to be a discussion about on which elements the emphasis is going to be. Clearly, tourism is going to be part of that. We know the stats for people visiting the city over the past so-many-years. It is about whether we can maintain that, the bed nights and all that sort of stuff.

**Mr P Rodgers:** The two more operational targets in the PFG around Our Time Our Place and the Irish Open need to be read in conjunction with the higher-level target of visitor numbers and spend. The legacy from things such as Our Time Our Place is the continuing rise that we hope to see in tourism numbers.

**Mr McKinney:** Can we expect to see more specifics as we move forward? Will your milestone targets be altered?

**Mr Thomson:** In tourism, we are moving from investment in product, which is a lot of what we have done over the past couple of years, to using what the Tourist Board would call investment in

experience. I do not see as much hard investment in big things such as the Giant's Causeway visitor centre. I do not see as much of that happening in the future. We now have these attractions, so it is about how we make experiences for visitors. That is what we will do in future.

**The Chairperson:** You talk about investment in projects and the like. One that has been exercising a lot of people is Exploris. We have some material coming later on that. Is that the sort of project on which the Department could successfully work with other Departments to help, in the first instance, retrieve a bad situation, and, secondly, to have a more sustainable project, working alongside the local council, which is the host for Exploris?

**Mr Thomson:** Yes. My Minister said quite openly that she is very willing to look at what is possible. To clarify, I am not saying that there will never be any more investment in the tourist industry. I was saying that the really big projects, such as the £80 million on Titanic Belfast and —

**The Chairperson:** I know what you are saying.

**Mr Thomson:** I cannot remember the figure for the Giant's Causeway. I do not see there being many more of those big projects in the next few years.

**Mr Dunne:** Thanks very much, gentlemen. Commitment 4 is to increase the value of manufacturing exports. You mentioned in your introduction, David, that you had not met the targets. Maybe you could elaborate a bit on that and give us some indicators or an explanation of why we did not meet the targets. I understand that the value of manufacturing in 2012-13 was £5.67 billion, so there has been a decrease. We are down 5.5%, which is a significant failure against the target. Can you explain further why this has been the case?

**Mr Thomson:** To be honest, it was a very ambitious target. It is difficult for Hansard to show graphs, but I just happen to have one here. I do not know whether people can see it, but here is the 2008 position where we had peaked. What the Ministers said was right, in that they wanted us to maintain and build on that, and you can see what has happened: we had a recession and exports went down. They dipped, but they are coming up again, so —

**The Chairperson:** Sorry, Mr Thomson, could you perhaps share that graph with us after the meeting? If you could get someone to send it over to us, please.

**Mr Thomson:** Yes, I can do that.

**Mr Dunne:** What are the reasons?

**Mr Thomson:** The main reason is that you can export only if the countries to which you export are trading with you and, at a time of recession, that has proved difficult. Companies generally have not been exporting as much as we would have hoped. I have at least two caveats on this, and I am sure that Alastair has mentioned them to the Committee. One is that the figures at the moment are not picking up exports to Britain because when we use Her Majesty's Revenue and Customs (HMRC) data, it does not pick some things up as exports because we are part of the United Kingdom. Now, clearly for us, it is an export. If a company here sends a product out of Northern Ireland, that is an export, so it is not capturing some out-of-Northern-Ireland business.

The other thing is that it concentrates on manufacturing, and that does not pick up things such as software. Take, for example, an American software company here that might have work done in Belfast for an organisation based in America. In real terms, that is an export; however, it is not being picked up. The service is not being picked up as well.

To answer your question, we had a very ambitious target for manufacturing exports. The recession has hit that, but there is still a great deal of exporting going on and business is going to Britain through services that are not being caught in that number.

**Mr P Rodgers:** The baseline for the export target was set in 2010-11. We saw growth in 2011-12 that, had it continued into 2012-13, would have kept us on track to hit our target. However, the 2012-13 exports fell away and, as David indicated, it is primarily down to difficulties with our key trading partners, particularly in the euro zone and the Republic of Ireland. Equally, we do not pick up the service sector as part of the PFG target. Our statisticians are undertaking work to see whether we can

address the difficulties that we have in measuring exports more generally. They will try to get a more comprehensive measure that includes services and external sales to GB.

The source for external sales to GB is our Northern Ireland Statistics and Research Agency (NISRA) survey, which is quite tardy. There will be a publication in December that will cover manufacturing sales to the GB market, but the period that the survey will cover will take us up to the end of 2012. It is a year late. We took the decision to track manufacturing exports using the HMRC data because it was more timely, as we get it quarterly and we get it one quarter late. At present, we have figures up to June 2013 for sales coming through the HMRC database. However, we are still looking at data for sales to GB up until the end of December 2011, which is obviously quite out of date.

**Mr Dunne:** What are the plans for 2015? Are we likely to adjust the targets for 2015?

**Mr P Rodgers:** We are confident that we are seeing some growth beginning to return. The first quarter data, up until the end of June, showed an increase compared with the same quarter the year before, so we are beginning to see some growth returning.

Our focus, as David outlined, is on export-led economic growth. That is the key message of the economic strategy. We will continue to work, through Invest NI, to drive export performance. Our aim is to get as close as we possibly can to the 20% increase by the end of the PFG period.

We are showing some good progress in our manufacturing export sales to emerging markets. There was a complementary target in the economic strategy to grow manufacturing exports to emerging economies — the Brazils, the Russias, the Indias, the Chinas (BRIC) et cetera — and we are well ahead of that. In 2012-13, we had £289 million of manufacturing sales to the BRIC and to the Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa (CIVET) economies against a baseline of £240 million. There was a £40 million increase on the baseline year 2010-11, so we are well ahead in percentage terms of where we want to be.

**Mr Dunne:** So the target for 2014-15 is to increase the value of manufacturing exports by 7%. You are fairly positive about meeting those targets.

**Mr P Rodgers:** We are doing everything that we can to hit the milestones — the individual year targets. The overall target of a 20% increase over the four years of the PFG period is unlikely. As we said, it is identified as a "red". However, we are confident that we can hit the individual targets, so we will see, hopefully, 7% growth this year and 7% growth next year. Cumulatively, we will not get to 20% over the four-year period, but we are confident that we can make a pretty good dent in it.

**Mr Dunne:** The agrifood sector strategy has been set. Is that part of your figures?

**Mr P Rodgers:** Yes, the agrifood sector, and the opportunities that it presents, is a major issue.

**Mr Dunne:** So the programme that will be developed through the strategy for agrifood is part of your target.

**Mr Thomson:** It will contribute towards achieving the target.

**Mr P Rodgers:** In the last year of this Programme for Government and going into the next Programme for Government period, it will certainly influence how we perform against exports. It is a likely that, as we move into the next Programme for Government, there will still be an exports target, and it will include the outworkings of the agrifood strategy.

**Mr Thomson:** External sales to Britain is an interesting issue, because if Moy Park, for example, increases its sale of poultry to Tesco, and it is all going into the British market, that will not be captured by the HMRC data.

**Mr Dunne:** It will not?

**Mr Thomson:** No. That is why there is a definition.

**Mr Dunne:** There is quite a bit of information going under the radar that you need to capture.



**Mr P Rodgers:** A great deal of information is being captured. The Committee has received our annual report on the economic strategy, which goes into a bit more depth on some of those issues. There is a lot of information out there: the issue is knowing what to present without getting into very granular detail of particular markets and particular sectors.

The 'Going for Growth' report sets out the huge opportunities in the agrifood sector, and Ministers are keen to move on and implement many of its recommendations. That should, in time, feed into export figures and external sales figures.

**The Chairperson:** Picking up on the agrifood strategy, the Agri-Food Strategy Board formally handed over its action plan to the Minister on 16 May. There were 118 recommendations in it, and the next step was for DARD and DETI to engage with other Departments on the way forward. What has happened since May, and how many of those 118 recommendations have been actioned or enacted? Indeed, has there been a specific pot of investment set aside for the strategic plan?

**Mr Thomson:** There has been a lot of engagement with Departments. We have responses to all 118 recommendations, and they are broadly very positive. I hope that the Executive will clear that very shortly. That will be the Executive's formal response to the document, because the document was coming from the Agri-Food Strategy Board.

**The Chairperson:** I appreciate that.

**Mr Thomson:** It will deal with finance as well. However, I cannot be more specific until Ministers decide how to respond to that, except to say that many of the recommendations were in hand, such as selective financial assistance, which Invest is already doing. It was asking to continue that and to grow it, and that is happening. The biggest and most time-consuming thing that we have done in the Department over the past six months has been getting the agrifood loan scheme up, which Ministers announced a month or two ago. That has been quite difficult. There are still a few things to be done before it goes live, but extra resource has gone into it. It will be very useful for the sectors.

**The Chairperson:** What has to be done before it goes live?

**Mr Thomson:** We have agreement in principle on agrifood loans; there are legal documents that have to be agreed by the banks that will agree how they will work; and there are also tripartite agreements between banks, the companies and the farmers, to put it simply. Those tripartite agreements have to be put in place.

**The Chairperson:** Sorry, would that not be after the loan or as part of the loan?

**Mr Thomson:** The loan facility is there, but before a bank lends money, it will want to make sure that the agreements are all in place.

**The Chairperson:** Is that not a normal loan process anyway?

**Mr Thomson:** It is, but we are putting in a new arrangement, with Invest Northern Ireland contributing to the banks to help them to lend; therefore new legal agreements have to be put in place. It is with the banks at the moment. Agreement has been reached in principle on all of that, and the funding has been put in place. I hate to have to say that it is just work, but, from where I am sitting, I hope that it is just work. I am not aware of any issues.

**The Chairperson:** On the final point, do we have dates and deadlines? Do we have any projected date for the sign-off on those loans? Specifically, is there any date by which we might get an agrifood strategy actioned?

**Mr Thomson:** It is being actioned.

**The Chairperson:** By "actioned", I mean actioned and agreed so that we see things happening.

**Mr Thomson:** I was hoping that it would be before the end of this calendar year and that we might have got it away a bit earlier, but it is in the process. It is all being done as far as I am concerned; it is just in the process. As far as agrifood loans are concerned, I would love to see a big ramping-up by

the end of the financial year, not least because there is a budget that I am responsible for that I would like to see spent. I should also have said, to be fair, that there will be planning issues as well that need to be sorted out. There is £10 million for this year. Is it all going to go? I suspect not, but it will not be lost, because it is in a ring-fenced arrangement so it will flow into next year. However, I am not sure that it will all be spent in this financial year.

**The Chairperson:** OK, thank you for that. Mr Agnew, you had one question around the renewable heat incentive (RHI) stuff?

**Mr Agnew:** Yes, it goes back to the point you made earlier, David, about how great it is that the Programme for Government is split into specific commitments by each Department and that we have a direct line of accountability. I have one concern about PFG commitment 13, which lumps renewable electricity and renewable heat in to the same commitment. Although there are certainly positives at this stage with renewable electricity, I fear that it may mask negatives in renewable heat. There is nothing in the brief that we received about our current consumption of renewable heat or how it is benchmarked. Is that being measured?

**Mr Thomson:** Yes, it is.

**Mr Agnew:** Do we have any figures for it?

**Mr Thomson:** Chair, I have a briefing in front of me that has lots of figures in it, and, rather than read them out, I could send the briefing to the Committee.

**Mr Agnew:** That would be helpful.

I have one other point, although you may not have the answer here; nevertheless, it was raised with me recently that people who receive a Carbon Trust loan cannot avail themselves of the renewable heating incentive. I do not know whether that is correct, because it is the first that I have heard of it, but are you aware of it? That could be a significant problem.

**Mr Thomson:** Someone asked a question about that this morning, is that right?

**Mr Agnew:** It was possibly me.

**Mr Thomson:** I noticed it in my e-mails as I was sitting outside. I was not aware of the issue, so I will await my colleagues' answer is to that question.

**The Chairperson:** So you will get back to us on that?

**Mr Thomson:** It will be answered in due course through an Assembly question.

**The Chairperson:** In regard to Mr Agnew's question on renewable heat and reporting against the targets, could you clarify with us what the baseline is?

**Mr Thomson:** Yes.

**The Chairperson:** OK. Thank you for that.

**Mr Anderson:** Thank you, gentlemen, for your presentation today. Can I touch on the Programme for Government commitment 7 in relation to the £50 loan fund?

**Mr Douglas:** I think that you mean £50 million.

**Mr Anderson:** Yes, £50 million. I said £50. Thanks. *[Laughter.]* Sorry. That would not go very far. I am looking at some of the figures here, and you said in your opening remarks that this one is amber/green. It is making progress, and you are highly confident that we will reach those targets; however, in 2012-13, you supported 30 small and medium-sized enterprises (SMEs). Our economy is highly dependent on our SMEs; they provide a great deal of employment. You helped 30 in the first year, and the target was 50, is that right?

**Mr Thomson:** Yes.

**Mr Anderson:** To date, we have 21 and the target is 50, and the target for the final year is for another 50, so we have a total of 150 targeted over the three years, and yet we have supported 51, is that right?

**Mr Thomson:** Yes.

**Mr Anderson:** And we are about halfway through?

**Mr Thomson:** Yes.

**Mr Anderson:** That is a pretty big shortfall. What is your evidence for your high level of confidence?

**Mr Thomson:** If we separate out the number of loans from their value, we are very confident that we will hit the value. There is £30 million in the PFG period from the small firms loan fund, and we are very confident that Invest NI will hit that target on the value of loans. On the number of loans, there is a risk that we will not hit the target of 150, but, at this stage, it is just a risk. We are confident that we will be able to recover that, but there is a risk that we may not, and that is why it is classified as amber/green at this stage.

**Mr Anderson:** So it is more to do with the value rather than the target for SMEs that you will support. Is it possible that you will not meet that target?

**Mr Thomson:** As I said, there is a risk that we will not get the number of loans out, which is why we are classifying it as amber/green. Nevertheless, we are confident that, with another year and a half, we can hit the number 150, although we recognise that there is a risk that we may not. Overall, however, we are confident that we will.

**Mr Anderson:** You touched on the fact that the launch was delayed.

**Mr P Rodgers:** Yes, and that played into last year's figures.

**Mr Anderson:** Was that the only reason, or were there others?

**Mr P Rodgers:** The delay was the reason why we did not hit our target of 50 for last year, but there is a good pipeline of projects, and we are confident that we can make good progress

**Mr Thomson:** Hopefully, we are coming out of recession and seeing a bit of growth. If you noticed or read the PwC report that was published this morning, it refers to growth in the economy. As Phil said, the arrangements were a bit delayed because we need external providers, all of whom have to go through the regulatory regime and have systems and funding partners in place. That took time, so now that that is up and running, and they are becoming more experienced in running and promoting the scheme, combined with growth in the economy, we are hopeful that we will achieve both those aims. We are certainly optimistic that the value will be met, which is the fundamental PFG target —

**Mr Anderson:** That is the bit that concerns me. The value may be met, but the number of SMEs that will benefit will not be met. Is that what you are saying, or is it that that figure may not be met?

**Mr Thomson:** It may not be met. That is why, as I said, it is sitting at amber/green. Being honest, we may not meet all that.

**Mr Anderson:** We need to work on that. If we could rectify that, a number of SMEs could really benefit.

**Mr P Rodgers:** It is important to remember that the SME loan fund is only one of a number of Invest NI loan funds. It has more than six funds, which have £140 million each year. This is one small element of that.

**Mr Anderson:** It may be that the other funds are kicking in as well. You talked about a strengthening pipeline, but is there any sign of any weakness in the pipeline of investment opportunities?

**Mr Thomson:** The banking sector is still a big issue. Firms' ability to get banking finance is still a challenge in many cases.

**Mr Anderson:** What is your expected figure for this year?

**Mr P Rodgers:** We are working towards the target of 50, providing loans at £10 million for the in-year. I do not have the expected figure at this stage.

**Mr Thomson:** Invest NI would have to advise me of that figure.

**Mr Anderson:** I have done some figures. You say that you are playing catch-up. There is £10 million and £6.2 million, and £3.8 million and £1.1 million. Is there a shortfall of £4.9 million for the rest of the year? Is that what you are saying? That means that there is a fair bit to do in a short time. Am I getting my figures right?

**Mr P Rodgers:** To date, up to the end of September, 21 loans had been made to a value of £6.2 million. Obviously, Invest NI has a pipeline of activity. It is difficult; it has a pipeline of activity for the rest of the year, working towards and exceeding that target of 50 SME loans —

**Mr Thomson:** You are also trying to pick up the backlog from the previous year.

**Mr Anderson:** Yes, I am equating the two. Are you capable of catching up?

**Mr Thomson:** I am being told by Invest NI that it is relatively confident. It is Invest NI's programme, and that is what it reports to us. I can report back to you only what I am being told.

**Mr Mitchel McLaughlin:** Will it be promoting those loans or delivering them?

**The Chairperson:** Actual or promoted.

**Mr Thomson:** I think that a loan is both, is it not? You do deliver a loan.

**Mr Mitchel McLaughlin:** Not if you are on the receiving end of it.

**Mr Anderson:** We could go around the figures all day. Will you have to adjust the overall targets that you have set, or will they sit as they are?

**Mr Thomson:** Generally, and not just in this regard, the Executive's view is not to adjust Programme for Government commitments or in-year targets unless there is a fundamental reason why something should be changed. At this point, we are not proposing to change any of those interim targets or the commitment.

**Mrs Overend:** Good morning, gentlemen. Yesterday's news reports and today's PwC report state that the economy is on the up but that households will struggle to see any benefit from that, which relates to the Programme for Government's commitment 27 on economic inactivity and the lack of movement. What is the status of that commitment?

**Mr P Rodgers:** We are hopeful that the strategic framework will be published in the coming weeks for public consultation.

**Mrs Overend:** Has it moved from being a baseline paper? Is there a draft strategy?

**Mr P Rodgers:** Yes, and officials have been working on it. DEL is in the lead and has been working with us and colleagues in DSD, DHSSPS and Invest NI to develop a strategy for Ministers to consider. We are hopeful that something will be published and out to public consultation in the coming weeks.

**Mrs Overend:** Will that be before the end of the year? Can you be more definitive about the time frame?

**Mr Thomson:** Sitting with the agrifood response, we are trying to push a number of strategies through the whole process, including through the Executive, by the end of this calendar year.

**Mrs Overend:** That is great. Thank you.

**The Chairperson:** The progress update on commitment 27 states that the goal is to develop a strategy and have a draft strategy considered by the Executive by autumn 2013. The milestone target for 2013-14 is to implement key actions from the strategy. When will we have an idea about progress, given that the progress column is blank?

**Mr P Rodgers:** When the draft strategy goes out to public consultation, it will identify a range of actions that Departments are considering. We will then take the views of stakeholders on board and go back to the Executive with a final agreed strategy, which we will bring out in the new year. That is where you will see actions, and implementation will flow from that.

**The Chairperson:** Is there a timeline for the new year?

**Mr P Rodgers:** I will go back to what David said about the agrifood strategy and the strategy to tackle economic inactivity, which we are working through at the moment. We are hoping to have a draft on economic inactivity out for public consultation in the coming weeks. There will be a 12-week process of public consultation, and we will then consider the responses, after which there will be a final strategy.

**The Chairperson:** Are we a bit behind with the draft strategy? What is your projected date for having this back before the Executive?

**Mr P Rodgers:** We hope to have the draft strategy with the Executive in the coming weeks.

**The Chairperson:** Has the draft strategy not been signed off yet?

**Mr P Rodgers:** No. We hope to launch the draft strategy for a period of public consultation in the coming weeks.

**The Chairperson:** That is what I mean. The progress report states that the draft strategy will be considered by the Executive in autumn 2013. We are into the winter now so we are behind.

**Mr P Rodgers:** Yes. The original target was to develop a strategy by the end of March 2013, so we are clearly behind. As I said, we have been working with other Departments that have an interest in this area and have been engaging the stakeholders to develop a strategy that we are now taking to the Executive. Following Executive agreement, we will be in a position to launch a public consultation.

**The Chairperson:** For complete clarity: the draft strategy was due to be out in March of this year, then it was due to be ready for the autumn of this year. Clearly, it is still not ready, and you say that it will be a number of weeks. When I hear the word "weeks", I think of the new year. Potentially, there is a year's slippage.

**Mr P Rodgers:** Potentially. However, we hope that we will have the strategy out for public consultation before the end of the year.

**Mr Flanagan:** Gentlemen, thanks for the presentation. My first question is in response to an answer that you gave to Gordon about exports. You largely used the fact that we do not count exports to Britain in the statistics as the reason that we are not doing very well. However, the Programme for Government targets are all about improving the current situation compared with that of previous years. If exports to Britain have never been calculated, that is not an excuse for not doing well.

**Mr Thomson:** No. I think that Phil was saying that there is a lot of data. We do pick up on exports to Britain, but in a different format, which is through surveys. So we collect a lot of data and report on that. What I was saying was that the information that we were using to monitor the increase in

manufacturing exports — the 6% and 7% — was based on HMRC data, which excludes that. I do not want to —

**Mr Flanagan:** You are looking at a historical figure. Why would you look at adding in exports to Britain if you are trying to compare it with a historical figure that did not include that figure?

**Mr P Rodgers:** I do not think that we are saying that the reason that we are not performing against our manufacturing exports target is because we are missing sales to GB. That is simply a bit of context. Our target, for example, does not include sales to GB or the services sector.

**Mr Flanagan:** Neither does the figure that you are comparing it with.

**Mr P Rodgers:** Yes. The reason why we are not performing against that is more to do with our key trading partners that are captured in that figure. It is the euro zone and the problems that it is having or has had with economic growth.

**Mr Flanagan:** So the problem is not that we are not collecting export data to Britain. That is fine.

**Mr P Rodgers:** I would say that there is some anecdotal evidence — until we get the figures out next month, it is still anecdotal — that we are seeing some increases in key sectors in GB sales. We would have had a lot of construction firms selling into the Republic of Ireland during the boom times, but, with the collapse of the property market in the South, those firms have had to refocus and are now selling into the GB market. Obviously, we do not pick up those kinds of things in this target.

**Mr Flanagan:** You mentioned that the latest quarterly tourism figures for January to June were published at the end of November. Why is there such a long delay in the publication of statistics? In the South, they are out within three or four weeks, and we have to wait nearly six months to get them.

**Mr Thomson:** We rely on NISRA; it has the statisticians. It has to get the figures, which include numbers from the South, because several elements have to be brought in.

**Mr Flanagan:** As the Department that holds the Tourist Board, a non-departmental public body, to account, do you think that nearly six months is an appropriate period?

**Mr Thomson:** The Minister has already made lots of public comments about statistics. She would like to get better statistics on tourism.

**Mr Flanagan:** Do you think that a five- or six-month wait is good enough?

**Mr Thomson:** We would like to see statistics earlier than that.

**Mr Flanagan:** That is all right.

Commitment 18 is about ni2012: Our Time Our Place, and you said that the initiative was a great success. What does that mean?

**Mr Thomson:** We have seen a significant increase in tourist numbers and spend, but it was not just about that: it was about a change in perception. I think that we use that term in the progress report. Certainly, with events such as the Irish Open, there was a marked change in the perception of Northern Ireland as a place to visit.

**Mr Flanagan:** A review was commissioned into the Our Time Our Place initiative. How many extra people came here because of that initiative?

**Mr Thomson:** I do not have the trend of tourist figures with me, but we can certainly let you have that information. There was a marked increase across markets.

**Mr Flanagan:** Why was the review of the ni2012 campaign done before the tourist figures were published for 2012?

**Mr Thomson:** You would have to ask the Tourist Board that. The review was a short evaluation that tried to get a feel for —

**Mr Flanagan:** You are sitting in front of us with a document that states that the ni2012 initiative was a great success. That is based on a report that the board did before it had the visitor numbers. How can you say that it was a great success?

**Mr Thomson:** I am saying that it is about more than visitor numbers. We have visitor numbers for 2012 and know what they were in 2012 compared with 2011. We have that data. However, it is a combination of that and the softer feedback on change of perception from all the big events that we had.

**Mr Flanagan:** Was it worth £11.2 million?

**Mr Thomson:** Yes.

**Mr Flanagan:** OK.

This is my final question. One of your comments earlier on tourism — I paraphrase you here, but I am sure that Hansard will pick it up correctly — was along the lines that it is no good if people come here and do not spend any money. How much did the eight people who came to Fermanagh during the summer spend?

**Mr Thomson:** What I said was that there is a direct impact on the economy when people come and spend money. I also said a few minutes ago that one of our objectives was a change of perception, and quite a lot of what we do is about changing perception. Take the Irish Open, for instance: some 95% of the people who attended it were from Northern Ireland. You could argue that, if someone spends £50 going to the Irish Open, that is £50 that they will not spend elsewhere in the economy. So, as an economic thing, it is very narrow. It might not have a huge impact, but an event such as the Irish Open — the TV coverage, the huge number of spectators, showing that we can run events and so on — is well worth doing with regard to changing perception. The G8 summit was in the same category and was very much part of a change of perception.

**Mr Flanagan:** All right. You get the point that I am making.

**The Chairperson:** Gentlemen, that concludes our question-and-answer session today. Thank you for your time. With the agreement of the Committee — I think that we have consensus — we will forward you the Simple Power submission, to which you can respond. It is a detailed submission that raises and articulates many of the key concerns in the industry at present. I would appreciate a similarly detailed response from you.

**Mr Thomson:** Thank you, Chair. I will pick that up with my energy colleagues. I also think that I committed to providing some graphs on exports and the briefing note on renewable heat, which I promised to do rather than read out stats. We will do that now and get those back to the Committee.

**The Chairperson:** That is grand. Thank you very much.