



Northern Ireland  
Assembly

Committee for Enterprise,  
Trade and Investment

# OFFICIAL REPORT (Hansard)

Programme for Government and Economic  
Strategy: Ministerial Briefing

12 December 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 Gordon Dunne  
Ms Megan Fearon  
Mr Fearghal McKinney  
Mr Mitchel McLaughlin  
Mrs Sandra Overend

**Witnesses:**

Mrs Foster	Minister of Enterprise, Trade and Investment
Mr Graeme Hutchinson	Department of Enterprise, Trade and Investment
Mr Phil Rodgers	Department of Enterprise, Trade and Investment

**The Chairperson:** Minister, you are very welcome indeed. Good to see you again. That is a couple of days on the trot now. Thank you for coming to the Committee and for being with us. Again, it was good to see that your monitoring round papers were on time, as you promised. So, thanks for that as well. As usual, the format is that you will have an opportunity to make your opening remarks to the Committee, and then we will take questions from Committee members. Minister, it is over to you.

**Mrs Foster (The Minister of Enterprise, Trade and Investment):** Thanks very much, Chair. It is good to be back at the Committee. I understand that, this morning, I have to cover the progress that we are making on the delivery of key commitments in the economic strategy, but, before we do that, I just want to comment on where we are currently. Obviously, there are still concerns about businesses across Northern Ireland, and it will take some time for business and, indeed, consumer confidence to return to pre-downturn levels. However, I think that we can take some hope from the fact that a number of independent, external commentators are now talking about growth. Indeed, recently, the governor of the Bank of England indicated that there are increasing signs of improvement right across the UK, and, of course, the same holds for the local economy as well.

We do have difficulties — no doubt we will touch on these in the evidence session — with rising energy costs, in particular, and, indeed, access to finance, which still remains an issue for a lot of companies, particularly small firms. That is why we continue to push particularly in relation to corporation tax. That agenda is still very much with us. As you know, part of the economic pact was to keep alive the desire to have corporation tax-varying powers devolved to the Executive and the Assembly, but we are not going to have a final decision on that until next autumn. We have been pressing Whitehall to continue the preparations if the answer is affirmative, which we very much hope it will be.

On the economic strategy, the Executive subcommittee on the economy recently published our first-year monitoring report. I am pleased to say that there has been considerable progress right across all Executive Departments. As you know, it is not just my Department that is involved; there are many other Departments as well. We are on course to deliver 97% of the 172 economic strategy commitments by March 2015. I will give you a few from my Department.

We have secured £168 million of investment in R&D, and over 40% of that investment has come from Northern Ireland's small and medium-sized enterprises (SME) base. That is very encouraging, because it remains a challenge to encourage small and medium-sized businesses to become involved in R&D. We supported 311 businesses in undertaking R&D for the first time, which is also encouraging. We promoted almost 3,500 new jobs with locally owned companies, securing £92 million in annual wages and salaries for the Northern Ireland economy. We welcomed 3.97 million overnight visitors to Northern Ireland in 2012, with associated expenditure from visitors totalling £683 million. We have promoted 13,870 jobs since the beginning of the Programme for Government period.

So there were quite a few highlights from this period, and we are very pleased with that. However, we are in no way complacent, because we realise that there is still a big agenda to get through. I have details of targets that have been met by other Departments and I am happy to go through them, but obviously I know that the Committee is more concerned with my own departmental targets.

This has been a good week for the economy. We had new jobs in Londonderry, we had expansion at Dale Farm in Cookstown yesterday, and I was with the Lord Mayor in Belfast this morning opening the new Visit Belfast tourism centre, which really does give a shop window not just into Belfast but across Northern Ireland. It is a modern, bright, easily accessible visitors' centre that says a lot about Northern Ireland.

It has been a good week, but I am sure that many members will want to talk to me about the targets, and I am happy to take questions on those.

**The Chairperson:** Thanks very much, Minister. There are a number of issues that we are going to get into. I will raise a few specific matters with you that have been ongoing concerns around and about the Committee.

Energy is a key issue. You were at Dale Farm yesterday when the chief executive very publicly spoke about the capacity of the grid, particularly west of the Bann, and how that has the potential to inhibit economic growth and expansion of businesses, albeit that they are considering alternatives, as you know. However, at least one of those alternatives could lead to increased costs elsewhere if they choose to generate their own energy. What representations have been made by the Department via the Utility Regulator or to NIE around the capacity of the grid?

Leading on from that, there was one issue that came up in our review of energy and supply and costs, and particularly the report. With regard to the interconnectors at Letterkenny through to Strabane, and the one at Enniskillen, there seems to have been a bit of a misunderstanding, deliberate or otherwise, by NIE as to what the Committee was suggesting, which was whether, during the intervening period, those two interconnectors could be used as at present or enhanced to a point that they could feed in with additional supply until such time that the North/South interconnector would or would not be available for use.

Perhaps you could also clarify the Exploris issue. We have a report before us today from BDO, the consultants, about a business case. You may not know just off the top of your head whether that business case has in fact been received at the Department.

**Mrs Foster:** Not to my knowledge.

**The Chairperson:** Has it not?

**Mrs Foster:** No.

**The Chairperson:** Right, OK. We will deal with that as well.

**Mrs Foster:** I am somewhat surprised that they have not given it to me, if they have given it to the Committee.

**The Chairperson:** It is a bit odd. That is why I am asking.

**Mrs Foster:** I was clear at a meeting of the Friends of Exploris that, if they had a business case, they should bring it forward because I would, of course, want to help if I could at all. So, I am rather surprised that we have not received that report.

**The Chairperson:** Well, it has come in our direction in the first instance. Anyway, we will do what we can, and just deal with what is before us this morning anyway.

A couple of other issues have come before us. One was the issue of prime office space in Belfast, which has been relayed to us as being a potential issue for foreign direct investment (FDI) and investment.

Finally, we want to share with you an issue that impacts on R&D. As you know, we have been dealing quite a bit with Horizon 2020, EU funds and the potential to draw them down. You might want to give us some detail. Last week, we were down in Dublin. We heard from Enterprise Ireland about what it was doing. There was some mention of your Department being about to make an announcement about some sort of roll-out of a programme of work around Horizon 21. I do not think that this has anything whatsoever to do with the desk officers out in Brussels, but we have been trying to hear from them about what they are doing. It has become a convoluted bureaucratic red-tape exercise for us, as a Committee, to get to speak to or hear from Brussels. We will have to share it with you, Minister. It has proven very overbearing with red tape and bureaucracy, that one. We are just trying to help people to access funds and get help. That is proving to be a bit of an issue. I do not expect you to comment on it, because you do not have the document in front of you, but we will share it with you.

So those are a number of issues. Will you comment on those before we move on to the other questions?

**Mrs Foster:** The first point was about whether I had any conversations with the Systems Operator for Northern Ireland (SONI) or the Utility Regulator in relation to the grid. I had a meeting last Thursday with the Utility Regulator, and the grid formed a large part of the discussion. I am sure that the Committee has had correspondence from farmers and individuals wanting to connect to the grid who have not been able to do so because they either got a conditional offer that was millions of pounds or they were just told that they could not connect to the grid. We have had that conversation with the regulator. As you know, the Competition Commission decision on NIE has not been confirmed as yet. Once that has been confirmed, we will have more of a focus on the grid issues. At present — you can understand why — a lot of the office's time with the regulator, and, I am sure, with NIE as well, has been taken up with dealing with Competition Commission issues. It has a limited number of staff. I am sure that, once the new year comes, we can focus more on the grid.

The grid is the huge issue at present. The grid in the west of the Province — this brings me to the second point that you raised with me — is not as strong as in the east of the Province. That is where most of the renewable energy seems to be coming on, so that causes great problems. Some of the substations in the west are at capacity and really cannot take any more electricity into them.

After the debate on Monday, I asked for further information about the issue of Enniskillen and Letterkenny. I knew that it was something that the Committee felt very strongly about from some of its members' speeches. My understanding is that the purpose of the two 110 kV connections is to provide local support to the electricity systems on either side of the border in the event of certain conditions occurring, such as an unexpected local outage. They are standby connections that cannot be used for the heavy bulk transfer of power into the transmission system that is required from the proposed 400 kV interconnector. Therefore, they would not be suitable to deal with longer-term security-of-supply concerns. Interconnection at a lower voltage of 110 kV using multiple connections is not as robust, and does not provide the same system stability and protection, as interconnection via a large transmission link. Although they are there if there is a problem with an outage on either side of the border, they could not provide the stability that we would need for the system over a period of time. They are really there only to provide local support. As well as that, they are both in areas of the west of the Province where the grid needs to be upgraded. Even to get to the interconnectors at Enniskillen and Letterkenny could be an issue. The grid is not that powerful down in that neck of the woods. That is really what I am saying to you.

**The Chairperson:** Essentially, the bit that NIE or whatever missed out was whether, if there were potential for increased capacity, investment could be made either in those interconnectors or in the

grid that would, at least, see us through that particular period until such times as we had a North/South interconnector or otherwise. Those of us who were really trying to grapple with that, which NIE referred to as a "technical issue", asked whether it could be done and provided or not.

**Mrs Foster:** If we were to look at those two points and tried to upgrade the grid around them, we would see that that would, obviously, cost a lot of money. That money would have to be passed on to consumers. What would be the benefit of that if the North/South interconnector is coming on stream in 2017-18? I concede — this is an important point — that the security of supply work that both SONI and the Utility Regulator carried out is predicated on the fact that there will be a North/South interconnector in the future. If there is not, we will, of course, have to look at some other way to generate electricity in the future. That is a critical piece of infrastructure. I cannot underline that enough. I know that there may be colleagues around the table who do not feel that it is as critical as I say it is. However, it really is a critical piece of infrastructure, because if we are not going ahead with it, that will have ramifications right across the electricity piece.

**The Chairperson:** To go back to my point, we had not heard the level of detail about how much it might cost for those two interconnectors in the intervening period. NIE was not providing us with any of that detail. You would not be expected to provide us with that detail, because they were the ones who were working on it, unless they had provided it to you in the intervening period. However, it is a question that we will come back to again. Please continue, Minister.

**Mrs Foster:** It would probably mean a complete overhaul of the two interconnectors that are there. It is not a case of upgrading them in a certain way; it would mean a complete overhaul of the two interconnectors that are at Enniskillen and Letterkenny.

**The Chairperson:** It is just that we do not know the full, precise detail of it. They were not really that forthcoming about it.

**Mrs Foster:** As it stands at present, they are not capable yet.

**The Chairperson:** I appreciate that.

Please continue, Minister.

**Mrs Foster:** So, that relates to the electricity piece of work.

I know that the prime office space is an issue that one particular organisation in the city centre raised. Invest Northern Ireland is conducting a review of prime office space in Belfast at present. I am sure that we would be quite happy to share that information with you when that review is finished. Do we know how long that will take?

**Mr Graeme Hutchinson (Department of Enterprise, Trade and Investment):** It is well progressed, Minister. We are meeting with Invest this afternoon to finalise it.

**The Chairperson:** You are meeting Invest NI this afternoon?

**Mr Hutchinson:** Yes. We are very happy to share that piece of work with the Committee when it is finalised.

**The Chairperson:** When do you reckon it will be finalised?

**Mr Hutchinson:** Early in 2014. It has been ongoing, and we are working to finalise the last part of the exercise before Christmas.

**The Chairperson:** Mr Hutchinson, you were unable to attend our meeting the previous day. I think that you were unwell. It is good to see you back again. Best wishes.

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

**Mrs Foster:** So, that is the prime office space piece of work.

The work on Horizon 2020 is very timely as well, Chair, because the Minister for Employment and Learning and I had a meeting yesterday with our points of contact under Horizon 2020. You might recall that we appointed Simon Grattan to be the Horizon 2020 manager. He now has under him nine points of contact for the different areas on which we want to concentrate. For example, agrifood has a point of contact, as does connected health, IT and small and medium-sized businesses. Those are just a few that I can remember off the top of my head. We had a meeting with them to talk about how we take the plan forward, because we very much want to see an increase in the drawdown from Horizon 2020 moving from FP7. I understand that the Republic have set a very challenging target, shall we say, on their drawdown. I think that they have decided on £1.25 billion. We have not as yet confirmed the target for Northern Ireland firms. Although we want it to be stretching, we also want it to be a realistic target. There is no point setting a target that will never be achieved. Otherwise, it has a contrary effect on people and would actually depress them into thinking that they are not doing what they should be doing. So, we want it to be a challenging but realistic target. We hope to set it in the very near future.

I hope that your point about not getting enough feedback from Brussels is not from the points of contact, because they should be liaising with you.

**The Chairperson:** No, it is proving a very convoluted system through OFMDFM. I will share the letter with you that explains it, Minister. It is very convoluted for a scrutiny Committee that is just trying to help people to draw down moneys and stuff. It is very complex, and deliberately so, I think.

**Mrs Foster:** To correct something, one of my officials just indicated to me that we have received the BDO report and that I am to have a meeting with it in January.

**The Chairperson:** That is grand.

**Mrs Foster:** I have not seen the report, but it is here.

**The Chairperson:** We are covering various themes. Mr McKinney is leading on innovation, R&D and creativity.

**Mr McKinney:** At the outset, Minister, I wish you and your officials a happy Christmas. I have one general point and three specific points to make. You touched on one of them already. Theme A of the monitoring report concerns stimulating innovation, R&D and creativity, and you are reporting positively on those, which anyone would expect you to do for positive headlines. However, when you drill down into the action plan in the way that you have reported, you in fact find that you have reported back on only seven of the 39 actions in that theme. That is around 20%, and you have not reported on about 80% of the actions that should be reported on in a monitoring report.

**Mrs Foster:** The piece of work that has been published on the website covers all the actions.

**Mr Hutchinson:** Fearghal, you are referring to the overarching report that matches the targets that we have in the economic strategy, but, alongside that, the action plan has been published that details progress on all 171 actions.

**Mr McKinney:** Some of it is narrative, as opposed to targeted.

**Mr Hutchinson:** In the action plan that has been published, we are indicating in the column on the extreme right-hand side whether it is on track for achievement. If it is not, there is a space to indicate what remedial action we are taking.

**The Chairperson:** We have done a checklist of the bullet points and the action plan actions that are either absent or require further detail. So, we can submit that to the Department, and we would appreciate a response on those issues, please.

**Mr McKinney:** You take the point that your overall report is reporting the positives. However, it is also important, I think, to underscore areas of concern or issues where more needs to be done within those headlines.

**Mr Hutchinson:** To repeat, we are trying to be open and transparent, as the economic strategy itself says. For the first time, we have a detailed action plan that details every action. We are not in any sense keeping certain actions or activities and not reporting on them. Every single commitment that is outlined in the economic strategy is reported on. As the Chair indicated, we are very happy to take receipt of the specifics and to respond accordingly.

**Mr McKinney:** I want to return to the R&D targets, Minister. You are right. We were hearing last week in the evidence that was given that the South is pleased to see our progress on structure. Ambitious targets have been set there. What will underpin the targets? How will we get similarly ambitious targets incorporated into our plan?

**Mrs Foster:** We will look at the experience under FP7, because I think that we need to look at what happened in the past. However, that should not be the only thing that we look at if we are trying to increase the drawdown, obviously. We will look at the new areas that we are going into. We will look at the Barroso task force to see what it is suggesting we should be doing on uplift. We will look at the fact that the overall budget has increased for R&D. It is one of the very few budgets that has increased in Europe, and, therefore, we should proportionally increase our target to reflect that as well. Obviously, we work very closely with the Republic of Ireland in what they do, especially through InterTradelreland. Indeed, InterTradelreland has managed very good collaborative workings. In fact, we have increased our uptake from FP7 as a result of that, so we will again be doing some of that as well. We will be informed by Barroso, by the increase in the budget overall, by our experience in the past and by the new areas that we are trying to target.

**Mr McKinney:** Do you accept that our experience in the past was not acceptable?

**Mrs Foster:** No, it was not acceptable. I think that we have increased the take-up, but we need to move to a new level again. We have to take into account what happened in the past, but we need to look at the new figures as well.

**Mr McKinney:** OK. On the specifics, I am not long on this Committee, but a lot of the contact that I have had has highlighted an issue that I know is of concern to others. That issue is broadband. It is not just the broadband itself but the inequalities that are beginning to emerge with broadband uptake. For example, you might talk about it with e-health. We had conversations recently with the Open University, which is now using much more video and online learning in that context. You might have a big pipe in Belfast or large urban centres, and people can happily access broadband through that or the emerging 4G market or whatever. However, if you have a smaller pipe in a rural area or whatever, that means that you cannot access it. So, should we be reconfiguring our broadband targets on not just its general accessibility but, in fact, its overall capacity? I ask that because there is a fundamental inequality creeping into that market.

**Mrs Foster:** The first thing to say, which I always say about telecoms and which people are fed up listening to me say, is that it is a privatised industry and that we intervene only where we see that there is clear market failure. We have intervened, and where we have seen such failures, we have, working with the Department of Agriculture in particular, pointed those places out. The new intervention has been put out to tender. We have received a response to that tender, and I hope to be able to make an announcement on that soon, although we are seeking further clarifications from the people who have answered the tender to make sure that we get the right tender. It is about making sure that as many people as possible can get access to 2 megabits.

That is fixed broadband, but we need to look at mobile technology as well, which is changing all the time. This is why we get frustrated with some of the companies that claim to have 3G and 4G available to so many people, when, in actual fact, it is available only in very urban areas and not in other areas throughout Northern Ireland. It was quite a challenge for us to get Ofcom to set regional targets. We achieved that in the last spectrum auction, and I hope that we will see a change in that in the near future, because more and more people need it. You mentioned e-health. If we are talking about rolling out e-health, we need to have mobile coverage in the more remote areas, otherwise it will not work.

**Mr McKinney:** Minister, do you accept the premise of my point that there is an emerging inequality, given that we are going to access this for different reasons, including health and education?

**Mrs Foster:** We talked yesterday about our peripherality and the fact that that is a challenge in getting European Union funding. I actually see it as an opportunity for getting European Union funding. I think that there is an opportunity for us to access more European funding to deal with the very issue that you are talking about because we are so peripheral.

**Mr McKinney:** Thank you. I am conscious of the time, but I want to deal with my final issue, which is to do with the creativity side. I am conscious that, when we took up the 'Game of Thrones' offer, we did not bolt in legacy as a prerequisite. In that sense, I am thinking that a factor in the contract with that company should have been that we would formally organise to train people up in those skills so that when 'Game of Thrones' goes off and gets a grant somewhere else, we, in fact, have a strong, robust film industry left behind. What measures have been taken for future contracts to ensure that that will happen?

**Mrs Foster:** I think that it is hard to overestimate the role that 'Games of Thrones' has had in the film industry here in Northern Ireland as an enabler and a catalyst to bring more companies in. Where training people up is concerned, the critical mass that has grown up around 'Game of Thrones' means that that has actually acted as a legacy for us. For example, when I was down at Crom recently meeting the cast of 'Blandings' and everybody else who works behind the scenes, I learned that a number of them had been working on 'The Fall' and 'Game of Thrones' and were now working on 'Blandings' and were going to be working on something else. Therefore, a pipeline is emerging in our film-making and television-making capacity, but we need — Invest Northern Ireland and NI Screen are involved in this — to look at not just the filming element but post-production and to create that capacity in Northern Ireland. At the moment, because of the link through Project Kelvin, which is great, that goes back to California for the work on 'Game of Thrones', but we want to see some post-production work being done in Northern Ireland as well.

**Mr McKinney:** Do you accept that, if a big project such as 'Game of Thrones' moves on and others then follow that market, wherever it goes, we need to have robust industry left behind? We can do that by putting formal structures in place in future contracts to make sure that there are training programmes etc. We could demand a higher threshold for our taxpayers' pound.

**Mrs Foster:** That is already happening. I do not think that you need to put that into contracts. We have already seen that evolving in Northern Ireland. We now need to make sure that we have the structures and the skills available for the industry so that, when other film-makers look to Northern Ireland as a place to do business, we have the appropriate skills ready and they do not have to train up people. That will make it a more attractive place for them.

**The Chairperson:** I will move to Gordon next. However, Mr McKinney took us into the realm of telecoms, and it was agreed that the Deputy Chair, Phil, would raise that issue. Phil, is there anything that you want to add?

**Mr Flanagan:** No. Go ahead, Gordon.

**Mr Dunne:** Thanks, Minister, Phil and Graeme, for coming today. We hear regularly about the lack of skills out there and the skills gaps. As a result, businesses are struggling to fill posts, especially in hard engineering and IT. I know that you are well aware of those issues from being out and about around the country. Are you satisfied that enough is being done to address those issues? We appreciate the efforts and the work with DEL such as on the Steps to Work programme, the STEM strategy, and so on. Is enough being done and are there enough joined-up initiatives across the Departments to ensure that people are skilled up and available to do those jobs when they become available?

**Mrs Foster:** I have often said that our size is very much to our advantage in the context of our skills agenda, because we have a close working relationship with our companies and firms, and we can adjust our training to meet their needs. That is precisely what Assured Skills is about. We can say to an inward investor that, if they have a particular skills need, we will put in a course or come into their company and pay for a skills training scheme. That has worked very well and has allowed us to bring a number of jobs to Northern Ireland that we would not otherwise have been able to get. Of course, it is more of a DEL matter than a DETI matter, as you will understand, Chair. However, I understand from DEL that, by 2015, there will be an additional 1,200 undergraduate places in STEM-related subjects and 300 PhD places. The STEM subjects are hugely important in those areas that Mr Dunne referred to, particularly engineering courses. I was with Fujitsu representatives the other day, and

they said to me that they really want to train people themselves. They said that, when it gets recruits at A-level standard or even at degree standard, the company will train them because it wants them to get to know the ins and outs of the firm and what it does. We can train people to a certain level, but the bigger companies will want to train them in a particular way. Those flexibilities have to be available to companies.

**Mr Dunne:** In our constituencies, we hear of people who have degrees working at McDonald's, and so on. How can we do more to encourage those people to get involved in business and industry, look at industry as a viable career and get retrained and upskilled to move into those jobs?

**Mrs Foster:** First, it is about getting the right attitude. A key thing that companies are always looking for is whether their people have a can-do attitude to what they want done. We also have conversion courses, particularly in the IT arena through the IT skills academy, which is, I think, going into its third year now. We take people who do not have a background in IT and give them some training, in conjunction with the South Eastern College, to bring them up to a level where they can work in one of those IT companies. That has worked very well. We will continue to work with graduates.

As well as that, we want to inspire some of those who may have a business idea but think that they are not going to be able to take it forward to think about starting up their own business through entrepreneurship. Yesterday, I visited the Business Cube in Dungannon, which is an absolutely brilliant place for young entrepreneurs to start up a business. It has taken an old warehouse area and put containers into it. Those containers are then used as offices, which can be rented for £50 a week. In one of them, a young woman was making jewellery; in another, there was an accountant; and a chap was doing iPhone repairs in another. They had all started their own businesses, and it was a very inspiring place. Actually, it would be a very good place for the Committee to visit. It is something new that Dungannon Enterprise has put in place, and I think it should inspire young people who maybe do not want to go to university or pursue an academic career, but have a business idea that they want to take forward. It is really very good.

**Mr Mitchel McLaughlin:** She did a really outstanding interview on it yesterday, I thought. It was a brilliant interview.

**Mrs Foster:** I cannot really describe it, but it is a very funky new place. It is the kind of place that you would see in Silicon Valley in America.

**Mr Flanagan:** Arlene, you are very welcome. Are you all ready for Christmas?

**Mrs Foster:** I have a bit more shopping to do, Phil.

**The Chairperson:** That is the first part of the economic strategy. *[Laughter.]*

**Mr Flanagan:** Will you give us an update on the broadband improvement project? I am not sure whether that is the official name for it now; it has changed a number of times.

**Mrs Foster:** That is the project I was speaking about earlier. We put the invitation out to tender, and the response was received on 8 November. It is being assessed; we had to seek some further clarifications from the bidding supplier. We aim to finalise procurement and issue the contract by the end of the year; in other words, before Christmas, I hope.

**Mr Flanagan:** Without going into too much detail, have many companies come forward to express an interest or put in an application?

**Mrs Foster:** No.

**Mr Flanagan:** Has there been more than one?

**Mrs Foster:** I think that I would rather wait until the procurement has been announced, but it is fair to say that there has not been a huge rush of companies.

**Mr Flanagan:** Will you update us on the Department's work on the mobile infrastructure project, which is headed up by the Department for Culture, Media and Sport (DCMS)?

**Mrs Foster:** Again, that has been difficult. We have been trying to do things differently in Northern Ireland. We have invested quite heavily in telecoms and we are now trying to get to the harder to reach areas. We have had a lot of toing and froing with DCMS in relation to the use of the money and, indeed, some state aid issues. However, I hope that we will be in a position to make more announcements on that project in the new year. To be honest, it has been a difficult engagement.

**Mr Flanagan:** But the Executive have not really invested in the mobile infrastructure project, specifically mobile phone coverage.

**Mrs Foster:** Well, you are right: we have not invested in that. However, we have been pushing the telecoms industry to do more. You will remember the G8 and what we tried to get the industry to do in relation to that. It has been a difficult issue to get the industry to move on, because it wanted to do things that were suitable for the rest of the UK but not suitable for Northern Ireland. Really, we want to add value to what is happening in Northern Ireland, as opposed to doing the same things as would benefit GB.

**Mr Flanagan:** What level of engagement have you had with Arqiva?

**Mrs Foster:** I am sure that the officials have had more involvement than I have. I have been dealing directly with the Minister involved. I had a phone conversation with him about three weeks ago on the issue. He was over here in Northern Ireland. Unfortunately, I was not able to meet him because I was not in Northern Ireland at the time, but he said that he wanted to make this work for Northern Ireland and not just impose something from a GB point of view. That is certainly what we want to do.

**Mr Flanagan:** I know that areas like Strabane and parts of Armagh are at the top of the list, and that is grand because they are areas of high need. Can those two projects be rolled out at the same time? If whatever portion of the £150 million allocated to the mobile infrastructure project we can get were put into providing 4G coverage in rural areas where there is no broadband, you could provide high-speed broadband and mobile phone coverage, and get the operators to use a single funding stream instead of two separate ones. Is that something you have tried to do?

**Mrs Foster:** That is exactly our thinking: how we can deal with the broadband deficit and your issue at the same time. That is why we have come up against some pushback. Essentially, we are trying to get rural areas broadband through mobile devices but I have to say, Phil, because it is a privatised industry —

**Mr Flanagan:** You are forgetting reserved.

**Mrs Foster:** — and a reserved matter, it is sometimes difficult because they will be looking for their commercial out-turn in all these things. We can set up a project but if it is not commercially attractive to them, they will ask, "Why would we get involved in that?"

**Mr Flanagan:** The problem with the previous round of funding was that the operators went for the easy-to-reach people. Towns and villages that were not overly well served now have high-speed internet, but the rural areas are still badly served.

**Mrs Foster:** Do you mean the broadband element?

**Mr Flanagan:** Broadband, yes. Rural areas still have very little coverage and getting into those hard-to-reach areas is the big challenge. If you can get the 4G issue sorted out, which is what the mobile infrastructure project subsidises, it will be far easier to convince operators to provide a decent service in rural areas.

**Mrs Foster:** Chairman, we want to do something innovative and different in Northern Ireland with the money that is coming from DCMS. That is also part of the difficulty because we are doing something that does not tick boxes. We are trying to do something different with the money and, because of that, we have come up against a little bit of resistance. However, we are pushing hard on that and hope to reach a solution.

**Mr Flanagan:** Was the tender bid for a standard fixed-line fibre-to-the-cabinet approach or is it something different?

**Mrs Foster:** On broadband?

**Mr Flanagan:** Yes.

**Mrs Foster:** That will come out very shortly. I cannot really say very much about it because it is very close to an announcement.

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

**The Chairperson:** I met Arqiva; I think you met them as well, Phil. Their investment is to address the not-spots. Obviously, there is a correlation between not-spots and areas of poor broadband coverage. Could the technology be devised — I do not think that it is insurmountable — so that a base is 4G enabled when it is installed? I am sure that the investment in technology to make it 2G or 3G enabled is not a lot different from what it costs to make it 4G enabled. It is probably some sort of a chip or database, or whatever, that goes in. There could be compatibility or read-across to make sure that, when a mast or base is being located in an area to deal with not-spots, they are 4G enabled.

**Mrs Foster:** I hear what you are saying, Chair. Indeed.

**Mr Flanagan:** If you do that, Patsy, you will have every old person in mid-Ulster complaining that they have to buy a new mobile phone.

**The Chairperson:** They can use their own and switch it to the —

**Mr Flanagan:** They cannot.

**The Chairperson:** Can you not?

**Mr Flanagan:** My phone will not work on 4G.

**Mr McKinney:** It requires a newer phone.

**The Chairperson:** It only operates on newer smart phones?

**Mrs Foster:** I do not think that my phone works on 4G either.

**Mr Mitchel McLaughlin:** I am sure the industry will be very quick to deliver them.

**Mrs Foster:** I am sure they will be delighted.

**The Chairperson:** That is a fair point.

**Mrs Foster:** But most phones are 3G enabled.

**The Chairperson:** Yes.

**Mrs Foster:** On Fearghal's point, if you are downloading films, I think you need 4G. I am not sure if 3G is sufficient for that.

**Mr Flanagan:** But the bandwidth is not there for 3G. Too many people are using it. I met Everything Everywhere, which has a 4G transmitter at the Stormont Hotel. You can get about 20 megabits per second here on your mobile phone now.

**The Chairperson:** There we are. Maybe you can get a job with Arqiva, Phil.

**Mr Flanagan:** I am happy enough here. The reason I am here is because DETI would not give me a grant to provide rural broadband. *[Laughter.]*

**Mrs Foster:** I cannot possibly comment.

**The Chairperson:** A number of issues were picked up there, and we allowed a wee bit of latitude to members if they wanted to explore issues further. Does anyone else want to raise anything further with the Minister while she is here?

**Mr Mitchel McLaughlin:** I was going to raise some issues that Fearghal touched on, so I will not return to them. However, there is something else that I want to raise with you, Minister. I am new to the Committee too, so I am pleased to meet you for the first time in this capacity. I think the report is a positive one, and for good reasons. I have had the sense in the past year that you could just see things starting to shape up and pull together. However, clearly, like anything, it will not be entirely perfect. There are pressures and issues. Taking into account your briefing, and the role that you play in the subcommittee on the economy and the Budget review group, are there particular vulnerabilities that are causing concerns, or even what we might call systemic failures that we still have not addressed?

**Mrs Foster:** I do not sit on the Budget review group, but I do chair the economic subgroup. I think that energy costs for our large energy users in particular is a constant theme that we hear when we visit them. It is a matter of how we deal with those issues. When we were with Dale Farm yesterday, it was indicated that, when gas to the west makes it to Cookstown, it would save £1 million a year on its energy bills. That gives you an indication of how much it is spending on energy. It is a very energy-intensive business. Interventions like gas to the west will certainly assist businesses that are able to take up that option. I certainly hope that that is the case.

You will have seen that the Minister for Employment and Learning and I have published a strategy for consultation on economic inactivity. That remains a huge challenge right across Northern Ireland. There are some innovative ideas in the strategy to try to deal with that. The target is to move 23,000 people out of economic inactivity. That will be a challenging thing to do, but there is scope for pilot projects in that strategy, so I hope that people will take the opportunity to do something new and innovative to try to tackle economic inactivity in their area. Undoubtedly, there are social issues of generational unemployment tied in with that, and it is going to be a big one to tackle. Youth unemployment and economic inactivity are two strategic difficulties that we continue to face.

**Mr Mitchel McLaughlin:** It is about skills, retraining and further developing our capacity.

**Mrs Foster:** Apprenticeships are very important as well. Of the jobs announced in Londonderry on Tuesday, I was pleased to see that 15 were apprenticeships. If we can encourage more companies to do that, it will be a positive thing to take forward.

**Mrs Overend:** We have covered a lot of issues today. It has been a very good discussion so far. I just want to pick up on things that perhaps have not been raised. The high cost of energy is raised by many companies, but the other issue that is raised — it is not in your brief, but I would like to know what you think about it — is rates. Have you any opinion on that? What do you think could be done about reducing rates for businesses? I know that the small business rate relief scheme ends before the Assembly term. Do you want to see that extended, or have you any other ideas?

**Mrs Foster:** Sometimes, eaten bread is soon forgotten, as they say, but we should not forget that we have capped industrial rates. If we had not had that cap on industrial rates, it would have caused severe difficulties for a lot of our manufacturers. We sometimes need to remember that that is the case. As for businesses, particularly small enterprises, I, like everyone else around the table, have been lobbied hard by individuals who are finding things difficult with their rates bill at present. As things start to turn and the economy gets stronger again, that will become less of an issue, but we find ourselves in a time when rates are bearing down hard on people. There was a gentleman in my office last week who had just been told that his rates bill was £7,500. He had let most of his staff go to keep the business alive, yet there was a bill for £7,500 that he was going to have to find some way to pay. It is certainly a matter that we will discuss at the Executive subcommittee and in bilaterals with the Finance Minister. We recognise that rates collection is one of our few tools to raise finance in the Stormont Executive but, at the same time, we recognise the pressure that a lot of businesses are under.

**Mrs Overend:** I hear from businesses in my area that we need to think outside the box about how businesses are charged. Maybe we need to be more innovative in taking money from businesses in a different format. It would be good to open up discussions, and I am sure that you could help with that in your discussions with the Finance Minister.

**Mrs Foster:** The Finance Minister has been to Estonia this week to see how they run their public finances, so it will be interesting to hear whether he has learned anything new or innovative from them.

**Mr McKinney:** Can I ask a brief follow-up question on that?

**The Chairperson:** Very briefly, Fearghal. Phil is next.

**Mr McKinney:** Obviously, we are looking towards creating new businesses. I am aware of a man who started a business but, before he made a widget, he was hit with a £60,000 rates bill. Is there anything that could be done on that score? Again, I know it is outwith your Department's specific remit, but that must have a discouraging effect. He was determined and has had to absorb it, and he is very sore. It has an impact because the next bill will come through, but can anything be done to graduate a rates programme for new businesses which, after all, we are trying to encourage? Sorry, Sandra.

**Mrs Overend:** That is OK.

**Mrs Foster:** I am delighted that we have the Northern Ireland Centre for Economic Policy, which can give us a Northern Ireland view on some of these issues. It is doing a piece of work, under the direction of Neil Gibson, on the cost of doing business in Northern Ireland, and I hope that that is one of the issues that he will look at. Obviously, there is a cost to doing business, but it is about how we do that, as another member said, in a clever way, because we need to collect those finances to do our own business in Northern Ireland. At the same time, however, we know that, if the business is not there, we will not get any money either.

**The Chairperson:** Sandra, were you finished?

**Mrs Overend:** I just wanted to ask about progress on the Agri-Food Strategy Board.

**Mrs Foster:** The Executive paper from myself and Minister O'Neill will, hopefully, go to the next Executive meeting. A paper is doing the rounds at the moment on how to take the Going for Growth strategy forward.

**Mrs Overend:** OK. Do you think those businesses are capable of making progress now?

**Mrs Foster:** Like every other sector, it is a mixed bag, if I can put it that way. There are some very bright stars in the agrifood sector that are looking to new export markets and are driving themselves hard in that direction. There are others that we will have to try to assist along the way, and I am sure that is where the rural development programme will come in.

**Mr Flanagan:** Arlene, it would be wrong to let you go in the middle of December and not ask you about the price of home heating oil. I know that it is mild outside, but, in other years, it has been a bigger problem. What is the Department doing to increase the transparency of pricing? We have debated regulation in the past, and there are divided opinions across society on that. Greater transparency for consumers is, hopefully, something we can all agree on. Is there anything that your Department can do, above distributor level, to increase transparency for home and business consumers?

**Mrs Foster:** We do not have any regulatory role in any of that but, in the past, particularly when home heating oil was at a premium price — I am not suggesting that it is cheap now, because it is not — we have spoken to the Oil Federation to urge it to be as transparent as it possibly can with its customers. It has indicated that it has done that. However, your perception may be completely different to other people's perceptions of what is transparent and what the federation can give us. It gets the oil in and has a wholesale price to deal with.

**Mr Flanagan:** Is there anything else that the Department could do, apart from asking the Oil Federation to be transparent? Have you considered that?

**Mrs Foster:** We do not have any regulatory role.

**Mr Hutchinson:** We have no regulatory role, other than what the Minister indicated about the cost of business exercise. Part of that exercise is to look at not just the cost pressures for business and consumers but what the Executive and the Assembly can do through policy interventions. Other than looking at that, as the Minister indicated, the Department has a very limited regulatory role.

**Mr Flanagan:** I know that it is your opinion that there is sufficient competition in the distribution market, but there is not massive competition in oil being imported. Could you look at introducing regulation concerning how it is imported and what price it is sold on at?

**Mrs Foster:** Phil, all I will say to you is that I am prepared to pass on the concerns that you have raised today to the Oil Federation and other people, and to get their feedback. My worry about regulation is that it adds to the cost of doing business in Northern Ireland. It adds more bureaucracy as well. I am very much against adding any bureaucracy to businesses and, indeed, consumers, who have already had to deal with quite a bit of bureaucracy. However, I am more than happy to ask the question.

**The Chairperson:** Thanks very much for that, Minister. One of your initial points was that 90% of the strategy is being delivered. Of the other 10%, is there anything that gives you particular cause for concern —

**Mrs Foster:** It is 97% that has been delivered.

**The Chairperson:** Even in the 3%, then, is there anything that gives you particular cause for concern?

**Mrs Foster:** Exports is the issue that causes us concerns. That is not exports to new and emerging markets; they are doing very well. It is exports to our traditional neighbours, the Republic of Ireland and GB, and the euro zone. That has been difficult. We have not reached our target for that. Hopefully, now that there is more stability — we have seen growth returning, particularly in the Republic of Ireland and GB — we will see an increase there as well.

**The Chairperson:** Unless any member has anything further to add, that concludes our session, Minister. We will forward to you the letter about the Barroso stuff and the desk officers.

I wish you and your officials a very happy Christmas and a good new year. I hope that it is a productive, healthy and useful one for us all. We are having some lunch here, Minister. You and your officials are welcome to stay and join us.

**Mrs Foster:** Thank you very much, Mr Chairman. I was hoping to go to the carol service and sing lustily, now that you are releasing me at 12.30 pm. Hopefully, some of you will join us. I thank you for our working relationship and the entire Committee for its critical friendship over the past period. I wish you all a very happy Christmas.

**The Chairperson:** Thank you very much.