



Northern Ireland
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Committee for Enterprise, Trade and
Investment

OFFICIAL REPORT (Hansard)

Newry and Mourne Enterprise Agency

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I hope that I do not need to tell you that Newry had been a major centre of commerce and trade for most of the 18th and 19th centuries, and it was an important port. In fact, the urban Newry area had three train stations servicing the movement of goods and people in and out. However, Newry de facto lost a large part of its hinterland when Ireland was partitioned in 1922, and thereafter its economy went into steep decline through the 20th century. Its railway stations and its port closed, and, at that time, it got little in the way of public or private sector inward investment. Unemployment and emigration skyrocketed, and, by the early 1970s, when political violence in this area was at its peak, the unemployment rate, unfortunately, was also one of the highest in western Europe, with almost one third of men and women in the Newry area out of work. That was the context in which civic leaders came together. They believed then — we still believe — that there is a strong correlation between economic disadvantage and adversity and political instability.

The self-help ethic and entrepreneurial culture, which we are very proud of here, may be one outworking of being a border region and needing to think creatively about how to harness opportunity when we regularly have to work with two currencies. With other civic partners, the enterprise agency has always been about that: harnessing the entrepreneurial culture that we believe is latent. It is less latent now and is being catalysed.

My team, guided by the board, works to five strategic objectives that I would like to share with you and flesh out a little in the limited time that I have. We are dedicated to developing business infrastructure in the Newry and Mourne district area; promoting enterprise; contributing to urban and rural regeneration; working with our partners and promoting the concept of partnership working, which includes working with our partners in central government; and taking on what we believe was an issue of the stigmatisation of this area by the media and promoting a positive media image for the Newry and Mourne district area.

Our contribution to developing business infrastructure is the provision of affordable workspace. We have been involved in the development and management of sites at six centres in the Newry and Mourne District Council area: our headquarters here at WIN in Newry; a centre in Warrenpoint; a centre in Flurrybridge on the main road between Newry and Dundalk; a centre in Killeel; and we manage a centre in Forkhill and support another in Crossmaglen.

My forebears who established this organisation pioneered the model of enterprise agencies, north and south of the border, because the county enterprise boards in the Republic have been modelled on what was pioneered here in Newry and thereafter in other parts of Northern Ireland. Workspace rentals contribute funds to the work of the enterprise agency, which allows us to work alongside central government in subsidising the provision of public services to create jobs, prosperity and social and political stability.

At the Work in Newry business park, there are 75 trading businesses occupying just short of 100,000 square feet of workspace and offices. They employ 460 people, so it is a not insignificant hub in the neighbourhood renewal area in this part of Newry. At our centre in Warrenpoint, 16 businesses employ 30 people, and at Flurrybridge, where we built an extra 20,000 square feet last year, our 26 tenant businesses employ 150 people on a strategically significant site just off the main road near the Carrickdale Hotel.

There are five businesses at the Binnian enterprise centre in Killeel, which we developed in partnership with the Killeel Development Association. One of them is Copas Tool and Die, a significant business that employs nearly 30 people servicing British Aerospace and developing an aerospace cluster in Killeel. In total, 40 people are employed there. We manage a site for a community association in Forkhill, where nine businesses employ 20 people. In a village, that is not an insignificant contribution to the economy of that area.

We are working with other stakeholder partners and the local association to develop the site of the former army base in Forkhill. Housing has already been developed on that site, and we hope to develop a small expansion of the business centre there. In Crossmaglen, the centre that we helped to set up now employs 15 people in four businesses.

In promoting enterprise, we work more closely than we perhaps did with Invest NI and with our local authority partners to support microenterprises. InterTradeIreland has also supported our work.

That is the equation: self-employment encourages self-reliance, tax contributions from those self-employed people and sectoral diversity. Hopefully, you will have time to walk around the site here at

WIN and see the diversity of business here alone. Those businesses tend to be locally committed, and there is a strong multiplier.

In 2008, we were very concerned about the impact of the recession. We had an emergency board meeting and saw the potential for our workspace centres to be hollowed out. In fact, those businesses got rid of the second car and ditched the holiday for a number of years, but they stayed focused. Our occupancy at WIN never dropped below 90%, which is a testament to those businesses and their local commitment.

We deliver the business start-up programme for Invest NI under the banner Go for It, as do our enterprise agency colleagues across Northern Ireland. For Invest NI, we also deliver the social entrepreneurship programme, and I will talk about the significance of that in a few moments. Invest NI outsources those programmes, and we deliver on its behalf.

After the Good Friday/Belfast Agreement in 1998, the board, my team and I took a decision to focus on exploiting Newry's location. Prior to the division of the island, Newry's location had been its big advantage. We were not able to exploit that through most of the 20th century. The opportunity presented itself again with the dissolution of trade barriers between North and South. Newry has 2.5 million consumers within an hour and a half's drive of the city. Belfast and Dublin are virtually equidistant. To that end, with support from the European Union and SEUPB and supported by Invest, DETI and Enterprise Ireland in the Republic, since 2003 we have been delivering the Tradelinks programme with European funding along with our county enterprise board colleagues in the Irish Republic and our local enterprise agency colleagues in the North.

You talked about Horizon 2020. Increasingly, local enterprise agencies have been actively involved in programmes such as Erasmus and Leonardo, and with other partners they are now looking at Horizon 2020. For example, we have developed good links with Queen's University, Belfast and with the University of Ulster to mine their expertise and to bring it alongside microenterprises. A very small number have the potential to take advantage of Horizon 2020, but they are there.

Where urban and rural regeneration are concerned, we are about leveraging funds in all our work. We have no cash reserves; we are a charity. Apart from our expertise and effort, we have very limited funds to actually put on the table ourselves. However, we have levered funds from DSD through neighbourhood renewal, which funded the ongoing refurbishment at WIN; the UK lottery, which funded a recent townscape-heritage initiative nearby; the rural development programme, and the LEADER initiative. That regeneration programme in Newry town was the Canal Street redevelopment. Canal Street is an arterial route into Newry, but it was very rundown. Over a number of years, along with the council, we brought money in. Our InterTradelreland colleague referred to First Derivatives. Its global HQ is in lower Canal Street in Newry. As a Newry man, I am very proud to say that. It employs about 50 people from that site, but most of its staff are out on mission right across the world. It occupies one of the 18th-century former wharf buildings in Canal Street, which we helped to restore with funds from the lottery.

In drawing to a close, I will say on partnership working that, along with colleagues in the Newry Chamber of Commerce and Trade, the local council, Invest NI and others, we formed the Greater Newry Vision Partnership and created a strategy to guide the work of partners in government. From that, for example, the Newry city master plan is guiding some of the work along the Newry canal that Member Dunne referred to. Our key objective in that work — this refers to the civic role of the co-op and enterprise agency — was to address infrastructural deficits, such as the fact that Newry had a train halt but no station. That has now been addressed. The road link between Dublin and Belfast via Newry has transformed the area and its economic potential. That has come alongside the attraction of new investment not only in the retail sector but in industry. For example, a Newry-based company stepped in to take on the Mivan brand and to preserve those jobs in south Antrim. The contribution that we can make to the Northern Ireland economy is something that we are very proud of.

However, a challenge remains in Newry. I am sorry to keep referring to Member Dunne, but he did get lost somewhere in the Brigadoon that is Newry traffic.

Mr Dunne: I gained a lot from it.

Dr Patterson: He gained a lot from it. The challenge remains. It is not a bad challenge. However, by the same token, it clogs our economy's arteries. Our headline project not just here in the co-op but for all civic partners is a southern relief road and bridge close to Newry to link the Cloughoge junction at

the entrance to the Dublin Road with the Warrenpoint Road to allow the port traffic — the 500 vehicles a day that go to and from Warrenpoint port — to not have to come through the centre of Newry.

Finally, I will refer to Enterprise Northern Ireland, the partnership of local enterprise agencies, which we helped to establish. It is a federation, which, at the behest of people working in civic life and not guided by politicians — you do a great job, and I respect that — was something that was self-generated by the boards of all those enterprise agencies to come together to work collectively in the interests of Northern Ireland. Under the auspices of that federation, we all managed 2 million square feet of workspace. I would just like to say that, in my experience, this network is unique in the world. I have done a lot of work across the European Union — eastern and western Europe — and found that there is nothing that equates to our network of local enterprise agencies and the scale of assets that they have at their disposal. Our cross-border work with InterTradelreland and others is predominately focused on the Newry and Mourne/Louth axis but not exclusively. We do quite a lot in the east border region, which comprises seven council areas in Northern Ireland and two counties in the Republic. We also do some work across the EU zone.

I will now deal with positive media. I was born in Newry and grew up there during the worst of the Troubles. I left in 1981, but when I came back in 1994, I saw great change. Along with my board, I was keen to promote what we call the transformation narrative to address what I described earlier as the media's stigmatisation, as we saw it, of that area. We made it a specific objective to engage with global media organs of significance, such as 'The Wall Street Journal', the 'Herald Tribune', the BBC, the BBC 'Money Programme', 'Newsnight', 'Working Lunch', 'The Toyko Times' and so on, on all those very positive stories about the self-help ethic and the number of locally based large companies — Norbrook, which has been referred to, MGM Marine and Glen Dimplex — that created thousands of jobs despite having little assistance from the state when they started up.

To be fair, I think that I do a lot work of across Northern Ireland. I think that Newry's image has been transformed. When I met colleagues in east Belfast and other parts of Northern Ireland, they said that they see Newry very positively now. That was not the case 20 years ago.

As for our contribution, we have helped to set up 1,400 new businesses with funding from Invest NI, creating employment for 3,000 people in the past 13 years. Three hundred established local businesses — we do not just deal with start-ups — have also been assisted with funding, again, from not just Invest NI but InterTradelreland and others. They generate tens of millions in new income every year. That is the multiplier impact.

Finally, social enterprises make a big contribution. You may know of Bryson House in Belfast. Locally, we have the hospice and other significant social enterprises that provide important public services. Again, they are a unique asset that Northern Ireland has relative to other European Union regions.

I would like to say how we are funded. We always have a gap. Despite the best efforts of our partners in central government and the EU, we are not able to recover all the funds that we need to secure cost recovery. That means that we use the rental income that we generate from our work space to, in effect, subsidise the delivery of public services. That is not a complaint per se; however, it highlights the contribution that this social enterprise network makes.

Looking to the future, my hope is that the Committee and the Department will — I know that you do this already — recognise more and more the work of the network and other social enterprises. I also hope that, rather than competing, we can all work together with InterTradelreland, Invest NI and others to provide a continuum of support. That requires us to demarcate what it is that we and our partners do and what we offer. To be fair, that is already well under way. We had some difficulties a few years ago, but those have been overcome.

So, we will continue with support from you, the political community and board members who give their time voluntarily to provide civic leadership as well as services in the community. Thank you.

The Chairperson: Thanks very much indeed for your presentation, Conor. You covered a lot of stuff. Again, the emphasis for us today is to learn by questioning. We will possibly Hoover up a lot of that when we call with businesses.

I want to ask you about something that frequently crops up. You are the guy with your finger on the pulse here. As you see it, what are the issues facing businesses at the moment? Can you summarise, in three or four bullet points, the difficulties, issues and challenges?

Dr Patterson: The first thing to say is that InterTradeIreland provides a research framework. As you say, we deal with businesses on a day-to-day basis. Circumstances have improved, and there is a palpable uplift in mood and activity. For example, we have seen that uplift in measuring the interest in our workspace units, and we have a waiting list for units here at WIN. The issue is that we do not always have the size of unit that we need to meet the business's needs. That would not have been the case three or four years ago. You only have to come to this site, to some of our other sites or into the centre of Newry any day of the working week to see the level of activity. So, I think that that is a positive point.

Securing finance remains a challenge for businesses. I know that you are well aware of that. Let me pick up on the question that you asked about advisers, Chairman. The 0800 number that you talked about feeds enquirers to us. It is part of the work that we do to provide financial advice, which includes signposting. That is an integral part of the business planning process that we engage with. So, all those start-ups have been able to take place because they have secured finance, and we and others have helped to provide them with that guidance.

There are particular issues in this border region. In the immediate wake of the Good Friday or Belfast Agreement in 1998, we thought that frontier workers and businesses trading North and South would be comprehensively addressed, but they have not been. From speaking to colleagues in the accountancy community, for example, I know of the issues that they deal with on a day-to-day basis. We have many self-employed people in this area who live on one side or other of the border. Getting tax relief on pension contributions from the UK Exchequer is an issue. The fact is that cross-border workers are taxed in both jurisdictions and the reclaim process is very bureaucratic.

A question that was addressed to colleagues in InterTradeIreland was this: what are the specific issues in this border region relative to others? Currency is one such issue that I can think of. Between France and Germany or France and Spain, you do not have that issue of moving between currency zones. When they are getting a lift with me, people note that I have a euro pocket on one side of the car and a sterling pocket on the other. That is the way that you have to think here. On the upside, however, I think that there is a correlation between that facility in trading between those jurisdictions, which is not as easy as in other border areas, and the propensity to export. I cannot prove that correlation but I believe to be there. I think that that is part of the explanation why so many companies in the border region are off-island exporters.

Another issue for us that I would like to touch on is excise duty and fuel laundering. I have talked it through with some business advisers who deal with businesses on a day-to-day basis and who have the interests of our rural hinterland at heart. This area gets a lot of negative publicity about those matters, but that is true not just of this area but other parts of rural Northern Ireland. Would it not be easier to provide farmers who use agricultural diesel with a subsidy and then make all diesel the same? That must be a cheaper alternative North and South. Rather than having a white and green differential in the South for two types of diesel while having red and white diesel in the North, why not provide a subsidy that is based on the hectareage or acreage of the farm and an estimate of the amount of activity that would be needed there? Fuel is fuel is fuel, and this attempt to differentiate between diesels has created a problem for us.

The Chairperson: Do you mean that we should have it all the one colour?

Dr Patterson: Yes. The intention behind that would be to allow farmers to do what they need to and not have to pay high fuel costs to feed us all. That is something that we support. It is an issue, I think, and it undermines the normal economy. In many areas, there is a two-track economy as a result of it.

Those are the types of issues that prevail here, and there are many others that do not just prevail uniquely here.

The Chairperson: The people from InterTradeIreland who made a presentation earlier were maybe dealing with the issue a bit more diplomatically, as they should, but I will put it to you as well. The crazy stuff that is emanating from some of the more right-wing Eurosceptic elements in Britain suggests that, if in fact, they went down the route that some of them seem to be shouting about, they would pull out or distance themselves and be more remote from the rest of the European Union. What are the implications as you would see them? You highlighted the currency issue, which means that we juggle about, go and get a few euros and away we go. The implications of that for an area such as this, as well as the implications for the North, would be very substantial.

Dr Patterson: One of the advantages of working in the NGO sector is that I am not a public official, so I can perhaps speak more freely than my colleagues. There are implications for us if the UK diminished its involvement. I do not know whether a complete withdrawal is on the cards realistically, but if it diminished its involvement and the Republic stayed fully involved, the impact on an area such as Newry would be potentially devastating. How would that be policed, for example? Would we go back to the triangle on the windscreen that you referred to, which we knew well here, and to the customs checks and the queues at the border?

The Newry economy has been able, relatively speaking, to fly in it. I grew up at a time when unemployment was close to 30%, and it is now just below the Northern Ireland average. That is a huge shift, which is down to us being able to exploit our geography, as I said. We would not be able to do that, in my view, to the same extent.

To give an example, in three weeks' time I will be involved in taking a small business opportunity mission to Toulouse and to the centre of the European aerospace industry. We will take some of our interests in Killeel along with representatives of Queen's University, Belfast and colleagues from Louth. That is a cross-border mission. We would just not be able to do that stuff; it would be as difficult a market to access potentially as the Far East is. It is not impossible, but we would not be able to do with the ease that we do it with now.

We already struggle with the currency, but it is not an insurmountable problem. However, if you add all the bureaucracy that would have to go to the movement of people between the jurisdictions, I believe that it would be an enormous problem for this area.

The Chairperson: Thank you very much for that. I know that members want to scoop up a lot more detail when they visit businesses here. Do any members wish to add any further comments?

Mr Agnew: This has been most interesting; thank you for the information so far. I am interested in what you think are the advantages of the cooperative model. My perception is that it may be a business- and innovation-driven sector, which is perhaps unusual. I am interested in how you would find that would operate.

Dr Patterson: We are not a cooperative, as in the cooperative model. The organisation was set up with that vision in mind, but when it came to accessing public funds, the agencies of the day were not comfortable with the fact that shareholders would potentially benefit from their public investment. So, we changed from being a cooperative society to a company limited by guarantee, but the co-op remains the name of the organisation. Cooperative is what we are about; it is very much about partnership.

The original 600 investors who put their money in remain as members, as opposed to shareholders. Their successors are invited to our AGM every year, and we have a very large membership base. However, we are not a co-op in the business sense.

Mr Agnew: OK. Thank you for that.

Mr McKinney: Thank you very much. I think that Newry is a different place because of the work that you and your colleagues have put into the development of the area. I have been here before, and I understand some of the struggles. It is sometimes easy in a presentation to throw up figures about 3,000 workers and things like that, but, given the voluntary effort as well, it is a fantastic initiative.

It is also focused on self-help, which is very important, because it is organic. However, is government doing enough for you?

Dr Patterson: We recognise that pressure on the public purse is an issue for all those who deliver services, whether they are core public servants or those at arm's length, as we are. The issue is less about the quantum of support that we get and more about how it is organised. There are two things to consider. The continuum of support is very important, as is harnessing this network as part of that formally.

Under the current model, terms of reference are put out as tenders, and we tender in opposition to the private sector. The private sector has a role and so do we. I do not know how productive it is for us to spend so much time writing tenders to compete with big accountancy firms. We are stakeholders, we

are different, and we have our social capital and voluntary effort. That still has not been cracked. We are getting there, but there is more to be done.

Mr McKinney: Could a weighting be injected into the system to give you something extra?

Dr Patterson: We have talked about that. If you recycle the earnings from your fees into the community and do not buy a second Volvo or a third holiday, it should be acknowledged and be weighted in the assessment of the tender.

Mr McKinney: Does that not happen at present?

Dr Patterson: No.

The other area of deep concern for us is the RPA and the risk of what has been described as a programme cliff. As it stands, 90% of what we do will cease at the end of March 2015. Until the new councils establish their priorities, we do not know what we will be doing in April or May. Our problem is that our funding model relies on those fees, and even a three-, six- or nine-month gap while the new councils find their feet would wipe out much of the capacity not just in this network but across the social enterprise sector.

Mr McKinney: Is that not being dealt with through some of the transition work?

Dr Patterson: The transition teams will be replaced by newly elected councillors, new chief executives and new staff. We just do not know. It is about what those new people decide to prioritise. We felt that it might be in the interests of the public and in the public interest to bridge the funding for some of our core vital work to allow the councils to find their feet. That would mean that, on 1 April, irate people who want to start a business, for example, would not be knocking on the doors of organisations that have only just got up and running. So, that is something that we are looking at with DETI and others. Until the councils are fully established, which will not be until the middle of this year, we just do not know.

Mr McKinney: Is that an unintended consequence —

Dr Patterson: — of RPA, yes.

Mr McKinney: Is it being addressed?

Dr Patterson: People are alert to it, and we hope that it will be addressed. This Committee's interest in that and its being alert to the risks is as much as we can hope for at this stage.

Mr McKinney: Thanks for signalling that to us, Conor.

The Chairperson: Thanks very much for that.

Mr Dunne: Chair, could I just ask a question?

The Chairperson: Yes, Gordon. Sure; go on ahead.

Mr Dunne: Apologies. Thanks very much for your presentation. It was very informative, and we commend you for your drive and determination to make things happen. It is maybe something that we need transferred to some of our other areas.

You mentioned the media and its negative impact, and I suppose that we have all suffered from that. How did you go about convincing others in your organisation that that was an issue that needed to be addressed? I think that that is very important.

Dr Patterson: We talked about that at board level. A number of articles were published in the mid-1990s that particularly irked members of my board, so I was remitted to begin developing that narrative. My first step was to contact 'The Wall Street Journal', whose journalists I knew were in Northern Ireland. I asked whether it would come to Newry, and, in fact, Newry ended up as its front page article. That led to the 'Herald Tribune' doing a piece, and the BBC and so on did the same.

I suppose that, if I was to give advice, it would be that, if you target the right media outlet — a prominent media outlet — and you have done your research, which we had, that can lead others to pick up on the story. The initial engagement was planned, but the other stuff that followed was the positive consequence of a good article. If it had gone the other way, there may not have been so positive an outcome.

Mr Dunne: So, it worked.

Dr Patterson: Absolutely; I think so.

Mr Dunne: They ran with your story — the positive story — rather than the negative ones that they tend to run?

Dr Patterson: You talk about some of those other areas, and I work with colleagues in some of those areas, such as the Belfast metropolitan area. People internationally have seen the stories and the violence. They are always looking for new angles, such as some of the work in east Belfast and other parts of Belfast that is going on in the social enterprise sector, but there needs to be a hook. However, there are plenty of hooks there and plenty of good work being done.

Mr Dunne: I think that that is important.

What sort of work is being done on the bridge bypass that you talked about? I am not aware of it, to be honest, but it is obviously early days.

Dr Patterson: The proposal has been around now for at least six years, to my knowledge. Our local MLA Danny Kennedy is now Regional Development Minister, and he is very familiar with the project. I understand that he is a supporter of it, as was his predecessor, Conor Murphy. Conor Murphy initiated a review of the costings and engineering challenges and the environmental impact assessment, and Danny Kennedy has taken that forward and implemented more of it. So, my understanding is that the environmental impact work is under way, the economic assessment appraisal has been done and the engineering work has been done. It is feasible, but it is just down to funds. Given the impact that it will have not just on Newry but on south Down, Kilkeel and Warrenpoint, we are hopeful that it will ultimately be funded within the next 10 years.

The Chairperson: Conor, thank you very much indeed, and thank you for placing this building at our disposal today. It is always good for us to get out too. Sometimes, we spend a wee bit too much time in the bubble up there.

Dr Patterson: Chair, just before you continue your business, let me say that there will be refreshments available, and, if any members are interested in meeting some of the businesses, we will facilitate that. I know that your time is limited.

The Chairperson: I am particularly anxious to do that while we are here. Thank you. It was good to see you again.