

# Official Report (Hansard)

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# Contents

## **Executive Committee Business**

Superannuation Bill: Royal Assent.....	1
----------------------------------------	---

## **Matter of the Day**

Street Disorder and Challenge to the Democratic Process.....	1
--------------------------------------------------------------	---

## **Ministerial Statements**

North/South Ministerial Council: Tourism .....	8
North/South Ministerial Council: Trade and Business Development.....	13
Public Expenditure: Autumn Statement 2012.....	17

## **Executive Committee Business**

Planning Bill: First Stage.....	22
Single Use Carrier Bags Charge Regulations (Northern Ireland) 2012 .....	22

## **Oral Answers to Questions**

Office of the First Minister and deputy First Minister .....	27
Finance and Personnel.....	32

## **Question for Urgent Oral Answer**

Northern Ireland Housing Executive: Written Ministerial Statement .....	38
-------------------------------------------------------------------------	----

## **Executive Committee Business**

Single Use Carrier Bags Charge Regulations (Northern Ireland) 2012 ( <i>Continued</i> ) .....	43
-----------------------------------------------------------------------------------------------	----

## **Committee Business**

Single Farm Payments .....	47
----------------------------	----

## **Written Ministerial Statements**

DHSSPS: Community Pharmacy.....	63
DHSSPS: Northern Health and Social Care Trust.....	63
DSD: Fundamental Review of the Northern Ireland Housing Executive (NIHE).....	64

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# Northern Ireland Assembly

Monday 14 January 2013

*The Assembly met at 12.00 noon (Mr Speaker in the Chair).*

*Members observed two minutes' silence.*

## Executive Committee Business

### Superannuation Bill: Royal Assent

**Mr Speaker:** Before we proceed to today's business, I inform the House that the Superannuation Bill has received Royal Assent. The Superannuation Act (Northern Ireland) 2013 became law on 9 January 2013.

## Matter of the Day

### Street Disorder and Challenge to the Democratic Process

**Mr Speaker:** The Rt Hon Peter Robinson has sought leave to make a statement on the ongoing street disorder and challenge to the democratic process, which fulfils the criteria set out in Standing Order 24. Members other than Mr Robinson must indicate clearly that they wish to be called by rising in their place and continuing to do so. We still have some Members who have a problem with rising in their place when asked to do so.

I remind the House of my ruling that matters of the day should not be used for political point scoring. I ask Members to bear in mind the dignity of the Chamber in the contribution that they might make to the House this afternoon. I will take no points of order until the matter is concluded. All Members called will have up to three minutes in which to speak on the subject matter.

**Mr P Robinson:** I am grateful for the opportunity. It is important that the elected representatives of the people of Northern Ireland take an opportunity to speak about issues that, I suspect, are being spoken about in every workplace around the country. It is our duty, as politicians, to support the rule of law and the primacy of the democratic process in this part of the United Kingdom.

The past weekend once again saw protest turn to violence and disorder on our streets. The police have been attacked, protesters have been attacked and local communities have been attacked. No one wins from such conflict, but the people of Northern Ireland as a whole are suffering.

The anger over the spark that started the fire has long since been obscured by the outrage over the violence that has followed. I know that we in the House are not agreed on the issue of flying the flag — I hope that, at some stage,

people will be — but I will say it once again: the decision by Belfast City Council to take down the Union flag was, in my view, a mistake. The timing of it merely aggravated a bad situation. It was unnecessary and wrong, and the settled status quo should not have been disturbed, but nothing can justify the violence that has been seen on the streets of Northern Ireland in recent weeks. I ask those who are involved what they think they have achieved. Northern Ireland's international reputation has been damaged, potential investors and tourists will be deterred, our local businesses have been crippled at a time when they needed a boost, scores of police officers have been injured and many of the young people involved in the violence will emerge from these disturbances with nothing to show for it but a criminal record.

I defend anyone's right to legitimate, lawful and peaceful protest, but in recent weeks far too many have become marred by violence. The cause of the Union flag has been damaged and not helped. The issue will never be solved on the streets, but only through democratic means. You do not respect a Union flag if you use it as a weapon to charge against someone. You are not showing respect for the Union flag if you need to wear a mask when carrying it. For many, the issue of the flying of the Union flag at Belfast City Council is now a cynical cover for their real political agenda, which is to destroy the political process that has been followed in Northern Ireland and which everyone in the House, I believe, stands for. They will not succeed. Although those who sit in the House have very different views on many subjects, we have one thing in common: a mandate from the people of Northern Ireland. It is the ballot box that will decide Northern Ireland's political direction.

Those who are engaged in violence on the streets are not friends of unionism; they are the enemies of democracy. They play into the hands of those who want to see Northern Ireland's place in the United Kingdom threatened. What more could dissidents want than to see attacks on the forces of law and order in Northern Ireland? I know that there are questions to be asked and conversations to be had about Saturday's policing arrangements, but there is no scope for doubt about the attacks from a group in the Short Strand and the attacks from a section of the protesters.

We in the House rightly condemn the violence that has taken place, but we must also set out a political way forward. Last week, the leader of the Ulster Unionist Party and I convened a meeting of the Unionist Forum to draw together strands of unionist thinking — those who were

elected to the House and those who are not represented. I believe that that offers a vehicle for those who seriously want to discuss and address issues of concern. I also pledge to work with all those who are elected to the House to ensure that, together, we can build a better Northern Ireland. I have absolutely no doubt that that is the overwhelming sentiment of the people of Northern Ireland.

**Mr M McGuinness:** Go raibh maith agat, Mr Speaker. I want to thank you for facilitating this opportunity for Members to have their say on the despicable events of the past number of weeks.

Over the weekend, people asked what the solution is. They say that there is no solution. I do not accept that. I believe that there is a solution, and I think it can be found in the example that was shown by all the political parties in the House in the aftermath of the murder of two soldiers at Massereene and the murders of Stephen Carroll and Ronan Kerr. What works for us is the sight of all the political parties in the House standing together against those who believe in violence as a way forward.

If we look at the events of the past couple of weeks — whatever about the decision at Belfast City Hall, a decision over which, according to my information in the Chamber, not a stone was thrown, not a petrol bomb was thrown, not a threat of intimidation was issued — we can see that what has transpired is very clearly a challenge to these institutions. It is a challenge to these institutions from people who do not have a mandate and represent nobody but themselves. I do not believe for one minute that they speak for the vast majority of unionists in our society. These are people who are associated with British National Party-type politics. These are people who are clearly, to some degree, sectarian bigots.

It is also quite obvious that the Ulster Volunteer Force in east Belfast has played its part in the disturbances of the past couple of weeks, to such a point where two of its leadership who are well known drug pushers in east Belfast — that is known on the far side of the House as well as it is known on this side — have been the main instigators, to the point where, although it has not been said publicly by anybody — I wonder why not — that organisation was involved in the attempt to murder a young policewoman sitting in her car outside Naomi Long's office.

This needs to end. Political leadership needs to be given. We all need to stand together. I absolutely believe that the PSNI needs to do its

job, and I hope to meet Matt Baggott today. So, the attacks on the community — whether in the Short Strand or anywhere else — need to end. They cannot be justified, and that end must be immediate.

**Mr Nesbitt:** I very much welcome the opportunity to repeat in the House on behalf of the Ulster Unionist Party what we have said many times on the streets and in the media by way of condemning violence. The violence that we have seen since 3 December last is wrong on every level. It is wrong legally. It is wrong morally. It is wrong strategically, and it is wrong tactically. Let us remind ourselves how it began. On 3 December, an unnecessary vote to lower the Union flag at City Hall provoked people to take to the streets because they were angry at a political decision by Sinn Féin, the SDLP and the Alliance Party. Almost immediately, those who were protesting through violence turned matters on their head. The Alliance Party, which they were subjecting to criticism, suddenly had everybody's sympathy — rightly so — because of the illegal attacks on premises and personnel. We then had the attempted murder of a police officer and dozens of officers injured in rioting. The very people who live in the communities represented — or so-called represented — by those engaged in violence, who began with a great deal of sympathy for the cause, became frustrated, then angry and now outraged by the tactics employed by those who engage in violence.

I have heard many times since 3 December, a call for unionist leaders to demonstrate leadership. We have to understand what the people on the ground mean by "leadership". What is their definition of that? I am trying to understand it. I am engaging on the ground. I have been, for example, to Westbourne Presbyterian Church no fewer than three times in the past 10 days to engage with people on the ground. Earlier today, I engaged with a group in this Building, and I hope to re-engage later today. What does that leadership mean? Well, it must mean condemning the violence and calling, once again, for it to stop, not least for the good of the youth who appear to think that it is recreational and quite good fun to lob a petrol bomb at a police officer and run away. They may not consider it such good fun if, in 20 years' time, they seek a visa to visit Florida or some other area of the United States and are denied entry because of the activities that they have been engaged in over the past weeks.

The leadership that I wish to offer is to condemn what is wrong but also to offer an alternative. That alternative, to me, is the Unionist Forum, a political way forward, where

we can discuss the issues that underlie the vote on the flag — issues of cultural identity, of the economy and of the perceived failure of politics to live up to its billing of providing much better than direct rule. My message to those engaged in violence is very simple: please stop destroying the argument you are trying to promote.

**12.15 pm**

**Dr McDonnell:** I welcome the opportunity to speak this afternoon. The madness that we see on our streets and our television screens serves no purpose and can never serve any purpose. We could engage in the Chamber in petty "whataboutery" and score points. I get the sense that we may be entering an unconscious phase of denial about how the crisis came about. It did not come about on 3 December; it was well stoked beforehand. We can duck and dive around the hows, whys and wherefores, but, in my opinion, the most urgent need is to de-escalate the situation, and that means that protests must stop and stop now. That is a job for the leaders of political unionism. They must be honest with the people out there and tell them that the ways of the past on flags and many other issues are not always going to be the ways of the future. They will not and we will not improve the situation with a one-sided forum. In fact, there is always a danger that a one-sided approach or a one-sided, half-baked solution will escalate the situation further. Political parties have to come together — all the parties in the House — in a rolling series of discussions, not to tackle the flags issue in isolation but to look at the whole issue of cross-community relations on the ground and within the whole political process. There must be a parallel series of discussions with all the other external groups and organisations, where people are allowed to contribute. But the crucial steps must be taken by the leaders of political unionism.

The whole basis of our current political settlement and, indeed, our future together is parity of esteem. The leaders of unionism are either for parity of esteem or they are not. If they are, they must make that the basis of any flag settlement. For any leader to demand that a flag must fly on their terms and on their terms alone is in the past, and it is certainly not parity. Protesters are challenging the democratic right of politicians to make any dispensation on flags that they do not approve of. The protesters are denying parity of esteem. The choice of the leaders of political unionism is a choice that they have to make clear. It would greatly assist in de-escalating the situation if they would make

that choice now and make it in the clearest possible terms.

**Mr Ford:** Mr Robinson talked about democracy and the rule of law when he introduced this matter of the day, and I agree entirely with him. The issues of democracy and the rule of law are vital for this society and need a lead from the House. However, we need to recognise that the violence that we saw on Saturday and preceding days was at the end of a line that stretches right back to last summer. Last summer, we saw the defiance of the legitimate and lawful rulings of the Parades Commission, and that defiance had, in some cases, political support. In the autumn, we saw that continuing. We saw 40,000 dubious leaflets whipping up fear and tension. That was carried out by unionist leaders. In recent weeks since 3 December, we have seen so-called peaceful protests that have been anything but peaceful and anything but lawful. Many of those protests have had support from unionist leaders. Did they not know what happened last summer? Did they not see Clifton Street and Donegall Street? Do they not know what happens when you call crowds out onto the streets in this society?

There is a fundamental question that has to be answered by those who engineered what has now resulted. What we have seen from the protests is the undermining of the rule of law. We have seen serious damage to the local economy and to property in many cases. We have seen almost 100 police officers injured and many others injured and put in fear. We have seen the damage done to inward investment and tourism by these pictures being shown on television screens around the world. As others have said, we have seen young people being given a criminal record that will damage their prospects for life. We have seen, in fact, the resectarianising of Northern Ireland.

I believe that it really is time that we saw a united approach, a united approach that starts with this House. We need people to wind down the language and to not build and hype up the language that got people onto the streets in protest. *[Interruption.]*

**Mr Speaker:** Order.

**Mr Ford:** We need to see people who talk much of the rule of democracy accepting the democratic decision of Belfast City Council based on the equality and legal advice that was given to it.

Certainly, there are issues around deprivation in this society that need to be addressed. However, let us be absolutely clear: there is no correlation between deprivation in different areas of Northern Ireland and the areas that have seen the worst of the violence recently, even in predominantly Protestant areas. Mr McGuinness has already highlighted the role of the UVF in parts of east Belfast.

This society requires policing by consent. That means that there has to be support for the police and not constant criticism of operational decisions by people who do not like operational decisions one way or the other. The police require much more than that from us if they are to carry out the duties with which they are charged by this society. We can no longer blur the line between so-called peaceful and actually illegal protests.

We need from the House a firm commitment to build a genuine shared future. We need all parties working together. We need politicians not to feed fear but to resolve the issues that lead to fear, in order to build a better future. Most of all, we need to work together on a cross-community basis to build a shared future.

**Mr Agnew:** The Green Party condemns the violence that we have seen on our streets over recent weeks and calls for an immediate end to the protests. We want to make it clear that attacks on the PSNI are unacceptable. Some have tried to use the actions of the PSNI to justify their violence, but the Green Party is clear: the PSNI did not attack the home of councillors Christine and Michael Bower, nor did it burn down Stewart Dickson's office. If there is evidence of mistreatment of protesters by the police, it should be reported to the ombudsman and the Police Service should be held to account by politicians. The Green Party gives its thanks to the PSNI for seeking to protect our democracy, our economy and our citizens in what are very difficult circumstances.

We in the Assembly need to take our role in tackling the underlying social problems that have created the context for the social unrest. High unemployment, educational underachievement and poverty of opportunity are the perfect mix for creating this type of unrest. We must be clear that these problems exist throughout our society in working-class areas across Northern Ireland. It is only when we unite in struggles that we can seek to overcome these difficulties. The protests have certainly done nothing to help the economic situation in Northern Ireland or to help us tackle the underlying social problems.



The protests have brought many issues to the fore. The flag issue may have sparked the social unrest, but many other issues have come to the fore. The Green Party believes that it is now time for a period of calm reflection and engagement, and we call on politicians to, at least, do no harm and, at best, engage to seek an end to the violence and the street protests and move the situation on to a peaceful resolution.

**Mr Allister:** I abhor and without reservation condemn the repeated violence that we have seen in recent days and weeks. It has no legitimacy, and it brings nothing but disrepute and dishonour to the cause in the name of which, in distorted fashion, it is purported to be exercised. Let us be very clear: there is no way forward in violence. However, some policing decisions have been, to put it at its mildest, bizarre. There seems to have been an aggravating imbalance in the policing approach, with repeated known processions coming from the centre of the city into east Belfast but no appreciable, detectable attempt to stop attacks on those processions from within Short Strand and no adequate policing. That seems to have been an aggravating factor, compounded by the foolhardy policing actions of last Saturday. None of that justifies the violence, but it is not immune from criticism.

The House and its Members rightly want to speak and condemn these matters, but I have to say to the House that it is severely lacking in moral authority in condemning violence. The House and its structures are the product of the Belfast Agreement or the product of paying the ransom price to violence that was the Belfast Agreement. It makes the job of some of us who try to counter that there should be no violence very difficult. It poses a difficult question: with regard to Stormont, did violence not pay for others and for Sinn Féin and those whom it represents? That is a very difficult question to answer. The moral authority is lacking in the House to say to people not to engage in violence because this House and its institutions and the denial of the basics of democracy — the right to vote a party out of government or even the right to have an opposition — are the very things that show a lack of authority in the House on the moral issues.

Part of the problem is that we were told that the Belfast Agreement was a settlement, but it was a settlement only for some: for others, it was a process. Part of the problem is that that continually feeds a need for further concessions to republicanism, and every step on the road is marked by a further de-Britishising. Those who come to the House to demonise protesters are,

of course, those who talk most about the process and the need to carry it further, which, in their terms, means more concessions to republicanism. That is what is feeding the commotion on the streets and demonstrably showing that the Belfast Agreement has not worked and will not work.

**Mr McNarry:** In the House, we are all agreed that there is no place for rioting, recreational or otherwise, or for violence directed at the police, elected representatives, ordinary people or their homes and businesses. However, I trust that there is every place to support and exercise the legitimate right to peaceful protest. The exercise of such a right cannot be contested and should be recognised by the House as an essential part of democracy.

What can be contested, however, is the escalation of the street disorder that flows from the ending of a peaceful protest. I attended a peaceful protest outside Belfast City Hall on Saturday. I left the area at peace and arrived home to hear the news that something had happened between Belfast City Hall and what is known as the Short Strand area. I cannot accept that a peaceful protest being turned into a street disorder is simply a happening. I cannot accept that it was not organised in some way, not calculated as a reaction to other things that are going on.

Is our country seeing something akin to the emergence of Northern Ireland's Arab spring, or is it just a frustrated number of people venting their anger against what they see as the Establishment, which they believe does not represent them? The Union flag was the catalyst for these events and is the focus of discontent. The unrest, as it develops after six weeks, is about much more than that.

### 12.30 pm

It is about the sudden realisation of a section of Protestants that they have been disenfranchised by the post-Good Friday and post-St Andrews political arrangements. To them, it is also about the erosion of their unionist identity and the failure of the main unionist parties to deliver for them. That is how they tell it and that is how they see it.

This unrest is increasingly focusing on the failure of the main unionist parties to deliver. I believe that the main unionist parties have taken control of that with the formation of the Unionist Forum. I believe that that is how it can be addressed. That is where we come in, so to speak.

Unionism has shuddered and recoiled, because we warned of the repercussions and consequences of removing the flag. However, the question now is this: who speaks for political unionism? Whoever speaks for political unionism must also speak for this nation. I ask that those who are on the streets with discontentment — those who would join with me in peaceful protest — allow the Unionist Forum to take forward the dialogue that is necessary.

**Mr Wilson:** I am sorry that we have had to start the first week of the new session of the Assembly with this subject. I say to those on the other side of the House who have condemned what happened over the past weekend — and we have condemned it quite clearly — that when they were engaging in activities such as voting for the release of people who attempted to kill a DUP councillor in Dungannon, naming play parks after killers, and stoking the fire by removing the flag from City Hall, they should maybe have asked themselves: did they not know what the reaction was likely to be across the community? There has been a grave responsibility on those who provoked this situation. That is not to say that what has happened is correct. It is wrong, and it is wrong for a whole lot of reasons.

I am proud of the flag of this country, not as a piece of cloth or because of the colours, but because of what it stands for.

**Mr Dickson:** On a point of order, Mr Speaker.

**Mr Speaker:** Order. I have already said that we do not take points of order during matters of the day. I am happy to take a point of order after we finish this piece of business.

**Mr Wilson:** That flag stands for freedom. It stands for the right of people to believe what they want to believe and to express what they want to believe. As I listened to the news on Saturday morning and heard the poignant cries of a man who wanted only to get to see his wife in hospital but was jeered at by protesters, I thought that that is not upholding what lies behind the freedoms that the flag of the United Kingdom stands for. When I looked at the streets in Carrickfergus and spoke to the traders on Saturday morning, I thought that that kind of destruction is not what the flag of the country stands for. For that reason, the protests are wrong.

Secondly, they are wrong financially. I sat with people from the Lower Newtownards Road on Friday afternoon. They talked about the need

for improved education for disadvantaged youngsters, jobs and lots of other improvements. If we are devoting resources to policing, if we are losing rates intake from businesses that close, if we are not getting jobs and having to pay more in welfare, we cannot spend money on the very problems that people who are protesting say need to be addressed.

This is my final point. To those who poked the fires, I say this: take responsibility for what you did. To those who keep those fires going, let me say this: violence does not pay. It does not pay for your community. It does not pay for the people in the streets of your own area who are hurting and it did not pay for Sinn Féin either. Sinn Féin is now having to sit in a UK-based Parliament, passing UK laws and seeking Royal Assent from the Queen. Violence did not pay for that crowd, and it does not pay for those who are engaging in the current disorder on our streets. My call to them is to find a way of expressing their frustration, and my call to those who have stoked the fires is to stop stoking and try to work for a better future.

**Mr G Kelly:** Go raibh maith agat, a Cheann Comhairle. I was not going to get up to speak until I heard some of the later contributions. Everybody condemning violence is the way to move forward. This is a terrible way to start off 2013.

Jim Allister particularly singled out Short Strand, and I could not let that pass without the voice of the Short Strand being heard again today. These were people who were sitting in their own houses, not involved — *[Interruption.]* They were sitting in their own houses and were not involved in anything. They were not involved in protests. The protests were supposed to avoid that area. That was agreed by the PSNI. So, the intent of those who broke off — *[Interruption.]*

**Mr Speaker:** Order, order. Let us not have debate across the Chamber.

**Mr G Kelly:** The intent of those who broke off from the parade and the intent of the organisers of the march was to cause violence, and that is exactly what they did. For over 40 years, this nationalist enclave has taken many attacks. I have to say that, when I was over speaking to them, grown men and women said to me that this was the worst time they ever remembered in terms of the fear that they had for themselves and their children.

So, the intent of the UVF in east Belfast needs to be dealt with. It is led by drug dealers and it

is leading the protests, and that should not be ignored.

When David McNarry was up, he talked about the failure of the main unionist parties, and they can argue that out, but here is the issue: if the protesters are talking about deprivation, underachievement and all of that, why are they bringing it to the people in Short Strand? If they have an argument with the leadership of unionism, the place to bring that argument is to the leadership of unionism and not take it out in violence against people who are trying to go about their business.

Let me finish with this. Sammy got up and made his great speech about the Union Jack. I am Irish, and Belfast is now a shared city. That means that Irishness is important as well. So, the other side of the House needs to realise that the protests were over a compromise, that they are ignoring the fact that there is discrimination against Irishness and that they need to get their act in order on those things. Go raibh míle maith agat.

**Mr Lyttle:** I recognise the right to peaceful protest but that peaceful protest must also be lawful. It is clear that the blocking of roads is most certainly not lawful and that the wearing of masks at protests is not peaceful. It is clear that a small minority of individuals are intent on exploiting protests in order to exert social and economic devastation on this community, which serves no cause whatsoever and has been rejected by the vast majority of this community. It is indeed an affront to the values that the Union flag represents, and the PSNI must be given the full support of this entire House and our entire community to respond to this robustly.

It is also time for unionist leaders to take responsibility for their equivocation on the rule of law. It is time for unionist leaders to stop misleading people by saying that the display of the Union flag on designated days signifies cultural erosion: it does not. It is time for unionist leaders and all of us to reassure and remind those with any legitimate concerns that the Good Friday Agreement enshrines the principle of consent, rejects violence and stands for mutual respect for all identity and diversity in Northern Ireland.

Political parties can call for protests to stop, and they can deal seriously with elected representatives who continue to flout such direction. Political parties can give their full support to the PSNI and its responsibility to uphold the rule of law, and they can deal swiftly with any of their elected representatives who

question the PSNI approach in an irresponsible and inflammatory manner on social media or any other outlet. Unfortunately, we have heard that again today from some quarters.

There is now a clear onus on all political leaders to support the rule of law and to address fears and causes rather than manipulate them. The First Minister and deputy First Minister have a responsibility to deliver a shared future strategy for all people in Northern Ireland that addresses issues such as flags, parades, dealing with the past, education, housing, deprivation, and the human and financial cost of division in Northern Ireland. So far, we have had an abdication of leadership on that issue from the First and deputy First Minister. *[Interruption.]*

**Mr Speaker:** Order.

**Mr Lyttle:** The Alliance Party and the vast majority of Northern Ireland is clear that the only long-term solution for peace and prosperity for all people in Northern Ireland is to deliver meaningful action and fundamental change on all those issues. It is the challenge for this generation to stand up to that task.

**Mr Copeland:** I recognise as much as anyone, and perhaps more than most, the seriousness of the situation with which we are faced.

I will begin by quoting someone, who said:

*"I have nothing and I am prepared to risk it all."*

That statement has its origins, not in Northern Ireland and not on the streets of riots, but on the streets of Dublin, and it was said by someone who lived in Ballymun. I sense the urgency in this room to arrive at a solution, but I also sense that, in some respects, we are looking for answers to questions when we do not know what the questions are.

I can honestly encapsulate some of what people have said to me, not in so many words perhaps and not from a political point of view, but I can outline the fears of those who attend protests because they object to, or perhaps fear, the decision to remove the Union flag, not only from Belfast City Hall but from the Ulster Hall, which is the spiritual home of unionism. The symbolism of those two buildings should not be overlooked by anyone; it is akin to the symbolism of the General Post Office in Dublin.

When I speak to them, there is a sense that the Belfast Agreement, the amendments to it at St

Andrews and the Hillsborough discussions were either sold, accepted or bought by unionism as an end to 40 years of murder, mayhem and the systematic destruction of the economy and the infrastructure of this country. Nationalism and republicanism was clear — perhaps it was not listened to — that they viewed the same document, the same piece of paper, as a progression along a series of stepping stones to the fulfilment of their original agenda. That is legitimate politically, but the movement along those stepping stones, in my view, is fuelling the fear that gives rise to the climate that these horrendous events can grow in.

I met someone on Saturday night who I have known all my life. He has been in business in east Belfast for 110 years, and he wept as he told me — *[Interruption.]* I mean the family business. If you think it is funny, in an atmosphere charged with emotion, that my meagre ability to communicate my views is a matter for humour, that somewhat suggests part of the problem on the streets. The family business had been in business for 110 years, and he was weeping and said:

*"I am bankrupt. I cannot open on Monday."*

I have seen young people, as has been said, setting themselves on a path to illegality and all that flows from it. There is a heavy responsibility on everyone in here. Anyone who knows me will know that, with my background, there are no circumstances under which I could ever countenance, never mind condone, violence. People see the police being used as an extension of the will of the state rather than as the guardians of the law.

**Mr Speaker:** The Member's time is gone.

**Mr Copeland:** Sorry, sir?

**Mr Speaker:** The Member's time is gone.

**Mr Copeland:** I very much regret that.

**Mr Speaker:** Order, Members. I will bring the matter of the day to a close and move on.

12.45 pm

## Ministerial Statements

North/South Ministerial Council:  
Tourism

**Mrs Foster (The Minister of Enterprise, Trade and Investment):** Mr Speaker, with your permission, I wish to make a statement in compliance with section 52 of the Northern Ireland Act 1998 regarding a meeting of the North/South Ministerial Council (NSMC) in tourism sectoral format. This meeting was held in Armagh on 28 November 2012. Minister Carál Ní Chuilín MLA and I represented the Northern Ireland Executive. I chaired the meeting. The Irish Government were represented by Michael Ring TD, Minister of State for Transport, Tourism and Sport. This statement has been agreed with Minister Ní Chuilín, and I am making it on of behalf of us both.

The chairperson, Brian Ambrose, and the CEO, Mr Niall Gibbons, updated Ministers on the work of the Tourism Ireland board, including the implementation of the 2012 business plan and the development of the 2013 business plan. The CEO made a presentation to Ministers on market performance in 2012. The Council noted that the 2012 marketing campaign included the roll-out of a new global advertising campaign and the extensive ni2012 promotional campaign, which has been under way across the world, reaching 100 million people. Ministers noted the roll-out of a new suite of websites designed to capitalise on the growing importance of the internet in travel and holiday planning and to harness the phenomenal growth in social media.

The Council discussed major tourism events and initiatives planned for 2013, including the inaugural UK City of Culture in 2013, which provides the perfect follow-up to the ni2012 programme, and the World Police and Fire Games 2013, which will be the biggest single sporting event ever hosted in Belfast. The Council noted Tourism Ireland's role in the overseas marketing and promotion of these initiatives, the importance of co-operative marketing campaigns and engagement by the industry in the platforms presented by Tourism Ireland. The importance of increased access to Northern Ireland was also discussed. Minister Ring invited Ministers Foster and Ní Chuilín and relevant officials to attend EU presidency events relating to tourism and sport.

*(Mr Principal Deputy Speaker [Mr Molloy] in the Chair)*

The Council noted progress on preparation of Tourism Ireland's draft business plan for 2013. While noting the decline in visitors from Great Britain in recent years, Ministers welcomed the work of the tourism recovery task force, comprising Tourism Ireland, the Northern Ireland Tourist Board, Fáilte Ireland and industry representatives, on the development of the GB Path to Growth strategy to address this issue. Ministers noted the recommendations of this strategy, which will be implemented by Tourism Ireland in 2013 and beyond. The Council agreed to meet again in tourism format in spring 2013.

**Mr McGlone (The Chairperson of the Committee for Enterprise, Trade and Investment):** Go raibh maith agat, a Phríomh-LeasCheann Comhairle. Gabhaim buíochas leis an Aire as a ráiteas. Thanks to the Minister for her statement. We heard the earlier statements about the civil unrest on our streets and the difficulty that that is creating, especially for the tourism sector. The Minister mentioned two wonderful events: the UK City of Culture in Derry and the World Police and Fire Games 2013. Can she outline how the Tourist Board is particularly emphasising the positives of those in light of the current climate and the negatives around that?

**Mrs Foster:** I thank the Chairman for his question. We need to look back a little. It is fair to say that we had a very successful year with our ni2012 campaign until the first week in December. That year was, of course, about attracting people to Northern Ireland and was also about giving the people of Northern Ireland a sense of civic pride in the place where they live, work and study.

So, as you can imagine, I have been incredibly frustrated by the violent scenes that have been shown right across the world because Northern Ireland is back on people's screens for all of the wrong reasons. Therefore, we have to counter that by continuing to build on what was a good year in ni2012 with the fabulous opportunities that have been presented to us for 2013. The Member is right to mention the World Police and Fire Games and the fact that it is the biggest sporting event ever to come to Belfast. Of course, the very first UK City of Culture provides us with a huge world stage as well, and we should not forget the G8 summit, which is coming to County Fermanagh.

However, we should be under no illusion: the tourism industry is at a critical stage. We were poised for growth before the street violence and disturbances, but, as with so many other industries in Northern Ireland, safety and security, peace and stability are critical features if we are to grow.

Therefore, I join other colleagues who have addressed the issue of the civil unrest over this past six weeks. It has to stop. If we are to bring jobs and prosperity to all of the people of Northern Ireland, we need to portray ourselves as being a place that is ready for jobs, prosperity and tourism. Therefore, I have no hesitation in condemning the violence that has taken place, obviously at a very basic level. When I look at the damage that it is doing to the very place that those people claim loyalty to, it makes me very sad indeed.

**Mr Newton:** I thank the Minister for her statement. Will she confirm that she is confident in our ability, and that we have the infrastructure and skills that can be favourably benchmarked against any other part of the UK, to attract tourism to Northern Ireland?

**Mrs Foster:** I thank the Member for his question. As the House knows, we have been investing heavily in our product offering over this past couple of years. When I look at the city of Londonderry, which is to host the UK City of Culture, I am very proud indeed of the investment that a number of Departments have made in the city. I look at the work that is going into St Columb's Cathedral, the First Derry Presbyterian Church and the Guildhall, and I say that we have really invested in some of the product. I have not even mentioned Titanic Belfast, the Giant's Causeway and all the other initiatives into which we have invested money.

As well as that, the Member is right that it is not just about product; it is also about service. It is important that, when we receive visitors from right across the world, we have a good level of service. Many members of the industry have been involved in training to make sure that their skills are up to date and, indeed, that they are the proper skills to have in their particular industry. I am glad to say that we are benchmarking very well against the rest of the UK.

Some figures came out, towards the end of the year, for the nine months of last year up to September. It was a patchy picture because we had not received the figures for the Republic of Ireland at that time, but the figures showed that the GB market had retreated and we were not receiving as many visitors from that market

as we had done in previous years. However, I think that it is important that we look at the overall picture when we say that. If you look at Scotland, you see that their tourism figures are also down by 12%. Indeed, despite the fact that the Olympic Games were in London last year, their figures just managed to stay static.

So, there is a huge challenge for us in tourism, and it makes it all the more urgent that we settle down again and get back to doing what we do best, and that is welcoming people to our shores and making them very happy when they come here.

**Mr Flanagan:** Go raibh maith agat, a Phríomh-LeasCheann Comhairle. Gabhaim buíochas leis an Aire as an ráiteas a thug sí dúinn. I thank the Minister for her statement. In her statement, the Minister made reference to the growth in the importance of the internet and, specifically, social media in relation to travel and holiday planning. I ask the Minister, therefore, whether she agrees with me that it is high time that a website is established that allows potential visitors to this island to plan and book their trip on a single portal instead of having to visit two separate websites? Potentially, as a result of the situation in which there are two different websites, visitors are not attracted to come to this part of the country.

**Mrs Foster:** The Member is completely misrepresenting the situation, if one may say, as usual. The Tourism Ireland website deals with all the international visitors who come to the whole of the island of Ireland. The Northern Ireland Tourist Board website is simply there —

**Mr Flanagan:** Did you look at it?

**Mrs Foster:** Well, it is being looked at at the moment, and I said in my statement that they are looking at an upgrade of the Tourism Ireland website. I very much welcome that because we need to keep ahead of the curve in respect — *[Interruption.]* If the Member wants to ask another question, I will sit down and allow him to ask another question.

**Mrs Overend:** I thank the Minister for her statement. She said that visitors from GB are down by 15%, and she also referred to the Tourism Ireland draft business plan for 2013 and the tourism recovery task force. Are those feeding into a tourism strategy for her Department? Will she update us on whether she is working to release a tourism strategy or whether there is an action plan in the timing of that?

**Mrs Foster:** I thank the Member for a number of questions. As I think I said to her previously, and as her party leader said, there are too many strategies. We need action. We have taken that forward, and the tourism priorities for action plan is being finalised and will, I hope, be with the Executive for endorsement in the very near future. I will soon write to Executive colleagues about it. The strategy was brought together by a number of our industry partners and by working in conjunction with government, and the difficulty is that it was largely overtaken by the experiences and the new marketing strategies that we put in place for ni2012. It would be wrong if I were to put forward a strategy that was out of date. Would it not be much better if I had an action plan that pushed ahead with the issues that we have in place? That is what I intend to do.

**Mr Lunn:** I apologise to the Minister for not being here for the start of her statement. She will recall the discussion that we had last year about the major Irish tourism initiative "The Gathering", which will also be held in 2013. Given that this is a joint North/South ministerial body, has there been any further discussion about possible co-operation in 2013 with regard to the people coming to "The Gathering" and our major events?

**Mrs Foster:** If people are coming to Ireland, either Northern Ireland or the Republic of Ireland, for "The Gathering" — I am aware that some events are being planned in Northern Ireland in conjunction with "The Gathering" — we will of course signpost them to events that we are holding here, whether that is the UK City of Culture, the World Police and Fire Games or any activities that happen annually such as the International Beckett Festival in Fermanagh and other festivals. We are happy to work with colleagues in Fáilte Ireland, Tourism Ireland or any body that wants to help us to bring more visitors to Northern Ireland.

**Mr Moutray:** I thank the Minister for her statement. Will she update the House on the review of the Northern Ireland Tourist Board? Will it lead to a closer working relationship with other bodies, particularly on economic issues?

**Mrs Foster:** I thank the Member for his question. As I have said many times, tourism is an economic driver in Northern Ireland, which is why it is important that the current civil unrest comes to an end so that we can get on with the business of getting more people to come to Northern Ireland, because those who have come are great advocates for Northern Ireland.

As I said, we are finalising the priorities for action plan, which identifies those responsible for delivery against each action, including the Northern Ireland Tourist Board. I felt that the time was now right to conduct a review to determine whether existing structures, policies, programmes and resource allocations are the correct ones to meet the objectives and targets that we are setting for tourism.

The Member mentioned an alignment with economic issues, and it is right that there should be a closer alignment between Invest Northern Ireland and the Tourist Board so that they can work together and not duplicate each other's work but add value to what each is doing in a particular area.

**Mr Frew:** With 2013 upon us and the two major events this year — the Londonderry UK City of Culture and Belfast hosting the World Police and Fire Games — will the Minister outline any specific campaigns to promote city breaks? How does a constituency such as North Antrim, where the Giant's Causeway is located, benefit from that?

**Mrs Foster:** I am happy to tell the Member that the new Giant's Causeway visitor centre has been a tremendous success, and we hope that it continues to be so and that we get some clarity from the ongoing judicial review. I think that it would assist that area greatly to have a five-star hotel put in place for the visitors who wish to come to that area.

### 1.00 pm

In relation to city breaks, we work very closely with a lot of the airlines and ferry companies to make sure that they know what is available. Last year, we announced a collaborative working campaign between the ferries and the airlines to make sure that people, either in GB or further afield, were aware of what was on offer, and we will continue with that. If the Member has any suggestions, I will, of course, be quite happy to take them on board.

**Ms Maeve McLaughlin:** I thank the Minister for her statement. I note specifically the discussion that took place around the major tourism events, and, in the Chamber today, I am hearing reference to the two major events. I am asking the Minister for assurance that, in and around that discussion, recognition was given to the Fleadh Cheoil na hÉireann taking place and its impact on the wider economy, and, indeed, for confirmation around the marketing bid for Derry as part of 2013. Go raibh maith agat.

**Mrs Foster:** I note some of the comments that the Member has been making about marketing the UK City of Culture and the fact that I am not behind the marketing of it. May I tell the House that that is the biggest load of nonsense I have heard in a considerable time? Nobody in the Executive has been more committed than me to the UK City of Culture coming to Northern Ireland, and I find it very disheartening when Members simply do not understand what is going on in relation to the marketing campaign for the very first UK City of Culture coming here — something that we are incredibly proud of.

If she thinks I am going to shirk any responsibility in that, she is, frankly, wrong. I am going to make sure that the whole of the United Kingdom knows about the city of Londonderry and knows what it has to offer for the coming year. Yes, Fleadh Cheoil na hÉireann — sorry, I did not pronounce that correctly — is coming in August, but there is a whole year of activities happening in the UK City of Culture, and it is important that we do not forget that there is a whole year of activities in the UK City of Culture, and not just one at the beginning of August.

**Mr A Maginness:** Thank you, Mr Principal Deputy Speaker. May I first of all welcome the Minister's remarks in relation to the civic disturbances that have taken place over the past number of weeks? She has very trenchantly and eloquently condemned those. I wish to add my voice in support of that condemnation.

However, there is a problem in relation to the decline in visitors coming from Britain to Ireland generally, and to Northern Ireland in particular. Can the Minister advise the Assembly as to what she thinks is at the very heart of that? Obviously, there is a problem in relation to the economic and financial capacity of visitors coming here, but is there something more fundamental, leaving aside the present disturbances?

**Mrs Foster:** Leaving aside the present disturbances, global conditions, certainly, and in particular the ongoing problems in the eurozone, have provided a particular challenge for everybody involved in the tourism industry, regardless of whether you are in Dublin, Belfast or, indeed, Edinburgh, for that matter. Our friends in the Republic of Ireland have experienced a 4·5% reduction in their Great Britain visitors. Times are tough, it has to be said; that is clear.

The main area of decline in Northern Ireland in relation to GB visitors is those visiting friends

and relatives here. Our holidaymaker market has not experienced the same level of decline. We have held our own in a difficult climate, as far as true holidaymakers are concerned. Sometimes it is hard to match up the hotel occupancy figures with the other figures, and that is why I think we need a fuller picture of the tourism statistics when they come out. It is the friends and family visitors who have been reduced, and not the true holidaymakers.

To be fair, I do not know what the reason for that is; I do not know whether it is because of Skype or FaceTime, or whatever, and people not moving about as much. Or maybe it is simply down to the fact that people cannot afford to travel as often as they have in the past. Over the past five years, the outbound market from GB has declined by 18.3%. In other words, people are not moving out of Great Britain in the way in which they were in the past, and I think that we are experiencing some of that here in Northern Ireland.

**Mr Dunne:** I thank the Minister for her statement. In relation to increased access to Northern Ireland, what is being done to attract new airlines into the Province?

**Mrs Foster:** That is a key issue, and I have indicated to Tourism Ireland that I will ask about it every month. Unless we increase the number of air routes into Northern Ireland, we will not see a change in our tourism figures, because people need direct access into Northern Ireland. We will keep working on it.

Many of you who may have been through Dublin airport will have seen our huge display inviting people to come to Northern Ireland as they fly into Dublin, but we need direct air access from other destinations. We have good air access into Great Britain and the rest of the United Kingdom, but we need more access into European destinations. I have made no secret of the fact that I very much want to see a Canadian route back into Northern Ireland in the near future because there are a lot of links between ourselves and Canada, and I want to see us capitalise on those.

**Mr Campbell:** The Minister referred to the UK City of Culture and to Londonderry being the first ever UK City of Culture. She will be aware of some of the difficulties that arose early on in the campaign around trying to ensure that we hold a series of events right across the community that can be attended by all sections of the community. Now that, hopefully, we are over that problem, will the Minister undertake to ensure that she will do whatever she can to

promote events that will attract attention and interest right across the community and not simply among those who seem to have a difficulty in using the "UK" part of the City of Culture?

**Mrs Foster:** I assure the Member that I share his concerns. Indeed, I have shared some of those concerns with the chief executive of the Culture Company because I want this to be a year that everybody can take part in. I want it to be a year when anybody from anywhere in the UK can come to the city and take part in the cultural events that are taking place.

As the Member is probably aware, there is a wide range of events. The Turner Prize, which is the UK's most prestigious contemporary art award, is coming to the city. We have 'The Return of Colmcille', which is a three-day performance based on the warrior monk. The writer scripted the opening ceremony for the London Olympics, and we are delighted that he is involved. We have the Fleadh Cheoil na hÉireann, and the Walled City Tattoo, which I personally am looking forward to. The renowned Top Secret Drum Corps will be the international guests at that event. The all-Ireland pipe band championship is coming to Londonderry. There is a whole host of events, not forgetting the Maiden City Festival, which will take place in the city, as it does every year.

So, there is a whole host of things happening. I am very pleased to say that I will be attending the opening ceremony of 'Sons and Daughters' on Sunday, as is my junior ministerial colleague. We are very much looking forward to that because it is the start of what I think can be a real year of opportunity.

**Mrs McKeivitt:** I thank the Minister for her statement. The Council discussed the major tourism events planned for this year, and rightly so. In respect of the UK City of Culture, the Council talked about the provision of the perfect follow-up from Our Time Our Place. Can the Minister give me assurances about damage limitation, particularly with reference to the World Police and Fire Games?

Our communities in this region are looking to extend the hand of friendship to police officers around the world and ensure that they come and take part in the biggest sporting event ever to be held in the region. I recognise the work that local councils have done in trying to promote tourism, and rightly so, through the growth in social media, which was also highlighted at the meeting. Can the Minister give assurances that the damage limitation will be explored with every official possible to make



sure that we get the best out of this event, given that the world is witnessing the damage to our own police force here?

**Mrs Foster:** I hear what the Member is saying. Of course, I have been proactive in trying to deal with perceptions that may have grown because of the worldwide media attraction and the disproportionate reporting of trouble that is taking place in a few areas of Northern Ireland. There are parts of Northern Ireland that this has not touched at all, and I think that it is important to say that. It is also important that, when the Member asks whether I will take my responsibility to ensure that the World Police and Fire Games 2013 is a success, everybody in the House looks to themselves and their responsibilities to portray Northern Ireland as the place that we know it to be — one with a positive outlook that is ready for the future — and not to retrench into naming play parks after convicted terrorists.

**Mr Allister:** Does the Minister think that Northern Ireland's tourism promotion and interests are best served by being a subservient part of Tourism Ireland? Would we do better standing on our own feet?

**Mrs Foster:** I think that the Member knows quite well that the creation of Tourism Ireland came from the Belfast Agreement, which I did not support. I did not believe that it was the best way forward. We are where we are. I continue to challenge Tourism Ireland to ensure that Northern Ireland stands out in all of its campaigns, as it is actually statutorily obliged to ensure that. He can be assured that I will continue to do that.

#### North/South Ministerial Council: Trade and Business Development

**Mrs Foster (The Minister of Enterprise, Trade and Investment):** With your permission, Mr Principal Deputy Speaker, I wish to make a statement in compliance with section 52 of the Northern Ireland Act 1998 regarding a meeting of the North/South Ministerial Council in trade and business development sectoral format. The meeting was held in the offices of the North/South Ministerial Council (NSMC) in Armagh on Wednesday 28 November 2012.

The Executive were represented by me in my capacity as Minister of Enterprise, Trade and Investment and by Carál Ní Chuilín MLA, the Minister of Culture, Arts and Leisure. The Irish Government were represented by Richard Bruton TD, the Minister for Jobs, Enterprise and Innovation. The statement has been agreed

with the Minister of Culture, Arts and Leisure. I am making the statement on behalf of us both.

The Council noted the findings of InterTradelreland's cross-border study on the innovation ecosystem, which reinforces the view that supporting innovation is a critical channel by which to foster growth. Ministers welcomed InterTradelreland's programmes that support an open system of innovation throughout the island.

Ministers also noted the work that InterTradelreland has undertaken to support companies, which includes the piloting of two new programmes, Challenge and Elevate. Those programmes support small and medium-sized enterprises (SMEs) and microbusinesses to grow and develop through innovation and exporting against difficult market conditions in both jurisdictions. Two specific Challenge programme participants were highlighted, the Clada Group and Fast Engineering Ltd. Both companies have reported significant benefits from participation in the programme.

Ministers welcomed ongoing and future initiatives that are being developed by InterTradelreland to encourage and stimulate greater co-operation to increase applications to EU framework programmes. In the period from November 2011 to July 2012, there were an additional 63 North/South submissions, of which 19 were successful and resulted in funding of €20.5 million. That represents an increase in funding of 51.2% compared with the figure for the period from the start of framework programme 7 (FP7) to November 2011.

Ministers welcomed the continued success and development of the US-Ireland Research and Development Partnership, including the latest collaborative proposal, WiPhyLoc8, in the newly added area of telecommunications.

The Council noted proposals for the Irish presidency of the EU in 2013 in the trade, research and innovation, employment regulations and competitiveness areas. It was also noted that Ireland will host a number of conferences and events to progress science, technology and research issues during its presidency. Ministers also noted that, over coming months, officials will liaise on the potential for Northern Ireland's Ministers or their representatives to attend events that are relevant to the trade and business area during the EU presidency. Participation could include involvement at relevant events that are associated with trade and competitiveness informal councils, InterTradelreland's 'Collaborate to Innovate' conference, and the

Week of Innovative Regions in Europe (WIRE) and EURO-SME conferences. The Chairperson and the CEO updated Ministers on InterTradelreland's half-year performance against its 2012 business plan targets. InterTradelreland has made good progress in the first half of the year against its end-of-year 2012 targets, including 21 first-time innovators against a full-year target of 35 and a jobs impact of 115 against a full-year target of 150. It is also on track to deliver efficiency savings of 6%.

The Council agreed that the next trade and business development meeting should be held in early summer 2013. I commend the statement to the Assembly.

**1.15 pm**

**Mr McGlone (The Chairperson of the Committee for Enterprise, Trade and Investment):** Go raibh maith agat, a Phríomh-LeasCheann Comhairle. Gabhaim buíochas leis an Aire chomh maith as a ráiteas. I thank the Minister for her statement. In regard to the Irish presidency of the EU this year, I note that there are broad thematic areas. Has the Department identified key areas or issues of specific interest or policies to be raised during the Irish presidency of the EU? Has it done any preparatory work in that regard?

**Mrs Foster:** I thank the Member for his question. My permanent secretary, along with the permanent secretary from Minister Bruton's Department, sits on a group that identifies the areas where we think we can get the most out of this period of time. It will not surprise the Member to know that innovation, and research and development are the two key areas for us moving forward. That is why I referred to the innovation week conference being hosted by the Republic of Ireland, which we will, of course, get an invitation to attend. It is important that we try to get the most out of Europe in respect of innovation.

The Member will know that FP7 has been a tremendous programme, but a lot of SMEs had difficulties accessing the funding. We want to make sure that, with Horizon 2020, we are really up to speed in order to make sure that we draw down as much money as possible and, of course, get the benefit of innovation. So, I would say that innovation is probably the key area where we want to make sure we work collaboratively with the Irish presidency and make an impact on Northern Ireland.

**Mr Newton:** I thank the Minister for her statement and for what is, indeed, a very encouraging report, which comes on the back of the Enterprise, Trade and Investment (ETI) Committee report on research and development. Is the Minister satisfied with the level of co-operation on innovation and in that area generally? Is there an opportunity to further expand the level of co-operation by perhaps encouraging suppliers to work more closely with customers on innovation?

**Mrs Foster:** I thank the Member for his question. At the meeting, we had a very good presentation on the work carried out on the innovation ecosystem. It looked at different firms from across Northern Ireland and the Republic of Ireland to see what those firms believed was important to them. That gave them the opportunity to say whether it was higher education institutes; financial services organisations; universities; innovation support agencies; customers; or suppliers. The two with which the firms were very engaged were customers and suppliers, but they were not so engaged with other bodies that could help them with innovation.

So, we have a job of work to try to say to those small firms that, although we understand why their customers and suppliers are, of course, primary in their thoughts when they look at their day-to-day work, they should look beyond their customers and suppliers to maybe their local education establishment or, indeed, local banks or other financial services organisations because they can help with innovation as well. I must say that I found the piece of work by InterTradelreland very helpful, and we can take it forward.

**Mr Flanagan:** Go raibh maith agat, a Phríomh-LeasCheann Comhairle. I thank the Minister for her statement. I will be a wee bit nicer this time, and hopefully I will get an answer. The Minister signalled her intentions to work proactively with EU presidency, and I thank her for that. Will she consider trying to get roaming charges put on the agenda for discussion during the EU presidency? That is a big issue in respect of competitiveness and trade, particularly in border areas where businesses and citizens cross the border on a regular basis. There have been some indications from the EU that it wishes to abolish roaming charges.

**Mrs Foster:** I thank the Member for his question. Indeed, I note that the ETI Committee has taken this up again. I am more than happy to speak to my counterpart. It is

probably Pat Rabbitte whom I need to speak to about telecommunications, and I am certainly happy to raise the issue with him again.

It is an issue I raised with Everything Everywhere, when I had the opportunity to meet them recently. It is an issue I have no difficulty in raising, because, as you say, it affects people on both sides of the border who have disproportionate fees applied to them. As I said in what is now maybe an infamous statement — I sometimes can be on something in Brookeborough that I should not be on — we need to take on board the concerns of businesses right across the border corridor. I am more than happy to do that, if the Member wants to write to me.

**Mrs Overend:** I thank the Minister for her statement. Will the Minister expand on the piloting of the two new programmes she mentioned, Challenge and Elevate? I did a quick Google search to see what they were about, but maybe the Minister will expand on the timings of the pilot, the targets and how Northern Ireland will specifically benefit from those. I had better stop there.

**Mrs Foster:** As the Member knows, a number of programmes are available to companies through InterTradelreland. InterTradelreland is not there to duplicate the work of Invest Northern Ireland; InterTradelreland is to add value. Indeed, as its title suggests, it is a trade organisation and is there to help people to trade. Of the two programmes I mentioned, Challenge is to inspire companies that may be quite comfortable and do not want to think about growth to think about growth and be ambitious about growing their company and looking at all the opportunities to do that. The Elevate programme is to get small companies ready to export and to look at markets that maybe they have not thought about looking at before. You may say that that is surely an overlap with Invest Northern Ireland; it is not if they do it collaboratively. I am pleased to say that the chief executive of Invest Northern Ireland and the chief executive of InterTradelreland, along with the chief executive of Enterprise Ireland, work together to make sure that there is no overlap between the organisations. I do not have the targets in front of me, but I am happy to write to the Member in relation to those targets.

**Mr McCarthy:** I thank the Minister for her statements. On the first, I thank her for her determined and robust support for the UK City of Culture. The Minister will know that the chief executive of the City of Culture is a young,

confident, dynamic lady by the name of Shona McCarthy. Anything that comes from Shona McCarthy will be a success, I assure the Minister.

In relation to the second statement, has the Minister held any discussions on the treaties established with other countries by the Republic that have implications for the level of tax payable by companies there in the telecommunications and broader technology sector?

**Mrs Foster:** I have not had any conversations in relation to that matter. If the Member has the detail, I am happy to look at that. As I said to Mr Flanagan, the telecommunications field is probably Mr Rabbitte's, but I am happy enough to raise the issue with him.

**Mr Dunne:** I thank the Minister for her statement. Will the Minister advise what progress is being made in relation to access to finance for businesses and industry in Northern Ireland and, indeed, the Republic of Ireland?

**Mrs Foster:** Access to finance is an issue that continues to be dominant, particularly for small and medium-sized businesses. In December, the Finance Minister and I met seven banks based here in Northern Ireland. We listened to what they had to say and shared with them some of our concerns. I was able to say to all the banks that they should have a closer relationship with Invest Northern Ireland, so that they can understand the market here and the sectors that we are trying to grow. The economic advisory group, chaired by Kate Barker, has been engaged in a review of access to finance for business in Northern Ireland. I look forward to receiving that report to try to establish, in particular for SMEs, what support is currently available, the level of uptake and the potential reasons for any gaps or deficiencies in the market. That report should be with me in the near future. I am sure that I will make a statement in that regard.

**Ms S Ramsey:** Go raibh maith agat, a LeasCheann Comhairle. Like others, I welcome the statement made by the Minister. Minister, you mentioned the initiatives developed by InterTradelreland to encourage and stimulate greater co-operation for applications around EU framework programmes. An increase of 51.2% in funding, compared with the previous period, is welcome news. Nineteen of the 63 groups were successful, which means that over half were not successful. I do not want to be negative because that additional money is to be

welcomed, but is there a theme to why over half were unsuccessful? Are we learning lessons from the programmes whose applications were unsuccessful?

**Mrs Foster:** I think that we are learning lessons. In some cases, it is about bureaucracy, to be blunt. This is not new; I have talked about it in the House on many occasions. It is why we have been pushing Commissioner Geoghegan-Quinn to make sure that the next programme does not involve as much bureaucracy. Of course, as with anything, the applications go through a process, and some will be winners, and some will be losers. It is important that we continue to push this agenda. As you know, Northern Ireland has increased its spend on research and development. Like you, I very much welcome that, but there is much, much more to be done. We need to continue to support innovation because it is the critical challenge for growth. It means that we can move the economy forward. We can translate innovation into profit and commercialise research and development into real and meaningful products. It is the very essence of what we are trying to do, and I am pleased to say that InterTradelreland is playing its part in helping us to push that whole innovation agenda.

**Mr A Maginness:** Following on from Miss Ramsey's question, I note the increase in applications to the EU framework programme. That is to be welcomed because innovation and research should be the lifeblood of business in Northern Ireland and, indeed, throughout Ireland. The Minister referred to bureaucracy as an obstacle, and that was certainly pointed out by the Committee in its report on this area. What is the Minister's analysis of the reasons for the additional success now being achieved by InterTradelreland in relation to such applications?

**Mrs Foster:** We and InterTradelreland have, it is fair to say, become very focused on innovation. In particular, InterTradelreland has held a number of workshops, and I have attended conferences with them. It is all very well talking about the concept of innovation, but, unless we can show what it means to businesspeople, they will probably think that it is a good idea but decide not to get involved. So it is important that we show them the impact that innovation can have. InterTradelreland has been doing that, not only through its workshops and conferences but through its programmes. As I said, some of those have been very good, and the Innova programme is one that takes a research and development proposal and tries to

make it a reality for a company. So InterTradelreland's success is down to a combination of focus, workshops and conferences and, of course, programmes to try to assist in all of that.

**Ms Maeve McLaughlin:** Go raibh maith agat, Mr Principal Deputy Speaker. I thank the Minister for her statement, and I hope that I will get an answer to my question. I note and welcome the statement's focus on the SME sector. I ask specifically about the Horizon 2020 programme that is coming on stream and the appointment of its manager. Will the Minister update us on progress on the various contact points to be aligned with the universities across the North?

**Mrs Foster:** Invest Northern Ireland and InterTradelreland are very focused on Horizon 2020. The Member referred to its manager. We also have someone working for us in the Office of the Northern Ireland Executive in Brussels, and she intends to be at the coalface so that she can pick up any intelligence and information on what is new and what is happening in those areas. The programme is, of course, at an early stage, but I assure the Member and the House that we intend to up our game on Horizon 2020. That is why we have put in place the resources to do so.

1.30 pm

**Mr Allister:** With less than 10% of our manufacturing exports going to the Republic of Ireland, in contrast to 60% going to GB, is there not a much more compelling case for an inter-UK trade body rather than an InterTradelreland body? Is that another example of misfocus in the systems and strategies that exist?

**Mrs Foster:** The Member knows fine well that there is a UK trade organisation: it is called UK Trade & Investment (UKTI). We work very closely with it. Of course, our main source of exports will continue to be to the rest of the United Kingdom, to GB. InterTradelreland was set up, as he well knows, under the terms of the Good Friday Agreement. For the record, that is not something that I supported, but I have to deal with the hand that I was dealt. That is why I am trying to make it more focused, make it relevant to Northern Ireland and make sure that companies get the most out of it. It is a trade organisation; it is not a jobs organisation, as I think he may have mistaken it to be in some of his statements over the summer. It is a trade organisation; it is there to help companies. I hope that it continues to do so.

## Public Expenditure: Autumn Statement 2012

**Mr Wilson (The Minister of Finance and Personnel):** I was hoping that the Enterprise Minister would keep going until I had eaten this sweet, but anyhow. Thanks, Mr Deputy Speaker, for the opportunity to update the House on the Chancellor's 2012 autumn statement and its impact on Northern Ireland.

The Chancellor's statement included a wide range of announcements and measures. I will highlight only the key issues that impact most on Northern Ireland. They include the public expenditure implications for us of spending decisions taken by the UK Government. I would also like to say a few words about some of the tax and benefit measures announced by the Chancellor. I will conclude by highlighting some of the high-level public expenditure projections for the year 2015-16 and beyond, which will have significant implications for us all.

I will turn, first of all, to the Barnett consequential for Northern Ireland that result from the autumn statement. One of the key announcements that was made by the Chancellor was the top-slicing of Whitehall resource departmental expenditure limit (DEL) budgets to fund capital DEL allocations. The Northern Ireland Executive received a Barnett formula share of the additional capital investment allocations made to the Whitehall Departments. That amounted to £53.7 million in 2013-14 and £76.9 million in 2014-15. I very much welcome the additional capital resources that have been made available to us over the next number of years.

Members may also have noticed the reference to additional flexibility in our reinvestment and reform initiative (RRI) borrowing. That reflects a specific concession that we negotiated with the Chief Secretary to the Treasury. It involves a flexibility to carry forward £50 million of RRI borrowing power to 2014-15. That additional flexibility provides us with the scope to manage the ongoing delays to the A5 road project. It is immensely helpful to us, as it minimises the risk of having to surrender money to Her Majesty's Treasury (HMT) at the end of this financial year. I thank the Chief Secretary for his co-operation on that matter.

The additional capital DEL allocations were funded by top-slicing Whitehall Department resource budgets. Thankfully, the Barnett impact on Northern Ireland was somewhat mitigated by the fact that the health and education sectors in England were protected.

Those are areas where we have full Barnett comparability. In other words, our resource DEL was largely insulated against the negative impact of the Whitehall cuts. Indeed, there are some resource DEL Barnett additions to the Executive resulting from minor allocations for English business support.

The overall impact on the resource DEL budget was a small increase of £2.4 million in 2013-14 but a reduction of £34.3 million in 2014-15. The reduction in 2014-15 is relatively modest in the context of the entire block. Therefore, it does not require us to reopen the departmental budgets.

As usual, the Chancellor announced a raft of tax and benefit changes. I will highlight only a few of the most significant here. A major concession for Northern Ireland was the announcement that Northern Ireland will, subject to confirmation from Brussels, be exempt from the carbon price floor, which is a tax on energy producers in the UK. For Members who are not familiar with this issue, let me be clear that that tax would have had a disastrous impact on our local energy market. Our energy generators would have been unfairly priced out of competing in the all-island market and would quickly have been displaced from the market. This would not only have raised local security of supply issues but would have led to significant increases in electricity bills for our domestic and business consumers. I am, therefore, delighted that the Chief Secretary to the Treasury and the Chancellor listened to the case that I put to them and have announced an exemption for Northern Ireland. I believe that that will safeguard jobs in our local energy sector and prevent local electricity bills increasing to accommodate the proposed new tax.

There were also a number of tax changes that should benefit businesses here. I welcome the further reduction in the rate of corporation tax to 21% from April 2014. Of course, that is of interest as we await the outcome of our negotiations with HM Treasury on devolving that tax. I am also sure that everyone — businesses and consumers — welcomes the cancellation of the 3p fuel duty uplift, which was planned for this month. That is a relief to the many businesses and people who rely on their cars as the main mode of transport. Our small and medium-sized business sector should also welcome the temporary tenfold increase in the annual investment allowance to £250,000 from this month. This should support and incentivise investment by small and medium-sized businesses.

Changes to personal tax and benefits were also announced that will have an impact on most people in Northern Ireland. I welcome the increase in the personal allowance to £9,440, which will benefit those in work and take more people out of the income tax bracket altogether. In fact, I think that about 8,000 people in Northern Ireland will now be taken out of the income tax bracket altogether.

The announcement that increases to work-related benefits would be capped at 1% has attracted a great deal of attention in the media. Indeed, it is likely to mean a real terms cut in spending power for those who rely on benefits and tax credits for their income. I fully understand why that decision causes concern. Of course there is a disproportionate impact in Northern Ireland since a relatively high proportion of our population relies on benefits and tax credits, and it will present particular financial hardships for that group of people. That said, I can understand why the Chancellor took this decision in the wider context of reducing the deficit. The alternative would have been to reduce the DEL budgets further, which would have had a negative impact on citizens through reduced levels of public services. In that context, I would also sound a note of warning in relation to the wider welfare reform agenda. Let me make it clear that it is critical that we implement these UK policy changes in Northern Ireland in a manner that maintains full parity with the UK position. Failure to do so would likely result in unnecessary cuts to our block grant, and that would undoubtedly have a major negative impact on local people through reduced levels of key public services.

In that context, I would now like to say a few words about the latest Office for Budget Responsibility (OBR) forecasts announced in the autumn statement. Members will be aware that the Office for Budget Responsibility provided updated economic and public finance projections for the immediate period beyond 2014-15. It is clear that the OBR anticipates that UK economic growth will remain weak for a prolonged period. The implication is that UK public expenditure is now expected to remain constrained until at least 2017-18.

The Chancellor announced a single-year UK spending review to cover 2015-16. Although the broad parameters of the spending review have been announced, the outcome for Northern Ireland will ultimately depend on what spending areas the UK Government decide to prioritise. On the assumption that the UK Government will continue to protect health and education in 2015-16, our resource DEL is likely to increase by around 1.3% in cash terms

compared with the latest 2014-15 position. Members should note that that is equivalent to a real terms reduction of 0.7%. On the capital side, we are likely to face a cash reduction of some 5.1% compared with our recent 2014 position.

It is important to realise that these projections are based on a comparison of the 2014-15 position, taking account of the autumn statement, which, of course, included a large capital DEL injection. In fact, compared with the 2014-15 capital position in the Executive's published Budget document, the capital DEL in 2015 will actually increase. It is also important to highlight that these projections relate to Her Majesty's Treasury DEL controls only. Ultimately, the Executive's spending power will also depend on local decisions in the Assembly on issues such as revenue-raising measures, borrowing, sale of assets etc.

Going beyond the 2015-16 year, it is important to highlight that the OBR forecasts further reductions in UK resource DEL, with only modest increases in UK capital DEL. Again, the impact on the Northern Ireland block grant will not be known until the UK spending review for that period is announced, although it suggests a continuation of the trend of public expenditure constraint.

This environment of relatively scarce public resources moving forward means that we must deal responsibly with all the major policy issues — existing and new policy proposals. Collectively, we must ensure that delivery of priority front line public services is protected in that environment, otherwise we will do the people of Northern Ireland a huge disservice. With that, I commend the statement to the Assembly.

**Mr McKay (The Chairperson of the Committee for Finance and Personnel):** Go raibh maith agat, a Phríomh-LeasCheann Comhairle. I thank the Minister for his statement and welcome the carbon price exemption, which will maintain competitiveness in the energy market across the island and save money for consumers.

The OBR figures do not provide a greatly optimistic outlook across the board. GDP difficulties aside, what projections for potential growth for the North have the Minister or the Department? If the growth projections are below average, could they be used to underscore the argument for devolving corporation tax powers?

**Mr Wilson:** First, if we look at growth in Northern Ireland, we can see that it has been sluggish; it has actually been behind that of the rest of the United Kingdom. Although we do not produce local GDP figures, the experience has been that we tend to follow the trend in the rest of the United Kingdom. Sometimes, that trend has been exacerbated here. We were slower to slide into recession, and we are slower coming out of it. There are implications, of course, for the devolution of corporation tax powers. If the public expenditure position is tight, we must finance the devolution of corporation tax out of a tighter public purse, and that increases the pain. Secondly, it adds another side. If we believe that it can have an impact on generating additional private sector activity, that gives us a further reason to argue with Treasury that we need a decision on this quickly and the decision must be one that does not have a huge detrimental impact on the money available for public services in Northern Ireland. In other words, the Treasury should not use this as an excuse for grabbing more than the tax costs.

1.45 pm

**Mr Girvan:** Thank you, Minister, for the statement to the House. What has been agreed on the carbon price floor? I appreciate that it is a very important issue for staying competitive, especially in our energy and power generation end.

**Mr Wilson:** What has been agreed is that we will be exempt from the carbon tax. Basically, the way in which the carbon price floor was going to operate was that, when generators produce electricity, they burn fossil fuels, and there was going to be a tax for every ton of carbon that was produced. Since that was only going to apply to generators in Northern Ireland, that meant that the cost of generating electricity in Northern Ireland was going to be made artificially higher than it would have been in the rest of the island of Ireland. Indeed — here is the significance for people who believe that the production of carbon is important and has any impact on the environment — the irony would have been that power plants in the Republic that produce far more carbon could have become competitive over power plants in Northern Ireland that produce less carbon per kilowatt of electricity generated. It was absolute nonsense, and that is the point that was made to the Treasury.

The Treasury has agreed that we will be exempt. However, it has to have European support, but the argument that we have made to Europe is that it should not distort trade. In

fact, if anything, the carbon price floor was a trade distorting mechanism, because it would have made us artificially uncompetitive with producers in the Republic. For that reason, I hope that there will not be any difficulty in getting the arguments past Brussels either.

**Mr Cree:** I thank the Minister for the report. Like all those reports, there is good news and bad news. One particular point occurred to me. The recent Budget realignment exercise resulted in the Executive being overcommitted by some £94 million in capital for 2014-15. How does the Minister envisage that being addressed?

**Mr Wilson:** The autumn statement helps us on that, because, of course, in 2014-15, we will have an additional £76.9 million capital allocated to us, so that helps to address that. Secondly, being able to carry the RRI borrowing — £50 million — over into the final year of the Budget also helps to address the capital pressures that there are. So there are two bits of good news in the autumn statement: the Barnett consequential and the ability to reprofile our borrowing.

**Mr D Bradley:** Go raibh míle maith agat, a Phríomh-LeasCheann Comhairle. Gabhaim buíochas leis an Aire as ucht a ráitis. I thank the Minister for his statement. I notice that, in correspondence that the Committee received from the Minister's Department, we have been advised that ultimate spending power here will be influenced, either negatively or positively, by other issues, including revenue-generating measures, RRI borrowing, progressing revenue-financed investments and other major policy initiatives. That seems to me to be quite a precarious position to be in. Will the Minister elaborate on the issues involved and say to what extent the outcomes are liable to be more positive than negative?

**Mr Wilson:** It is not a precarious position to be in. All I was highlighting was that, in Northern Ireland, we have two sources of money available for public expenditure. We have that source that is handed down to us by the Treasury and that source that we have some control over as an Assembly and an Executive.

For example, we do have the ability, if we wish, to raise some money from local taxation. We have got the regional rate. We have the ability to raise money through the charges for some of the services that Departments sell. Again, that is a political decision. We have the ability to raise money from the sale of assets that we deem to be surplus to requirements.

We also have the ability to raise money from borrowing. That borrowing is somewhat limited, however, because we have to make sure that we do not undertake the borrowing in a way that scores against the capital DEL. There is no point in us borrowing and finding that, as a result, we lose some capital money from Westminster. We get the capital money from Westminster at no interest cost and with no repayment, whereas borrowing has an interest cost and a repayment. However, if we could find ways to make some of our public services more arm's-length, we could use that for borrowing. A classic case in point was the housing associations. We have encouraged them to borrow more on the market and rely less on central government grant. The more they borrow from the market, the more of that central government grant that we are not giving out we have available to spend on other things. We are bringing private money in without having an impact on the overall amount of money that we get from Westminster.

So, there is a number of things. It is not precarious; it simply means that some tough political decisions have to be taken at times. That is where this Assembly has, sometimes, been fairly poor, because we have always played on the cautious side instead of maybe looking at opportunities that may be available, albeit opportunities that may then bring some political criticism from various pressure groups or interest groups.

**Mrs Cochrane:** I, too, thank the Minister for his statement. I note that he talks about the wider welfare reform agenda and how important it is that we maintain full parity with the UK position. Although I understand that comment, will he confirm whether he is still in negotiation, along with the Minister for Social Development, with the Treasury about any NI-specific circumstances?

**Mr Wilson:** There have been negotiations. The Minister for Social Development is probably better placed to answer some of these things than I am, but we have already had a number of concessions from the Treasury on direct payments of housing benefit to tenants, for example. The Minister for Social Development is still in negotiations about housing benefit and the occupancy issue because there is a particular problem in Northern Ireland in that regard. So, we have succeeded in getting changes in some things, and there are other things that have not been completed yet. That work is ongoing, mostly through the Minister for Social Development and his Department. Where DFP can add some weight to that, and where it is important to do so, we will.

**Mrs Overend:** I thank the Minister for the statement. He mentions local decisions taken on issues such as revenue raising. Will he commit to bringing forward alternative financing during this budgetary period, given that the investment strategy does not set out that that will happen before 2016?

**Mr Wilson:** With all these things it is important, first, that we identify how we can undertake to raise additional money without hurting the amount of money that we get from Westminster. Although I have had lots of discussions with the construction industry, the Confederation of British Industry (CBI) and a whole range of people who are interested in finding ways to bring greater private sector involvement to the provision of services in Northern Ireland, thereby enabling us to expand those services or to release the burden of paying for them so that we can use the money elsewhere, no workable ideas have come forward to date.

The second thing is that even if they did — I mentioned the example of making some bodies that are currently within Departments more arm's-length and independent and, therefore, not subject to the same Treasury controls — they would require legislation, which would involve consultation on that legislation and then the work of getting it through and making tough political decisions. There is no quick, easy fix there either.

One of the things that we could do better is to look at how some services are provided and see whether that could be done in a more cost effective way by the private sector or the social economy sector rather than by the statutory sector, freeing up money in doing so. I can think of lots of initiatives, even in my own area, in which good work can be done for a small amount of money, especially in social services and so on by the social economy sector, hence saving Departments money and releasing money that could be used for other front line services.

**Mr Durkan:** Go raibh maith agat, a Phríomh-LeasCheann Comhairle. I thank the Minister for his statement and his answers. One piece of good news in the statement that was not mentioned is that my constituency is to benefit from the urban broadband fund. On the bad news front, the Minister noted that the capping of increases to work-related benefits will have a disproportionate impact here. Will he advise whether that impact has been calculated and provide figures?



**Mr Wilson:** It has not been calculated. Work by a variety of organisations is ongoing to try to ascertain the exact impact of welfare benefit changes. That is also being done at central government level. One of the worrying things about changes in welfare is that, although high-level principles and objectives have been highlighted by the Government, they are still unable to provide information about the likely impact on particular groups.

That is one reason why the Assembly welfare reform group has been looking at what we can do with some of the resources that are currently used to support vulnerable people. Should we be looking at pulling those resources together and finding an alternative way to support vulnerable groups once they have been identified? Again, that may mean making hard political choices about whether money is taken from some of the more marginally vulnerable groups. That is where real political problems will arise, and political leadership will be required.

I am glad that the Member acknowledged that the north-west has once again benefited from my lobbying and that of the ETI Minister. It is good that Northern Ireland has gained a disproportionate benefit from the infrastructure fund for broadband. We know how important that has been in attracting many businesses that use IT and need good IT communications.

**Mr Allister:** I note that the Minister is to benefit on the capital side from a windfall of about £130 million over the next two financial years, effective from the autumn statement. On the resource side, how and when does the Minister expect to get help to fund the G8 extravaganza? How much is it expected to cost, and how much of the bill will the national Government meet?

**Mr Wilson:** That is a good question. We do not yet know the full cost of policing the G8 event. I want to make three points. First, the G8 event will, I believe, be good for Northern Ireland. Given the sort of kicking that our image has had over the past couple of weeks, any event such as this, which highlights the willingness of other nations to come to Northern Ireland to hold major events, can add to stability in Northern Ireland and will have an important part to play in our image and profile.

Secondly, there will be significant security costs. There have been negotiations with the Treasury and the Home Office about how those costs will be financed. Although we have not yet been able to produce full costs, and it will be some time before that can be done, we have

nevertheless been talking about the principles of support.

I am satisfied from the negotiations so far that the huge bulk of the security costs — I am not going to claim, because I do not think that it would be expected — will be borne by the Treasury and the Home Office. I am sure that the Member will appreciate that, since we do not yet know the actual figures, it would be impossible for me to tell him exactly how much in money terms or what the percentage will be. However, we expect the bulk of the costs to be carried by central government.

**2.00 pm**

**Mr D McIlveen:** I thank the Minister for his statement. Will the Minister outline to the Assembly why we should be reconsidering the use of revenue-financed investment over the next few years?

**Mr Wilson:** I will tell you why we are reconsidering it. The first thing is that, going into the next Budget period, all the indications are that any easing is likely to be on the capital side rather than on the revenue side. That being the case, most of the pressure will be on the revenue budget. Revenue-financed investment requires us to take money out of revenue expenditure. It was reckoned that, for every £10 million that you took out, you could get £100 million of investment. However, if capital resources are going to increase or at least not be as badly hit as revenue resources, it is right that we ask ourselves whether, if all the pressure will be on the revenue side, we want to create further pressure. Mr Bradley asked the question earlier. Those are some of the political considerations that we have to take into account. It may well be that, when we come to look at the next Budget, the Assembly will say, "Look, there are so many important capital infrastructure projects that we need to do that we have to make that sacrifice". All that I am saying is that what we are being told by the OBR indicates that we perhaps ought to rethink whether we want to cut our revenue budgets any further when capital moneys may become more readily available, relatively speaking.

## Executive Committee Business

### Planning Bill: First Stage

**Mr Attwood (The Minister of the Environment):** I beg to introduce the Planning Bill [NIA 17/11-15], which is a Bill to amend the law relating to planning; and for connected purposes.

*Bill passed First Stage and ordered to be printed.*

### Single Use Carrier Bags Charge Regulations (Northern Ireland) 2012

**Mr Principal Deputy Speaker:** The next item of business is a motion to approve a statutory rule. I remind Members that section 33 of the Northern Ireland Act 1998 applies to the regulations as they will impose a tax. I inform the House that the Minister of Finance and Personnel has given his recommendation to the regulations, as required in section 63. Members should also note that the vote will require cross-community support.

**Mr Attwood (The Minister of the Environment):** I beg to move

*That the draft Single Use Carrier Bags Charge Regulations (Northern Ireland) 2012 be approved.*

Before I detail some of the impacts of the single-use carrier bags charge regulations, I want to outline the broad shape of this initiative and how it weaves itself into a wider strategy. It is my view that Northern Ireland should be a world leader in carbon reduction. That is actually a quote from the Scottish Government's Programme for Government, which is well worth reading. It says that their ambition is to be a world leader in carbon reduction. Given the size of this jurisdiction and our population and the opportunity for government and our population to deal with issues of carbon reduction, not least because of the green and clean quality and character of this land, we should have the ambition to be a world leader in carbon reduction.

That ambition can have many expressions. Renewables can be Ireland's biggest opportunity going forward. The climate Bill, around which I intend to consult in the next number of weeks, can be an expression of that ambition. The waste strategy, which is out for consultation and which a senior member of a green NGO recently told me moves us from being behind other jurisdictions to being ahead of other jurisdictions, is an expression of being a world leader in carbon reduction. The opportunities on the island of Ireland for recycles, not least bulky goods and plastics, are another expression of that ambition. In my view, the regulations before the House can be another expression of how we, in this part of the world, can legislate for and implement a change of culture and practice that sees the reduction of carrier bag use as we pursue being a leader in carbon reduction.

*(Mr Speaker in the Chair)*

The regulations are to be made under sections 77 and 90 of and schedule 6 to the Climate Change Act 2008. The Act requires that the regulations be laid in draft and approved by a resolution of the Assembly. I am pleased to be able to bring forward the regulations, which will introduce a 5p levy on new, single-use carrier bags. The target date for the commencement of charging is 8 April 2013, which is less than 90 days away. The key objective of a carrier bag levy is to reduce or eliminate — that should be our aspiration — the unnecessary use of bags, regardless of the material from which they are made. In that regard, we are very different from the Republic of Ireland. While the levy has been in place there for a number of years and has worked very effectively, it captures only plastic carrier bags and not other carrier bags, which is the purpose of these regulations.

Carrier bags make up only a small proportion of the waste stream, but the environmental impact of unnecessary production, transport and disposal is still substantial. That said, the annual use of carrier bags in Northern Ireland is 250 million. That is the scale of use, the scale of the threat to the environment and the scale of the ambition of the regulations. The introduction of charging will encourage a move away from the throwaway society and improve waste management by focusing on reduced waste regeneration and on reuse. Also, carrier bags are iconic. The introduction of charging will help to communicate the wider "Reduce and reuse" waste message.

Whilst I acknowledge the success of voluntary efforts in reducing the number of bags in circulation, recent figures have shown a notable increase in the number of single-use carrier bags handed out by major supermarkets. So, while a lot of retailers will be captured by the law and these regulations, the major supermarkets make the major contribution to carrier bag use and therefore they will make the major contribution when it comes to reduction on the one hand and the levy on the other. That demonstrates the need for charging if Northern Ireland is to achieve the progress seen in Wales, where the 5p levy came in in October 2011 and there has since been a reduction in carrier bag consumption.

I anticipate that the introduction of the levy will reduce carrier bag consumption by at least 80%. The cost to consumers is therefore expected to be very low. In addition, consumers can minimise any impact on their budgets by adjusting their behaviour and carrying their own bags with them when they go shopping. The 80% figure is not arbitrary. If

you look at the experience of Ireland, Wales, Washington DC in America and other places, you see that the evidence indicates a reduction of between 80% and 85% in the use of plastic bags or single-use carrier bags when a levy system is put in place.

I reassure the House that there is evidence that those sorts of initiatives can have a disproportionate impact on those on a low income. My Department has, through the two consultations, looked closely at that issue because, generally and not least in the hard circumstances that we have at the moment, we do not wish to put an undue burden on any section of our society, including those on lower incomes. The evidence is that the consequence of the carrier bag levy will be £2 per person per year and £5 per family per year. Given the scale of those figures and given that the consultation demonstrated that very large numbers of those on a low income agreed or strongly agreed with the purpose of the regulations, I believe that the impact on those categories of people will not be disproportionate.

Members will also be aware that I propose to adopt a phased approach to the implementation of carrier bag charging. Phase 1, which we are talking about today, introduces a charge on single-use carrier bags, while phase 2 will extend charging to low-cost, reusable carrier bags. Phase 2 will require new primary legislation. That has been endorsed, in principle, by the Executive, and I hope to bring the Bill to the Assembly later this year. The reason why we need phase 2 legislation is the risk that, if we introduce a levy for single-use carrier bags, people might move to multi-use, low-priced carrier bags and thereby defeat the ambition of the legislation passed by the Assembly in the last mandate. Today's business, therefore, relates exclusively to phase 1, which is about a charge on single-use carrier bags.

Public consultation on the draft regulations took place between 16 April and 9 July, and 37 substantive responses were received, many of which were from groups responding on behalf of retailers as well as those representing consumers. In the main, consultees were supportive of the proposals. Having considered the responses to the consultation, however, I decided to amend the provision for exemptions. The draft regulations already provided for exclusions from the levy. However, I took the decision to provide for additional exemption. The draft regulations now include an exemption for bags used to contain hot food or hot drinks intended for consumption away from premises

on which they are sold. That is different from, for example, the practice in Wales over the last 14 or 15 months, but I was persuaded by the representations, and, for the simplicity of the new regulation — I believe in simple regulation — I believe that, in those circumstances, bags are needed to prevent spillages and to protect consumers from the heat of the product.

I also considered whether to exempt certain biodegradable bags. On reflection, I decided not to provide for such an exemption at this stage. My policy objective is to avoid the unnecessary use of single-use carrier bags regardless of the materials from which they are made. I accept — it is self-evident — that some bags may be less damaging to the environment than others. However, even biodegradable bags have an impact on the environment through their production, transport and disposal. An exemption for those bags has the potential to reduce the environmental benefits of the levy, but an argument has been made. It is not an overwhelming, clear-cut case, and, consequently, I will continue to look at the matter on the far side of April 2013 to see whether any further adjustments are seen to be justified.

I believe that the exemptions provisions included in the draft regulations are sufficient to limit the use of free carrier bags to cases where they are really needed on the grounds of patient confidentiality, such as for prescriptions; hygiene and food safety, such as for meat from butchers; and the protection of goods and consumers. However, as I said, I fully intend to keep charging arrangements under review as implementation progresses. I will, therefore, ensure that the primary legislation to be brought forward in phase 2 makes suitable provision for the future review of the legislative framework, including the provision for exemptions from the levy. I stress to the House that that proposal can be relied on. A gateway review was conducted on how the Department has managed the proposal. That is where people from beyond the Department and beyond government look at how government is managing a policy development and implementation. That gateway review, which is a publicly available document, says that this has been a very good example of how the Department has managed a policy initiative through law, through regulation and through implementation, and I acknowledge that all the officials in the Department, as well as the Committee, have managed that as a good, classic case study of how devolution can make a difference and work effectively on both the administrative and political sides.

## 2.15 pm

I can confirm that the levy will apply to all sellers in Northern Ireland who provide new single-use carrier bags, including those who use such bags to deliver goods ordered by mail order or online. Given the figures that came out recently about online shopping over Christmas, it is quite right that the ambition of the regulations captures online retail as well. However, I am committed to keeping the administrative burden on retailers as light as possible to minimise what sellers need to do to demonstrate compliance. Retailers who are likely to be liable to pay the levy have received correspondence providing details of the new arrangements, and two letters were sent to retailers before Christmas with two more to go as part of the communication strategy in the run-up to 8 April. As I said, contact will continue between now and that date. More generally, a communications campaign is well under way to ensure that everyone is fully aware of the new charging proposals. I do not think that we are coming from a zero base in that regard; I think there is a public and retail awareness about a levy scheme for plastic bags because of what has happened in the Republic and in respect of carrier bags generally because of what has happened in Wales. Therefore, I do not think that there is a lack of awareness out there, but, clearly, we have to escalate the awareness in the run-up to 8 April.

The draft regulations represent the legislation needed to implement phase 1 of the carrier bag charging arrangements. They make appropriate provision for the implementation of charging in Northern Ireland. I ask the Assembly to approve the draft regulations.

**Ms Lo (The Chairperson of the Committee for the Environment):** The Committee considered initial proposals for these regulations at its meeting on 29 March 2012, when the Department presented its public consultation paper. The Committee was eager to engage with the public on this issue, and it launched a blog on its Assembly web page seeking views on the proposals for a charge on single-use carrier bags. The Committee was very grateful for the comments it received, the vast majority of which were in support of the charge. However, it was very clear from the blog responses that any charge on bags should be done for the right environmental reasons and must not be a tax to fill a hole in the Department's budget.

The Committee also tabled a motion to initiate a wider discussion on the issue. A lively and

highly informed debate took place on 29 May 2012, when the Assembly carried a motion recognising that the intention of a charge is to reduce bag consumption and calling for the list of exemptions to include environmentally friendly reusable bags. One of the key features of the legislation is the exemptions. The Committee received presentations from numerous interested stakeholders, including the retail and hospitality sectors, on which bags should be exempt from the charge. The Committee broadly supported the Department's decision to follow the Welsh approach on exemptions but had some misgivings about the additional exemption here for bags being used for hot food. The Committee also questioned the extension of the charge to lower-cost biodegradable plastic bags. Members were concerned that this would send out a mixed message and were eager for the Department to explore ways to exclude these from the charge. The Department maintained that such a scenario was unlikely to achieve a significant reduction in bag consumption and could be detrimental to the environment as well as impacting on revenue.

This brings me to the estimated proceeds of the levy. Analysis of bag levies in other jurisdictions shows that a charge of just a few pence will result in a reduction of bag consumption of around 80%. The Minister mentioned that earlier. Although this reduction is to be welcomed, it raises doubts about the Department's forecast income in the coming years, and, with fewer chargeable bags in production and consumer behaviour moving towards reusable alternatives, there is the distinct possibility that the Department could be left with a black hole in its budget.

The Committee also recognised the importance of how the levy is communicated to the public. For many, this will be a major change to their shopping habits, and it is vital that the correct message is delivered. I know that the Department has an advertising campaign drawn up, and I look forward to seeing it implemented in the coming weeks.

Finally, I express the Committee's gratitude to the Department for its thorough briefings throughout the process and for its prompt responses to any queries that were raised. The Committee considered the draft statutory rule at its meeting on 29 November 2012, and members were content for me to recommend to the Assembly that it be affirmed.

**Mr Boylan:** Go raibh maith agat, a Cheann Comhairle. Ba mhaith liom cúpla focal a rá as

Gaeilge ar an ábhar seo. I would like to say a few words on this subject.

The Minister has highlighted that this is a levy, not a tax, and that the principle of all this is to reduce usage and the number of plastic bags. This is another step forward in addressing environmental damage and litter. Will the Minister outline a couple of things for me? Will the Minister indicate how much revenue will be generated and how much of that will go to administration? If there is extra revenue, will he indicate how much that will be and how much of it will go to other environmental programmes? That is the key to all of this. In relation to communication, how does the Minister propose to work with retailers and consumers on the roll-out of the statutory rule? With that in mind, I welcome the rule.

**Mr Elliott:** I thank the Minister for bringing this forward at this time. Obviously, there is cross-party support for it, and the Committee has been supportive of the process, as the Chair has outlined.

My questions are along the lines of Mr Boylan's. I note that in the debate at the end of May, which the Chair of the Committee referred to, there was an indication from the Minister that 265 million plastic bags were issued a year. I do not know whether that was single-use bags or plastic, but the Minister said today that the figure is 250 million, so it is there or thereabouts. The Minister indicated that we are looking for a reduction of 80%, which would bring that number down to about 50 million. There was also an indication in the earlier debate of bringing it down to 40 million. One way or the other, the calculations relating to Mr Boylan's points are reasonably simple: if you get 5p back on each bag and there are 40 million bags, it brings in £2 million in revenue; if there are 50 million bags, it brings in £2.5 million. That is far short of the £4 million or £5 million that is in the budget lines for it. I know that, this year, we have already missed that target.

Mr Boylan asked how much the administration of the levy will cost, and figures for that differ from £500,000 to about £875,000 a year. So, again, that takes out something between £500,000 and £1 million. Although I fully support and appreciate the Minister's proposal that it is about better environmental practice and having a better environment, we cannot escape the issue that there are monetary values in the budget lines for it. I want to establish from the Minister how he will square that budget circle.

**Mrs D Kelly:** I do not have much to add except to welcome the regulations. It would be useful if the Minister could outline the methodology for enforcing the regulations. In particular, has the Department learned any lessons from how that has been handled in Wales or in the South of Ireland?

**Mr Speaker:** I call Barry McElduff.

**Mr McElduff:** Mr Speaker, I had not indicated.

**Mr Speaker:** Your name is on the speaking list.

**Mr McElduff:** Apologies for that.

**Mr Dallat:** I also thank the Minister for his statement and his expertise at linking the levy with the environment. Does he agree that investment in the environment is far too serious an issue to be dependent on the collection of money from bags?

**Mr Allister:** I confess that, in many regards, I struggle to follow the rhyme and reason of the regulations. A point was made, quite properly, about the financial balance sheet and the regulations. As Mr Elliott said, it is expected that the number of bags will be reduced to 50 million a year at 5p a bag, giving revenue of £2.5 million. I have yet to hear from the Minister how much the unit that has been set up in Londonderry to administer the scheme will cost the public purse, how much it will cost retailers to administer this wonderful scheme and what it will cost those who provide jobs in this country in bag production in losses. When the Minister answers, can we have some sort of credible balance sheet about where we are going with the idea of introducing charges on bags? Will it take account of all those issues? It seems that we are once more in the business of imposing a burden on retailers with little net gain for the environment.

I said that I had difficulty understanding the rhyme and reason of the regulations, and I find that particularly so when two facts are taken into account. The popular conception peddled for public consumption is that the regulations are about dealing with plastic bags. The regulations will, in fact, extend to biodegradable bags, so those bags, which do no harm to the environment, will be subject to taxation. At the same time, under the Minister's regulations, someone who picks up a carry-out from a local Chinese or from McDonald's will be exempt from taxation on those bags, which are most likely to be thrown out the window of a passing car with its empty containers littering our country roads. However, a pensioner who

walks to a corner shop to buy a few things will have to pay 5p for a disposable bag to carry them back home. That is why I struggle to understand the rhyme and reason of many of the regulations.

I am also concerned that we are at the beginning of the process and the Minister is promising or threatening that there will be a 10p levy on bags next year that will apply to all reusable bags. We have this notion that we will put a charge on plastic bags because we will cause people to think about their misuse of plastic bags, but, lo and behold, we will then put the same charge on reusable bags. I just do not know what we really are in the business of with a carrier bag charge. Financially, it does not seem to add up, and, environmentally, it does not seem to add up. When the Minister replies to the debate, I will be interested to hear whether he can at least answer some of the financial questions that are crying out to be answered.

**Mr Speaker:** I ask the House to take its ease for a few seconds as we move into Question Time.

*The debate stood suspended.*

2.30 pm

## Oral Answers to Questions

### Office of the First Minister and deputy First Minister

#### Barroso Task Force

1. **Mr G Kelly** asked the First Minister and deputy First Minister for an update on the work of the Barroso task force. (AQO 3107/11-15)

**Mr P Robinson (The First Minister):** Mr Speaker, with your permission, I will ask my colleague junior Minister Jonathan Bell to answer the question.

**Mr Bell (Junior Minister, Office of the First Minister and deputy First Minister):** The Executive published their 2012-13 European priorities in May, maintaining the thematic approach that was established in previous years. Departments have set themselves 124 targets to drive forward our European priorities. I am pleased to say that at the halfway point this year, thematic groups have reported back to us that 95% of our targets are on track to be met and achieved and that 30 targets, almost one quarter of the total, have been fully achieved. We continue to drive that work forward through the Barroso task force working group. We are looking to enhance Northern Ireland's competitiveness and to promote new skills and jobs. We also want to encourage innovation and technological advances to address the climate change issues, reduce harmful emissions and promote energy efficiency. Finally, we want to promote social cohesion, including conflict resolution.

Last December, we were in Brussels to update the European Commission task force members on the key economic and social challenges that we face. Minister Foster also met Commissioner Almunia to discuss regional aid matters, and Minister O'Neill attended the Agriculture and Fisheries Council. So, European engagement remains a high priority for the Executive, and the First Minister and deputy First Minister will continue that work when they visit Brussels later this month to participate in an EU peace conference at the invitation of Commissioner Hahn.

**Mr G Kelly:** Gabhaim buíochas leis an Aire. I thank the junior Minister for his answer up to now. Some years ago, with a fair amount of fanfare, the EU launched a microfinance

initiative. At that time, I think, there was something like €500 million right across the EU. It seemed to be a great idea at the time because it was there specifically for small and medium-sized enterprises. I think that you could get a loan of up to something like €20,000.

**Mr Speaker:** I encourage the Member to come to his question.

**Mr G Kelly:** Can the junior Minister update us on that? My memory is that when the financial institutions were brought in, and you needed the financial institutions, they were less than helpful. Has that changed in the meantime?

**Mr Bell:** I share the concerns that we promote our small and medium-sized enterprises in Northern Ireland. That work is largely taken forward by my colleague Minister Foster in the Department of Enterprise, Trade and Investment (DETI). The impression that I have received through my experience to date, and the active co-operation that we have received in Europe, indicates that there is a very positive focus from the European Commission on trying to support local businesses here in Northern Ireland.

It is worth considering, for a moment, the achievements we have made. In the 2012-13 implementation plan, there were 124 individual targets for delivery during the year. At the six-month stage, 118 of those, which is effectively 95%, are on track to be achieved; 24% have been fully achieved; and none is considered to be at risk of failure. The four thematic subgroups of the Barroso task force are continuing their engagement, and when we spoke to the desk officers in Brussels in December 2012, we heard that they were getting excellent co-operation, and the feedback from the Northern Ireland Executive office in Brussels was very positive.

The recent progress report from the working group is that it is assisting the Department of Enterprise, Trade and Investment to present to the Commission the renewable energy project — the ISLES (Irish-Scottish links on energy study) — to achieve project of common interest (PCI) status. That will strengthen the case for future funding. It also presented the regional position on greenhouse gas emissions at the recent environmental council and is supporting DETI and the Department of Health, Social Services and Public Safety in promoting the region as an exemplar of best practice and research excellence in the connected health arena.

I could go on, but time does not allow me to do that. There are a number of marks of progress there.

**Mr G Robinson:** Will the junior Minister provide an update on progress on the Executive target to increase drawdown of European corrective funding by 20% in 2015?

**Mr Bell:** Yes. In the coming months, as part of year two, which is 2012-13, we will re-examine the baseline and report on progress that officials are making. The positive news is that the Executive set the target of a 20% increase in the drawdown of EU competitive funds over the four years from April 2011 to March 2015. That equates to a drawdown of £53 million over the four-year period, which is an average of £13.2 million per year. I am pleased to report that in year one, 2011-12, the total reported drawdown has been £15.8 million, and that in the current year, year two, indications are that we will secure around £13.5 million of additional drawdown. Departments have now agreed targets for the remaining two years, which, if fully met, will exceed the £53 million target.

**Mrs Overend:** The junior Minister will be aware of the Whitehall upstream engagement process, where devolved Administrations are consulted by Westminster on matters of priority in Europe. Will the Minister outline the objectives that have been highlighted by the Office of the First Minister and deputy First Minister (OFMDFM) through this process?

**Mr Bell:** The objectives that we have been working on are set out in our European priorities that we have taken forward but we continue to work on a quarterly basis. We meet in Whitehall, and the meeting is chaired by the Foreign Secretary, William Hague, or Minister David Lidington. On the last occasion, both were in attendance. We continue to work fully with our UK counterparts to deliver against our programme. What we also do when we are in Brussels — we did it again in December — is meet the head of the United Kingdom Permanent Representation to the EU. We set out the way ahead and what our European priorities are. As you know, those are being taken forward through the thematic groups in the Barroso task force, and continuing a cross-departmental approach is the way forward.

The groups are now looking to 2013-14 to set their priorities, reflecting the Commission's legislative programme of 2013 and our Programme for Government priorities. We are also looking to recognise the opportunity that this year will provide to influence and shape

European Union decisions on policies such as the common agricultural policy, regional aid, structural funds and Horizon 2020, all of which will have a major impact on Northern Ireland over the next seven years.

**Mr Byrne:** Given that Ireland has just taken over the presidency of the EU for the next six months, can the Minister outline what interdepartmental discussions are taking place about trying to make sure that we maximise our potential in the CAP reform discussions?

**Mr Bell:** I know that there is a question to that effect, question 10, but we last updated Members on our involvement with the Irish Government during their presidency of the Council of the European Union in November 2012. Since then, the Irish Government have finalised their detailed programme and priorities for their presidency, with particular emphasis on stability, jobs and growth. We met the Irish Permanent Representation to show the needs that we have in Northern Ireland in respect of our Programme for Government and our European priorities. The focus of the presidency will be to drive recovery in Europe and to secure agreement, including with the European Parliament, on a comprehensive programme of policy and legislation. That will include advancing and concluding negotiations on the 67 or so regulations, including those, as the Member has asked, covering common agricultural policy reform and the cohesion policy, which would follow the agreement on the multi-annual financial framework for 2014 to 2020.

During our visit to Brussels in December, we took the opportunity to raise our interest in many of the issues with the head of the Irish Permanent Representation. The First Minister and deputy First Minister will have the opportunity to receive an update on the progress of the presidency from the ambassador when they meet him in Brussels later this month. Of course, final decisions rest with the Irish Government, whose job it is to broker the agreement between the Council and the European Parliament. For that reason, the First Minister and deputy First Minister will also meet the President of the Parliament, Martin Schulz, with a view to promote our interests during the presidency. We are particularly pleased to be involved in the first informal Council presidency meeting in Dublin on 20 and 21 January 2013. We understand that invitations to attend presidency events have been and will be extended to other Ministers as the presidency progresses. That will give Executive colleagues a similar opportunity to



share perspectives and promote our interests internationally.

We present a good case with our European priorities. We have a challenging Programme for Government. We have got to focus on that. We will use every opportunity in Europe to deliver for the people of Northern Ireland.

## Social Investment Fund: Educational Underachievement

2. **Mr Nesbitt** asked the First Minister and deputy First Minister how the social investment fund could be used to target educational underachievement among Protestant working-class boys. (AQO 3108/11-15)

**Mr P Robinson:** A key strategic objective of the social investment fund is to build pathways to employment by addressing educational underachievement, tackling barriers to employment and reducing skills deficits. The Executive recognised the need to address the systemic issues that are linked to deprivation. We took action to introduce the new social investment fund as an important lever to tackle multigenerational poverty and to improve future outcomes for children and young people.

There is a specific issue of educational underachievement among Protestant working-class boys. We want urgent action to improve outcomes. We expect steering groups to target interventions where evidence shows that there is a need to address the issue. Groups are working on plans. They are due to be with the Department by the end of January. In addition, we have identified educational underachievement as a priority issue to be addressed by our new cross-departmental Delivering Social Change agenda. Educational underachievement impacts negatively across a wide range of social policies. We are determined to make tangible improvements. Indeed, the signature programme for numeracy and literacy that we announced recently under the Delivering Social Change framework signals our commitment on that issue. I am pleased to say that plans are at an advanced stage. The Department of Education will move shortly to begin the recruitment of teachers for the scheme.

**Mr Nesbitt:** I thank the First Minister for his answer. He will be aware that at the first public meeting of the Unionist Forum on the Lower Newtownards Road on Friday 11 January 2013, educational underachievement by Protestant working-class boys was one of the key issues. I wonder whether the First Minister agrees with

that community that that is one of the definitions of the failure of Sinn Féin's tenure of the Education Ministry over the past 10 years?

**Mr P Robinson:** The issue of educational under-attainment in working-class Protestant communities has, probably, got a lead-in period that goes much beyond even the life of the Assembly itself. It needs to be tackled. It should be tackled. The first point in doing so is, obviously, the Department of Education. I am sure that the Minister of Education would want to tell the Assembly of the various steps that his Department has taken to tackle that issue.

When we looked at our agenda of Delivering Social Change, the deputy First Minister and I were of the view that we should make a contribution. I do not think that any one Department needs to take sole ownership of the issue. We made our contribution by bringing forward proposals that looked at employing another 230 teachers for one-to-one tutoring of children who are falling behind. With a joined-up approach required, we also put funding into improving parenting, which is an important aspect. I know from my own contacts in the social investment fund steering group for East Belfast that it is one of the issues that the steering group is taking seriously. I think, therefore, that one will see local proposals come forward that will also assist in that.

**Miss M McIlveen:** Last week, it was reported that the literacy and numeracy project had been delayed by the Department of Education. Can the First Minister assure the House that that important project will be taken forward as soon as possible?

**Mr P Robinson:** There was a report, which I think was in the 'Irish News', that indicated that the project was now three months behind and had not been published. In actual fact, when the deputy First Minister and I announced the scheme, we indicated that it would be early next year before the Department could start to move forward with that. We simply make the money available, which then goes to the Department of Education to prepare a scheme.

### 2.45 pm

Obviously, we are disappointed that we did not get the numeracy and literacy scheme from the Department earlier, but we have made moves to address any lack of progress and are pleased to say that we now have a detailed scheme from the Department for consideration.

I think it is also worth pointing out that the new Delivering Social Change agenda is cross-cutting and cross-departmental. I acknowledge that this new way of working will challenge Departments that have traditionally been comfortable doing what they have always done or sitting within the silo of their own Department, and I am not just talking about the Department of Education. The attitude of Departments acting on their own needs to be challenged, and we need to increase cross-cutting and cross-departmental working on these matters. Departments need to acknowledge that what they do impacts not only on their own departmental field but right across government and society. We are determined to break down that silo mentality and ensure meaningful collaboration on these significant policy areas.

**Mr Hazzard:** The Minister singled out educational underachievement amongst Protestant working-class boys. Will he also acknowledge that educational underachievement is not located solely in any one section of our community? Additionally, does he recognise that the best way of addressing underachievement is through mixed-ability learning? In light of that, will he now sign up to opposing the segregation of our children at 11 years old?

**Mr P Robinson:** I am very keen that we should end segregation in education. I wonder whether the Member will join us in calling for shared education in Northern Ireland at every level, not just from 11 years of age. I acknowledge that although it is clear statistically that there is a greater prevalence of educational underachievement among Protestant working-class boys, this is not an exclusively Protestant working-class issue. Wherever it is manifest, the social investment fund steering groups are clearly able to target it and take steps that might assist.

It must be a cause for concern for any of us in the House that significant numbers of people who go through our education system do not, at the end of many years, have the numeracy and literacy skills necessary to be able to get decent jobs in Northern Ireland. That is a concern across the community, no matter from which section of the community you come.

**Mr Dickson:** First Minister, can we be assured that the use of social investment fund (SIF) money will be subject to the appropriate scrutiny, that we may see what the outcomes will be, and that the social investment fund will

not be seen or perceived as a reward for violence?

**Mr P Robinson:** The requirement will be exactly the same as it is for other Executive funding, in that it will be necessary for it to go through the same challenging business case and other processes. We have a period — I think that it is between March and May — for the various plans to go through that process. So it will be the same rigorous process that is used for any other government spend.

## Social Investment Fund

3. **Mr Easton** asked the First Minister and deputy First Minister for an update on the social investment fund. (AQO 3109/11-15)

5. **Mr Newton** asked the First Minister and deputy First Minister for an update on the social investment fund. (AQO 3111/11-15)

**Mr P Robinson:** Mr Speaker, with your permission, I will answer questions 3 and 5 together. At the outset, let me say that it has always been important to us that the social investment fund is delivered in partnership with communities. SIF is a practical example of key stakeholder groups working together, side by side, for the benefit of communities as a whole.

Since October, our officials have been working alongside steering groups to ensure communities across all nine social investment zones are engaged in the process to identify objective needs and potential projects to tackle those needs. Following that engagement, steering groups are now entering the final stage of completing their draft area plans and prioritising projects, with local input to ensure maximum impact on the ground.

As you may be aware, we recently confirmed that the first phase of the social investment fund will operate until March 2016. That provides a longer time for the delivery of projects in targeted communities and will encourage maximum impact. In order to ensure that area plans are reflective of that and to respond to requests from a number of partnerships and key stakeholders, we have extended the area planning stage by one month. We now expect steering groups to submit final plans to the Department by the end of February, although I expect to get draft plans by the end of January. Upon receipt, the plans will be subject to a quality assurance review, with economic appraisals being completed before final decisions are made on the projects that are to

be funded. We expect projects to begin in communities soon afterwards.

**Mr Easton:** I thank the First Minister for his answer. Does the First Minister agree that the social investment fund has huge potential to deliver for areas that have traditionally fallen outside funding streams such as neighbourhood renewal? Is he able to outline a timescale for the release of funding under the community plan?

**Mr P Robinson:** I do recognise that the fund will have significant importance not only for areas that have traditionally been outside the neighbourhood renewal areas but for neighbourhood renewal areas. Considering that large swathes of the country did not enjoy the benefit of neighbourhood renewal, it will be particularly so for those areas.

This is a new way of doing things. That is some of the reason why it was necessary for us to take so long to ensure that our processes were right. This is a partnership with the community. Instead of Stormont telling people down in the local areas what their area needs, this is the opportunity for local communities to examine what the needs and requirements are in their communities and to put forward proposals for funding to meet the desire and need of that area. I think that it is particularly useful in building up local democracy. I see it, and I know that the deputy First Minister is in the same position, that we will monitor very closely how it proceeds, to see what further we can do. My concern is not so much that it be welcomed on the ground; my concern is that the expectations on the ground are so great, the funds may not be able to meet those expectations.

**Mr Newton:** I think that, in answering Mr Easton's supplementary question, the First Minister has, in fact, covered much of what I was going to ask. It is about the local democracy, and the fact that the social investment fund panel will be the lead, with officials and consultants there to provide assistance. The First Minister has confirmed that that is the case.

**Mr P Robinson:** That is the case. It is worth pointing out that the local input goes beyond the steering groups. The steering groups are required, although they would do it even if they were not, to speak to groups throughout the zone that they have responsibility for. They are being aided by consultants in doing that. So although, at present, the panels consist of political and community representatives, they

do have the benefit of getting input from the wider community before they bring forward any proposals. It might be worth saying that, beyond the community and political representatives, we do have to add to those groups representatives from business and statutory organisations. It was, however, felt to be important that, before we started doing that, we would see the shape of what local communities wanted, which would give us a better idea of which statutory agencies should be involved in a particular zone. As far as the business community is concerned, it would let us know what kind of business interests would be best suited to the needs of that zone.

**Mr Agnew:** I welcome the comments from the First Minister in answer to the previous question on the social investment fund, and that he is keen to see more collaboration across Departments and an end to silo mentality. Does he agree that that can happen if there is clear leadership from the top, but that if we want to turn best practice into common practice, that collaboration needs a statutory underpinning?

**Mr P Robinson:** There is nothing that stops Departments working together. One of the difficulties with the kind of political system we have is that there will be greater collaborative working between Departments with same-party Ministers. That is perhaps what we need to break down, so that people involved in the various themes can come together. We do that with a number of the groups that have been set up out of the Executive. We have a number of Executive subgroups that bring Ministers from different Departments together to deal with issues. It is not a new thing, and not unique to Northern Ireland, that Departments — I do not talk about Ministers only in this respect; I talk also about officials — get very defensive of their empire and very reluctant to allow others to collaborate with them. So it is a culture that needs to be broken down. From everything that I have seen of this Executive, they are up to doing that.

**Mr Allister:** I revert to the potential of the social investment fund to help to address educational underachievement. How does that sit with the Executive's policy, as administered by the Education Minister, of closing educational establishments, such as Orangefield High School, in affected areas and the proposition that Ballee Community High School in Ballymena, which serves the Harryville district, another area of high underachievement, be closed?

**Mr P Robinson:** Decisions have to be taken. I have been in opposition for most of my political life, and it is always easy to criticise Ministers for closing a school. However, you have to look at the facts and figures behind that. If, for instance, the number of pupils in a school gets down to about 100, and the children are being urged to go to other schools in the area, it becomes difficult economically and feasibly for that school to continue. The Member mentioned Orangefield, and I am in a better position to talk about that school than some of those in his constituency. When a meeting of Orangefield parents took place, the overwhelming majority were very glad to have the offer to send their children to Ashfield instead. So we need to look at the particulars because what may be right in one set of circumstances may be not be the answer in another. We need to get the best value that we can for the money that is available to us, whether in the Education Department or for any other Department's work. Closing an establishment is unpopular, and it is a difficult decision for anybody, whether we are talking about hospitals, other health facilities, education or anything else because there is an attachment to it. If the education of children is what is important, you have to look at how best they can be educated and whether they will be best educated if the resources are spread out in such a way that they do not get full value from the school in which they are currently taught.

## Historical Institutional Abuse Inquiry

4. **Mr Lynch** asked the First Minister and deputy First Minister for an update on the cost to date of the historical institutional abuse inquiry. (AQO 3110/11-15)

**Mr P Robinson:** Mr Speaker, with your permission, I will ask junior Minister Jonathan Bell to answer this question.

**Mr Bell:** As of 31 December 2012, the amount spent on the inquiry into historical institutional abuse stood at approximately £153,000. OFMDFM's commitment to meeting the cost of the inquiry is enshrined in the Inquiry into Historical Institutional Abuse Bill, which passed its Final Stage in the Assembly on 11 December and awaits Royal Assent. The inquiry has been carefully planned and costed to ensure that it meets the needs of victims and survivors and fulfils its terms of reference. Appropriate governance and accountability arrangements are being put in place to ensure robust budgetary control while protecting the independence of the inquiry.

**Mr Lynch:** Go raibh maith agat, a Cheann Comhairle. Gabhaim buíochas leis an Aire as an fheagra sin. I thank the Minister for answering my question. I am sure that the Minister, like the rest of us, has heard stories of lawyers filling in forms to enable victims and survivors to attend the acknowledgment forum and putting themselves down to accompany them. In light of the fact that lawyers are not being paid for doing so, does the Minister have any information on how many have attended the forum with their clients?

**Mr Bell:** First and foremost, this issue was raised with us by many of the victims whom we spoke to across Northern Ireland. It was the victims who said to us that they did not want an over-lawyered, expensive inquiry. They were interested in getting to the truth of what occurred; in having a proper independent and very judicious examination of what occurred; in the publication of a proper report; and in the apology and different elements of the inquiry that I outlined in earlier debates. The position of lawyers accompanying victims and survivors to the acknowledgement forum or the inquiry is clear: victims and survivors are welcome to bring a companion with them when speaking to the forum or the statutory inquiry. Although there is no bar on a lawyer attending in the capacity of a companion, the role of a companion is to assist and support a victim or survivor in recounting his or her experiences.

It is not the role of a companion to represent them in a legal capacity or otherwise. A lawyer who attends as a companion will not be paid for their attendance by OFMDFM or the inquiry.

## 3.00 pm

We should note that one of the most eminent former judges Sir Anthony Hart is taking forward the inquiry. He has considerable experience in the legal field. Referrals for child abuse, the criminal process and the civil proceedings all go ahead outside of the inquiry, as per the normal joint protocol rules between social services and the Police Service of Northern Ireland. There is legal aid for legal representation in criminal cases.

## Finance and Personnel

### Business: Flag Protests

1. **Mr Eastwood** asked the Minister of Finance and Personnel what help he can offer to businesses in Belfast and other areas which

have suffered losses due to the recent flag protests. (AQO 3122/11-15)

**Mr Wilson (The Minister of Finance and Personnel):** I am glad that the SDLP has now shown some concern about the impact of an issue that it is partly responsible for. Unfortunately, traders across Northern Ireland are bearing the brunt of a very bad political decision that did not need to be made in the first place.

We have to look at what is possible. It is really a matter for the Executive to consider what help, if any, can be given to those who have been impacted by some of the protests. There is scope, of course, in the Financial Assistance Act (Northern Ireland) 2009 to devise some kind of hardship scheme to assist businesses, especially those dependent on the night-time economy and the hospitality trade which have been perhaps the most badly affected in some areas. However, it would have to be thought through. The Assembly cannot simply afford to use public expenditure to provide blanket financial support to the business sector. Nor, indeed, would it be appropriate to do so.

My Department has little or no authority to deal with the issue. I have looked at a number of things. The hardship rate relief scheme is in existence, but it requires firm evidence of consequential trading loss over a sustained period before we can lend help to those who are in financial distress. In the past, it was used during the time of foot-and-mouth disease, the volcanic ash cloud and other periods of long-term sporadic civil unrest. There could be rateable revaluations, but that requires an appeal; it would not bring immediate respite to the businesses.

**Mr Eastwood:** I take it that the Minister agrees with me that the flag protests have created a huge burden on the business owners, especially those in his city of Belfast. I am glad to hear that he is looking at options. Will he do that with a real sense of urgency to try to lift the burden off some of those very hard-pressed retailers, restaurateurs and bar owners? If this thing goes on any longer, a lot of them will go out of business.

**Mr Wilson:** It is a great pity that the consequences of the decision on the flag issue were not thought through more by the parties that sit on the other side of the House. The decision did not have to be made. *[Interruption.]*

**Mr Speaker:** Order.

**Mr Wilson:** There was no demand for that decision to be made. The decision came at the worst possible time. Perhaps a bit of political insight at that stage, rather than simply pandering — the SDLP, of course, is very good at following the lead of Sinn Féin — *[Interruption.]*

**Mr Speaker:** Order.

**Mr Wilson:** Then, of course, it was aided and abetted in that by the Alliance Party. Perhaps that is when thought should have been given to this issue.

Of course, with all the constraints that I have given in the answer to date, we will look at the possible options. In fact, I intend to meet some people from the hospitality industry, along with Arlene Foster. I will spell out to them what options might be available and the difficulties with all those options.

**Mr Mitchel McLaughlin:** There definitely was an impact on the traders — nobody is going to dispute that — but it might be possible to identify how we can practically help if we also factor in the pressure from the general economic downturn and the increase in online shopping and trading. Those were also factors.

**Mr Wilson:** The Member has made a very important point, and this is the problem with any relief scheme. First, we have to establish what other factors, aside from the public disorder, might have created the problem. Of course, the effect has been patchy. I notice from some of the reports that, even in Belfast city centre, some traders said that they had had a much better Christmas than in previous years, even in the middle of a recession. It is about identifying those who were genuinely hurt and hit by the disorder and disruption and ascertaining what support, if any, can be given to them. The one thing that we cannot do is simply throw bucket-loads of public money at a problem that, for some traders, might not have existed at all. We also cannot give an unfair advantage to some who might fall within the scope of the scheme while others who were equally badly hit do not fall within its scope because it is badly designed.

**Mrs Cochrane:** Does the Minister agree that the DUP's refusal to include a clear policy on flags and emblems as part of the cohesion, sharing and integration (CSI) strategy has contributed to the serious situation that businesses have found themselves in?

**Mr Wilson:** First, if Alliance Party Members want to make themselves relevant, it might be useful if they ask supplementary questions that are relevant to the original question and, secondly, where there are opportunities to discuss the CSI strategy, that they would actually attend the meetings. It is a bit difficult to take lectures on the CSI strategy from someone who is totally, to use a word that seems to be bandied around the political arena quite frequently at the moment, "disengaged" from that strategy.

**Mrs Overend:** Will the Minister consider a rate reduction for those businesses that can demonstrate they suffered a downturn because of the flag protest?

**Mr Wilson:** First, a rate reduction would have to be applied on the basis of a consistent policy. We have done that, for example, for small businesses. If we are going to have a policy like that there have to be clear criteria.

Look at the language the Member used — those who have been adversely affected by the protests. How do we ascertain how much a business has been adversely affected? As Mr McLaughlin pointed out, that adverse impact could be part of the general downturn in trade or changing trade patterns. It could also be part of the deterioration of a particular section of the city, like an arterial route or something like that. Before we start to apply things like a rate reduction, all those factors need to be considered. To draw up a policy of that nature — it would have to be a consistent policy — would require consultation, etc, and would not provide immediate relief for any of those businesses. Of course, we would also have to take certain statutory steps to get the kind of solution the Member has suggested.

## Peace III Projects

2. **Mr Cree** asked the Minister of Finance and Personnel to outline the cross-community split on projects being funded under Peace III to date. (AQO 3123/11-15)

**Mr Wilson:** EU funding is allocated on the basis of the quality of the funding applications received and not really on their source. Applications have to be assessed against agreed selection criteria that reflect the programme's aims and objectives. No shares can be set aside for particular communities. The one thing that I would say, however, is that we do monitor where the money goes, not because we have an obligation to make sure that it is shared out on a certain basis but

because we really want to know whether any particular parts of the community are not benefitting.

In May 2011, its most recent survey, the Northern Ireland Statistics and Research Agency undertook a community uptake analysis for the Peace III programme. At that time, it was estimated that 54% of the money allocated benefited the Catholic community and 46% the Protestant community.

**Mr Cree:** I thank the Minister for his response. It is certainly not an issue that affects any particular section of the community; but can any more be done to encourage the development of projects from the complete community?

**Mr Wilson:** I am glad that the Member has asked the question in the way that he has. This money is called a peace fund and is not designed to sectionalise pockets of the population but to bring the population together. In light of what has happened in the past weeks and in pockets of places over the past year, some people would question its effectiveness in delivering on some of those peace objectives. The Special EU Programmes Body seeks to encourage widespread applications from a range of groups. It advises them on how to succeed in those applications and how to build up capacity where it is lacking, and I believe that that work has to continue.

**Mr D Bradley:** Go raibh maith agat, a Cheann Comhairle. Does the Minister agree that it is more important that, regardless of their origins, projects that are selected for funding meet the criteria set, have merit, are sustainable and contribute to community cohesion and development?

**Mr Wilson:** I do, and, in fact, that is the point that I made. Unfortunately, I have to say to the Member that it is very often his party that raises the issue of the community balance of employment, of where investment projects go and of where government money goes. It is pleasant to hear that there may be some conversion on the SDLP's part because it has, in the past, been the party that has most demanded breakdowns of all kinds of government activity between the Catholic community and the unionist community. As far as I am concerned, when it comes to the distribution of government money, and when it comes to employment and a whole range of things, decisions should be based on merit and not community affiliation.

**Mr Campbell:** Will the Minister outline how much Peace III money has gone to victims'

groups? In doing so, will he highlight and elaborate somewhat on the necessity to ensure that any future funding from here on in is seen to benefit genuine victims of past terrorism?

**Mr Wilson:** To date, £12.9 million has been awarded to projects that deal with victim or survivors' groups. In addition, £3.9 million has been awarded to projects that include victims or survivors as a specific, named target group. Obviously, we are coming to the end of the current Peace III money. There may be a Peace IV; we do not know. There will be significant consultation on that. I would certainly like to see a greater balance of the money that is available under Peace III going to those who have been victims of the terrorism that we suffered over the 40 years. I believe that those people need support, given the trauma and the difficulties that they have gone through as a result of actions inflicted on them that they did not invite.

## Fiscal Balance Report

3. **Mr Molloy** asked the Minister of Finance and Personnel to outline how the Treasury's total expenditure on services framework is employed to calculate the total expenditure associated within the 'Net Fiscal Balance Report 2009-10 and 2010-11' published by his Department in November 2012. (AQO 3124/11-15)

**Mr Wilson:** As outlined in annex c of the report, total expenditure on services comprises two components. The first is identifiable expenditure and the second is non-identifiable expenditure. As its very name indicates, identifiable expenditure is money that is clearly attributable to Northern Ireland. It is published by the Treasury in its 'Public Expenditure Statistical Analyses'. The non-identifiable expenditure is that which is undertaken for the United Kingdom as a whole and then apportioned to Northern Ireland, Scotland or Wales. That would be, for example, money that is spent on defence, money that is spent on interest on public sector debt and money that is spent on foreign aid, etc. Of course, there are estimates done on how much is attributable to Northern Ireland expenditure.

3.15 pm

**Mr Molloy:** I thank the Minister for the reply. Can I take it that money has been allocated to the Assembly but is then drawn back and used by Westminster? Does that mean, or does the Minister agree, that aspects of expenditure in the total expenditure serve as a framework, which the Executive have very little say over?

The Departments actually have little or no say. It is allocated to the Assembly in the block grant, but is then drawn back again, with little or no input from the Assembly.

**Mr Wilson:** No, that is not the case. The money that is allocated in the block grant is that identifiable expenditure and, on top of that, the annually managed expenditure — that is, money that comes for social security, etc. That money comes to Northern Ireland, it is given to the Executive, the Executive vote on how it is spent, and it is not taken back by Westminster in any way. However, there is other UK-wide expenditure that is never allocated to Northern Ireland. It is simply UK-wide expenditure. To give a full picture of the resources that have been spent by the Government in relation to people in various parts of the United Kingdom, part of that expenditure is then attributed to Northern Ireland. Sometimes it is done on a population basis, sometimes it is done on the gross value added basis, or maybe on the basis of consumption, but the Government simply make an estimate. Northern Ireland benefits from the fact that we have an army and we have defence expenditure. We, as citizens of Northern Ireland, benefit from that. We have benefited in the past from borrowing that has been used for capital expenditure. However, there is interest to be paid on that borrowing, and there are costs for the army. When the Government look at the total amount of money, they attribute part of that to Northern Ireland, and that is the non-identifiable expenditure. It is an estimate but, nevertheless, provided that you use consistent methods across regions and across time, it should give an accurate picture.

**Mrs Dobson:** I believe that the net fiscal balance report only provides an overview of Northern Ireland's public sector finances. Can the Minister usefully use the corporation tax estimates that are in the report?

**Mr Wilson:** We can, in so far as the estimates are, first of all, done on the basis of the normal method of compiling those statistics. Secondly, in our negotiations with the Treasury, there is the notional figure of what is raised, because not all of it is clearly identifiable in Northern Ireland. For example, companies that are based in England but earn profit in Northern Ireland may declare that profit in England, etc, so there is some drilling down work to be done there.

Of course, when it comes to the total impact of devolving corporation tax, we have thrown in other factors, such as the secondary impacts if, for example, as a result of reducing corporation

tax in Northern Ireland, other taxes were gathered. We believe that that is part of the benefit of devolving corporation tax. Therefore, there is the basic figure of how much is collected, then there is the adding in or subtracting for some of the things that may not be immediately available in those estimates, and then the consideration of what other secondary impacts there might be. When we put all that together, that is where the haggling with Westminster occurs about what the total requirement should be for us in paying for the devolution of corporation tax.

**Mr Rogers:** Does the Minister have a breakdown of the non-identifiable expenditure for Northern Ireland?

**Mr Wilson:** I do. I could read it out to the Member, but I will give him some of the information. The biggest non-identifiable expenditure is on debt interest, which is £1·276 billion. The second biggest is defence, which amounts to £1·12 billion. The list goes on and includes international services, public and common services, EU transactions, public order and safety, social protection and recreation, culture and religion. There is a whole range of them there. Non-identifiable expenditure amounts in total to £3·217 billion.

## Pensions Legislation

4. **Mr McGimpsey** asked the Minister of Finance and Personnel what impact the Westminster pensions Bill will have on the Executive's decision to promote their own pensions Bill. (AQO 3125/11-15)

**Mr Wilson:** The Westminster Public Service Pensions Bill is designed to give effect to the recommendations made by the Independent Public Service Pensions Commission, which were accepted by the coalition Government as the basis for reform of public service pension schemes. The commission recommended that its reforms should be applied on a United Kingdom-wide basis.

Public service pension policy is devolved. In March 2012, the Executive agreed to adopt the pension reform policy in Northern Ireland, the key elements of which replace final salary pension provision with career average pensions and link retirement age to the state pension age. So, the Executive have already agreed to the implementation of the principles of the Bill. However, because it is a devolved issue, and because we decided not to attach ourselves to the legislation that is going through

Westminster, we have to take the legislation through the Assembly.

**Mr McGimpsey:** I am concerned about the implications for financial sanctions if we do not hit the time frame that the Minister is looking for. Can he shed any light on where we are as far as the time frame is concerned and on possible financial sanctions if we do not meet it?

**Mr Wilson:** The Member is right to be concerned about the financial sanctions. The Treasury Minister has already made it quite clear that he will not give us an exemption. If they are going to go through the pain of pension reform in the rest of the United Kingdom, there is no intention to give Northern Ireland a bye-ball on this issue.

The cost has already been estimated. If we made no change and carried the current liabilities that we have for pensions in Northern Ireland while they had been reformed in the rest of the United Kingdom, the cost would be about £270 million a year. The Treasury has made it quite clear that on a rolling basis, month-by-month or even day-by-day, for every day's delay, there will be an imposition on the block grant for the difference in the pension liability. So, it is important, as the Member has said, that we abide by the timetable and introduce the legislation on time.

As a result of some of the work that I have done, I hope that, despite the fact that the Assembly did not take the easy way of attaching itself to Westminster legislation, we still can get Royal Assent in time for this to be done. Nevertheless, I must issue a warning. That means that there cannot be any play-acting with this. The Committee for Finance and Personnel, which has given its commitment, cannot delay the deliberations on this matter. There can be no delay in the Assembly or in the Executive in getting the Bill out for consultation. When it comes to the regulations, it is important that the four or five different Ministers who are involved do not cause any delays once the primary legislation has been established.

**Mr McElduff:** Go raibh maith agat, a Cheann Comhairle. Does the Minister agree that whatever approach is applied in this region to pensions, we must recognise that the incidence of poverty, especially fuel poverty, must be addressed for our pensioner population?

**Mr Wilson:** That is a totally separate issue from the level of pensions and the pensions



legislation. Of course, there needs to be a means by which we address the whole issue of fuel poverty. The Department for Social Development has a role to play, as does the Department of Enterprise, Trade and Investment. I was pleased to announce Northern Ireland's exemption from the carbon price floor here today when we discussed the autumn statement. I raise the issue only because the Member was not here when I made my statement. However, I suppose the only person in the Assembly who will not be pleased about the announcement of Northern Ireland being exempt from the carbon price floor will be the Member for the Green Party, who sits here in the corner. As a result of that exemption, the potential for a 15% rise in electricity prices in Northern Ireland has been avoided.

**Mr Durkan:** I thank the Minister for his answers. How will those in a final salary pension scheme be compensated in the move to a career average scheme?

**Mr Wilson:** There are transitional protections for people who are in final salary pension schemes. People have jumped up and down about pension reform, but thought has been given to how people who have made contributions and expect certain final salary pensions will be protected. One provision concerns members who are within 10 years of the existing normal pension age on 1 April 2012. Those groups will remain in the existing schemes, and those within a further three or four years of normal pension age will have the option to delay transition to the new scheme. So there is protection for people who have made substantial contributions over their working lives and expect a final salary pension arrangement. As I said, that protection will be there for those within 14 years of retiring at normal pension age.

## Prompt Payment

5. **Mr Dunne** asked the Minister of Finance and Personnel what measures are being put in place to ensure prompt payment to subcontractors and suppliers by the main contractor working on public and private sector contracts. (AQO 3126/11-15)

**Mr Wilson:** For public sector contracts, Central Procurement Directorate (CPD) guidance includes a number of measures aimed at ensuring prompt payment to subcontractors. Those include payments by main contractors to be made within 30 days; monthly reporting by main contractors on payment progress where

the subcontract value exceeds 1% of the total contract or £10,000; payment issues to be a standing agenda item for project meetings; random checking by project managers to ensure that subcontractors have been paid the money due them; and, ultimately, exclusion of contractors from tender opportunities for up to a year if they do not comply with contract conditions relating to prompt payment.

**Mr Dunne:** I thank the Minister for his answer. What steps are being taken to prevent acceptance of subeconomic or abnormally low tenders?

**Mr Wilson:** The 2006 public procurement regulations allow contracting authorities to set aside a tender if they believe it is abnormally low and could not be delivered at the price at which it is offered. CPD is developing guidance for centres of procurement excellence for contracts below the EU thresholds and will employ a formula to identify and exclude such bids. There is no point in our appointing a contractor knowing full well that the price is so risky that the contractor will go bust during the contract, and we will be left trying to get someone to finish the contract, or, because of the low contract price, the contractor tries to squeeze subcontractors to make sure that he can work within the contract price. For those reasons, subeconomic contracts need to be, and will be, looked at very closely.

**Mr McGlone:** Go raibh maith agat, a Cheann Comhairle. I thank the Minister for his work in this regard. Will he outline the measures that he is proposing? What methodology will be used to monitor those to make sure that they are delivering? As chair of the all-party group on construction, I suggest that they are very welcome. Many representative bodies have advocated the very measures that the Minister proposes.

**Mr Wilson:** First, I will talk about the existing measures. I will also talk about one measure that I did not mention because I thought that there may have been a supplementary question on it. With regard to existing measures, it is up to project managers. A project manager plays an important part in looking at the bills, examining whether they have been paid and, if not, asking the main contractor why not. If the main contractor is breaching the terms of a contract, a project manager ensures that those breaches are reported so that sanctions can be imposed. Ultimately, the sanction will be that the main contractor can be excluded from public sector projects.

**3.30 pm**

The measure that the Member is asking about is one that he has advocated — I thank him for some of the suggestions that he has made on this — namely the introduction of project bank accounts, which will start for CPD-awarded contracts worth over £1 million to the construction industry from January onwards. We are working with the banks to devise the mechanism that is required. Staff are being trained in the application of the project bank accounts. It is my hope that, as a result, we will find a way of stopping main contractors using subcontractors as a bank. The idea is that, once the money has been paid into a project bank account, subcontractors with a legitimate claim should be paid within five days. I think that a number of subcontractors who currently find themselves in great difficulty will welcome that.

As far as the private sector is concerned, we changed the Contracts Act to make arbitration much easier and much less costly. For those involved in the private sector who do not have the kind of protection that I mentioned, we have hopefully eased the path for them to ensure that they get paid on time too.

## Question for Urgent Oral Answer

### Northern Ireland Housing Executive: Written Ministerial Statement

**Mr Speaker:** Mr Mark Durkan has given notice of a question for urgent oral answer to the Minister for Social Development. I remind Members that, if they wish to ask a supplementary question, they should do so by continually rising in their place, as they do normally at Question Time. I know that I continually remind Members of the convention and procedure, but I believe that I will have to continue to do so until they learn the lesson. The Member who tabled the question will be called automatically to ask a supplementary. I will then call other Members who are on their feet to ask a supplementary, taking account of the same issues as I do at Question Time.

**Mr Durkan** asked the Minister for Social Development why he chose to make a written statement on an issue as important as the outcome of the review of the Northern Ireland Housing Executive rather than making an oral statement in the House.

**Mr McCausland (The Minister for Social Development):** The statement was about advising Members of the start of a process. Having given careful consideration to the type of statement to use, I elected on this occasion to use the written ministerial statement route to advise Members of the start of a process of discussion and deliberation.

I have set the high-level vision for the new structures to underpin social housing delivery as we move forward. However, these proposals need to be explored further to provide detail on those structures and to reach agreement and consensus. I believe that it was critical to move a debate about future housing structures forward so that we can move on from considering what we need to achieve to work together on designing the structures that will reach the goal of a sustainable housing model that delivers for tenants and the taxpayer and can support both the improvement and delivery of new social housing.

A detailed programme of work will now begin that will involve engagement with key stakeholders. Principal among those are the Housing Executive — I plan to meet the Housing Executive board on Wednesday — the Committee for Social Development, which I have offered to meet on Thursday, and, of

course, tenants, staff and their representatives. As I said, the engagement process will commence with a meeting with the board on Wednesday and with the arrangements to meet the Committee for Social Development on Thursday, and it will proceed from there.

It has always been my intention to come to the Chamber to give oral statements once the process is advanced and there is something more substantive to discuss. Because of the nature of the initial statement, I deemed the written statement to be the most appropriate approach on this occasion.

**Mr Durkan:** I thank the Minister for his answer. The SDLP is not the only party to have expressed concern at the manner in which the original statement was made. Indeed, you, Mr Speaker, advised that on a matter of such public importance as the future of the Northern Ireland Housing Executive an oral statement to the House might have been more appropriate.

I welcome the Minister's intention to present proposals to the Social Development Committee and have further engagement on his proposals, but in the absence of him taking questions to date speculation has been rife among tenants, other taxpayers and not least among staff about what the proposals will mean for them.

**Mr Speaker:** I ask the Member to come to his question.

**Mr Durkan:** OK, Mr Speaker. What assurances, if any, or words of comfort can the Minister give to Housing Executive staff concerned about their future at this time?

**Mr McCausland:** I certainly concur with the Member that there has been speculation. Indeed, on one online news site, there was extensive speculation even before I had made the statement and a detailed analysis of what I was going to say, much of which was seriously misinformed. So, the issue of speculation is one that I acknowledge.

The statement has set out the general path of travel. The detail of that has yet to be worked out, and I emphasise that point again. The Member asked whether there will be issues regarding staff. Understandably, many staff are concerned following the announcement of the proposals for social housing. Whenever there is change, in any scenario, people have concerns about how it will ultimately develop. Let me stress that this is not about cutting jobs or saving money. I hope that Members, when I

have given that categorical assurance, will acknowledge that and carry that message out to the wider community. It is about getting the right structure for social housing in Northern Ireland as we move forward. The functions that are currently carried out by the Housing Executive will still have to be carried out. Grants will still have to be awarded, and properties will still have to be managed. All of those different functions will still take place, and that will require staff. This is not about cutting staff, and it is not about saving money. I trust that the Member will take my assurance on that and convey that to others when he is speaking to them.

**Mr Maskey (The Chairperson of the Committee for Social Development):** Go raibh maith agat, a Cheann Comhairle. I thank the Minister for his responses so far. Does he and do you, Mr Speaker, accept that on a matter of such importance and contention in our broader community it would have been better and much more appropriate for the announcement to be made to the Assembly itself? Nothing that the Minister has said by way of explanation takes away from the need to have done that. I ask the Minister to concur with me that, had the announcement been made in the Assembly in an open and transparent way, that would have undermined anybody's willingness or ability, even with regard to concerns that were well founded, for idle speculation. We started off with the potential for a very important announcement and a good opportunity to build more social houses and to build and allocate them on the basis of need. We started that off, but we started off falsely.

**Mr Speaker:** Will the Member come to his question?

**Mr Maskey:** I ask the Minister to accept that it would have been much better to come to the House first to make such an important announcement so that there was an open discussion as opposed to leaving it to idle speculation.

**Mr McCausland:** A judgement was made at the time. There are different views that one could take on it. We are where we are today. Even after issuing the written statement, I found that, when I was being interviewed about it, time and again all I could say in answer to questions was, "Those are things that are still to be discussed. There has to be a lot of consideration, appraisals and business cases. All sorts of things will have to be done. There are two years of work ahead of us". However, I

welcome the fact that, as the Member acknowledges, this is a good opportunity for us to improve much of our social housing and to increase the quantity. I have had people in my constituency office in the past number of weeks who live in Housing Executive properties from the 1960s and have issues with damp penetrating through walls. We estimate that at least £1 billion of work needs to be done in the shorter term to bring properties up to standard. If we can do that through this method, that will be for the good of tenants. That has to be our priority.

**Mr Campbell:** Most people will accept that an announcement of significance and importance that has not been flagged up previously should be announced on the Floor of the Assembly. Does the Minister accept that that is not the case with this announcement because the direction of travel had been flagged up by him to the Social Development Committee? Therefore, one interview by a member of that Committee, who said that it was the first he had heard of it, seems totally nonsensical to many people.

**Mr McCausland:** I thank the Member for his question. I assume the Member to whom he has referred is not in the Chamber at the moment.

**Mr Campbell:** No.

**Mr McCausland:** I am correct about that.

The issue has indeed been flagged up on many occasions and, of course, was first flagged up when my predecessor, Alex Attwood, initiated the very review of the Housing Executive. That work started in the previous Assembly under the previous Minister. As soon as I came into the Department, I agreed that that was the right way to move forward. I have taken it forward, and, at every stage, there has been consultation, discussion and a lot of thinking about how we develop it. I have met the Social Development Committee in the past to speak about it. So, if anybody says that they were surprised, I do not know whether they were sleeping through the meetings, missed a meeting or do not read the newspapers or what, but it certainly should not come as any surprise to anyone. The Member is absolutely right.

**Mr Beggs:** I thank Mr Durkan for bringing the issue to the House, because it affects not only thousands of staff but tens of thousands of tenants. Will the Minister accept that it is highly unusual that such a significant statement should be made in written format and not

brought before the House to give Members the chance to ask questions? Can he advise us if decisions have already been made? It is unusual to decide to close a body without agreeing what will replace it.

**Mr McCausland:** The first part of the question has already been asked and answered, but I will respond to the second part. It would be wrong for me to predetermine where this will eventually finish and the exact detail of it. All that I have done is set out the road map — the segregation of certain functions as recommended by the consultants and, indeed, by many other experts in the field of housing. There is a determination and an agreement generally that that is the right direction of travel, but the fine detail of the nature of a number of these things has still to be worked through. There is a lot of work still to be done, and that is why there will have to be engagement with the Social Development Committee. This is a matter that will come before the Committee, and ultimately there will be legislation before the House. There is a tremendous amount of work to be done over the next two years, and it will be a real challenge for the Assembly, the Committee and all stakeholders to make sure that we get the right outcome. The key thing is to keep the focus on the best outcome for tenants and taxpayers.

**Mrs Cochrane:** Will the Minister agree that not making an oral statement on something so significant has perhaps created unnecessary suspicion around what some of the changes may be, especially given that the statement is ambiguous in places and does not allow questions for clarification? Can he confirm whether the Executive have actually agreed to the proposals, or do some ministerial colleagues still have concerns?

**Mr McCausland:** The Member used the word "suspicion". There should not be any grounds at all for suspicion, because the pattern of the work and the direction of travel was set out some time ago, and we knew clearly where it was tending towards. In terms of ambiguity, there are certain things where the details have not yet been worked out, and I have made that absolutely clear. That is why certain things are not in the statement. All that is in the statement is a general direction of travel, and, as we do the work and discuss it with the Housing Executive, other experts in the housing field, the Social Development Committee and others, the detail will gradually emerge. The Member describes the statement as ambiguous or having a lack of precision, but, at this stage, without having done all that detailed work, it

would be wrong of me to say what the outcome will be. That would mean that all of that work would be nugatory. We would not need to do it because I had predetermined the outcome.

It is essential that we do that work. It will take some time, and it will be detailed work. It will provide a firm evidence base for the details of the final outcome being filled in. The Member who posed the question is a member of the Social Development Committee, and, if the Committee, the Department, I as Minister and others work closely together on this, we will get a good outcome. Housing is such an important issue that it is essential that we get this absolutely right.

**3.45 pm**

**Mr Allister:** If the direction of travel includes removing from the Northern Ireland Housing Executive its landlord functions and the transfer of those, in the main, to housing associations, how is that likely to impact on rent levels, given that rents in that sector tend to be higher than executive levels?

**Mr McCausland:** By way of background, separation of the regional provision from the landlord function has happened elsewhere in the United Kingdom. An example of that is Glasgow, where a landlord function has been separated out.

I am proposing that consideration be given to the development of a new rent policy and to the establishment of a new social housing rent panel that will operate within that rent policy. A key element of that will, of course, be affordability. Annual rent increases have been a feature of social housing over many years, and the Member will be aware of that. That is necessary to maintain standards, because, without that income, we are not able to maintain the standards of the houses in the Housing Executive's stock of 90,000 properties. It is expected that future rent levels will be better aligned to planned investment and funding requirements.

One thing that I would mention in passing is that, although rent for newer housing association properties tends to be higher, the energy efficiency of the homes is also much higher, and the cost of heating those homes is significantly — very significantly, in many cases — reduced. There is a substantial saving for the tenant in their expenditure on heating their home. So, they will benefit from a more energy-efficient home, hopefully, in the future.

There is also an issue about closer convergence between Housing Executive and housing association rent levels, but over a period of time. As I said, affordability has to be a key issue. I will certainly work with officials to define the policy and the framework within which the new rent advisory panel will work to achieve this. That and many other aspects of this will become clearer over the next period, but the general approach of separating the regional function from the landlord function is now general practice across the United Kingdom.

**Mr Agnew:** Can the Minister provide an outline of how the accountability structure will work in the new structures with regard to not only his Department holding housing associations to account but tenants' representation, which they currently have with the Housing Executive? Will he guarantee that that will still be in place under the new housing structures?

**Mr McCausland:** As I said, there are many things in the detail of this that have yet to be worked through. All we have done is set out the general line of travel. The Member is getting into detail here that is beyond what has already been determined. All those other things have still to be worked through and will be worked through. Certainly, as we go about that process, engagement and consultation with tenants will be important.

**Mrs D Kelly:** All the commentators and analysts could not have been wrong. They read into what the Minister published last week that his actions would result in the abolition of the Housing Executive. There was no denial last week from the Minister. The Minister has said clearly this afternoon that the Housing Executive will remain as a function. We all know why the Housing Executive was created. The Minister also said this afternoon that he was committed to building more public sector housing. Can he explain to the House why he has handed back enough money in the last two monitoring rounds to build 200 houses and create numerous jobs?

**Mr Speaker:** Order. I have given Members quite a bit of latitude. We are getting into a full-blooded debate around this particular subject. The question was very focused. I have allowed Members some latitude, but I will leave it to the Minister.

**Mr McCausland:** I am happy to respond to that.

Mrs Kelly sets herself up for an easy answer in that regard. First of all — *[Interruption.]* If she would listen instead of talking so much, she might hear more. Let me say first of all — *[Interruption.]* Again, the Member seems to have some difficulty in listening. First of all, this matter started under my predecessor, a member of her own party. One Alex Attwood, a member of the SDLP, started the review of the Housing Executive. He started it; I have continued the process. The Member did not seem to have any objection when it was Alex Attwood doing it; she did not have any trouble at all then. So, I think that there is something rather partisan about her view on the matter. The second point that I would make is that the middle bit of her question was incoherent. The final point that I would make is this — *[Interruption.]* We could all laugh at the question because it was good for a laugh.

The third point that I would make is about the money being handed back. It is an interesting point. I made a point of bringing in the Housing Executive and the housing associations and saying to them that the money that it was proposed to hand back was unacceptable and that work should be done to reduce that amount. If the Member is going to apportion responsibility in this regard, we allocate the money for the Housing Executive to hand out grants to housing associations to build houses. If there is an issue there, it certainly does not lie with my Department, and the question is where it should be apportioned.

If she knew a bit more about the subject, the Member would be aware that the number of houses being built was actually as anticipated. It was simply the fact that, in part, they were able, for a number of reasons, to acquire that number of houses for a smaller amount of money. I wanted to ensure that, if there was money, it was not handed back and we made sure that it went into the housing sector. A very substantial part of the money that it was initially proposed to hand back was put into the housing sector. So, my oversight of the Housing Executive ensured that we are in a much better position today than we would have been otherwise.

To get back to the core of the Member's point, this all started under my predecessor, a member of the SDLP. I could also point out that, when I sent the proposal around the Executive, the general thrust of the paper received very little criticism from her party colleague. Those core points were accepted. Yes, there were some issues here and there, but the core direction of travel is one that everyone has basically signed up to — because

it is the only way of travel, and it has been good practice right across the United Kingdom.

**Mr Speaker:** Order, Members. That concludes this item of business. We now return to the —

**Mrs McKeivitt:** On a point of order, Mr Speaker. Is it in order for a Member sitting on the opposite Benches to take photographs during the debate? Mr Speaker, I ask you to examine the video evidence to establish that. Do you agree that that could be seen as a form of intimidation?

**Mr Speaker:** It is not in order for any Member or even any member of the public to take photographs in the Chamber without permission. However, I am happy enough to talk to the Member outside the Chamber on the issue, if the Member wants to do that, rather than bring it back to the House.

## Executive Committee Business

### Single Use Carrier Bags Charge Regulations (Northern Ireland) 2012

*Debate resumed on motion:*

*That the draft Single Use Carrier Bags Charge Regulations (Northern Ireland) 2012 be approved. — [Mr Attwood (The Minister of the Environment).]*

**Mr Agnew:** There is wide consensus that plastic bags cause environmental damage as litter and in the harmful impact that their improper disposal can have on wildlife, as well as the visual impact that they have on our towns, cities and rural areas. It may not be so widely known that the production of plastic bags is incredibly damaging. The basis of a plastic bag is petrochemical, and the resultant environmental damage of the end disposal of the plastic bag is, therefore, considerable. They are not recyclable, and even those that are claimed to be biodegradable can still cause damage.

It is clear that the objective of any legislative or policy change should be around behavioural change. We have had voluntary approaches that have brought us so far. Those of us who carried reusable bags back then got funny looks for doing so, and shop assistants thought that you were a bit strange because you carried such bags. Now, an increasing number of reusable bags are branded and are seen to be fashionable, and I suppose that that is to be welcomed if it makes reusable bags more socially acceptable. Some supermarkets have either introduced their own charges or encouraged their staff to ask people whether they really need a plastic bag. In many cases, people will not, but they have been accepting them without thinking for so long that they do so without questioning it.

*(Mr Deputy Speaker [Mr Dallat] in the Chair)*

The charge being introduced will move those who have not changed to reusable bags in the right direction. As the Minister outlined, evidence from elsewhere shows an 80% or higher reduction in the use of plastic bags as the result of charges being brought in, and that is welcome. I have heard that, when single-use plastic bags have been scrapped, there has been a greater use of heavier bin liners, but no one has been able to provide me with evidence

of that. In his consultation and in his departmental research, did the Minister find any evidence that the volume of plastic bag use or disposal has increased due to the introduction of charges? I have found no evidence of it. As far as I can see, there is no evidence of it, but it is important to put to bed the myth that, somehow, the plastic bag charge leads to worse environmental damage.

I will make a final point. Many of my points have been made by other Members, but I will reiterate what some said: this should not be seen as a revenue raiser. The Finance Minister likes to get the odd jibe in about me when I am not in the Chamber, and it is unfortunate that he is not here when I make this one about him. He seems to have used the plastic bag tax as a smokescreen for cuts in environmental areas by saying that the plastic bag tax will make up the shortfall. That is disingenuous. It is not what the revenue should be used for, and it should certainly not be budgeted as an area where we seek to raise revenue. Ultimately, we want to see the use of plastic bags diminishing greatly to the extent that any revenue raised will be intangible, and we should not be asking Ministers to factor it into their budgets.

**4.00 pm**

**Mr Attwood (The Minister of the Environment):** Thank you, Mr Deputy Speaker. I thank all those who contributed to the debate.

In her opening contribution, Anna Lo, as Chair of the Environment Committee, stressed that we would do this for the right reason, as did Mr Agnew, the Member who has just spoken, in his final point. As I tried to capture in my opening remarks, if we are to ostensibly be a world leader in carbon reduction or to have that aspiration, there is a family of expressions of that ambition, such as renewables, a rigorous climate change Bill, an enhanced waste strategy, all-Ireland recycling and economic opportunities round recyclables. It is across that spectrum that the issue of the carrier bag levy should fit in. It is in that context that, I think, you can say with confidence that we are introducing a carrier bag levy for environmental reasons and because we want to be a government that is for the environment, and demonstrably so, through the family of issues that I have raised. If there is a consequence of revenue, it is a consequence, but it is not the primary purpose.

As Mr Agnew indicated, the ambition is to see a reduction — a very quick reduction — of at least 80% in single-use carrier bags. Evidence, however, indicates that we can go beyond that

and that, internationally, the range is between 80% and 84%. We have demonstrated how recycling has begun to turn around in Northern Ireland over the past two decades, especially in the most recent decade, and there is a Programme for Government commitment to a 60% statutory recycling target when it comes to municipal waste. I think that that demonstrates that the ambition of getting beyond 80% should not be beyond our imagination. In that way, we should be able to move to a situation where there is less and less use and a move towards zero use of single-use carrier bags, on the far side of which there is no revenue.

That touches on the point that Mr Dallat raised, Mr Speaker. Apologies, Mr Deputy Speaker. I was looking over my shoulder, but you are up in the Chair now. *[Laughter.]* Your point was that we should bury the notion that this is anything other than an environmental initiative and that we should profile that the DOE is the primary environment Ministry and that we are an environment government. You said that that is the approach that we should take, regardless of the revenue consequences.

Let us also acknowledge that in sending out the correct message, as Mr Boylan stated, we are asking people to embark upon a culture change. It is a culture change that we in this part of the world, and people in other parts of the world, have manifestly demonstrated that we are capable of achieving. As I indicated, the recycling of domestic and municipal waste is a world apart from where we were 10 years ago, and we are far removed from where we were a relatively short time ago with regard to smoking cigarettes in public buildings or wearing seat belts. Consequently, in my view, it is within our capability to embrace the change of culture that these regulations and this law invite people to. I say that because we have demonstrated that, while some people cling to the past, as we can see only too visibly in one or two ways on our streets at the moment, people embrace the future in many other ways. In my view, they will embrace the future with enthusiasm if they are offered the right leadership, and the right leadership is what these regulations are trying to capture. There may be some lessons for others who do not offer that leadership in respect of other matters at this time.

Mr Elliott rightly asked some probing questions about how this stacks up in revenue terms. He rightly pointed out that there are revenue calculations in the Budget 2013-14 and 2014-15 that rely upon the income stream from this proposal. The anticipated revenue in year 1, when the revenue stream is 5p per single-use carrier bag, is a gross figure of £2.3 million. In

year 2, when the levy increases to 10p, the anticipated gross figure is a multiple of £2.3 million by two: £4.6 million. In those circumstances, given the revenue requirement that is outlined in the Budget as we move into year 2, budgetary cover will exist, based on the income stream that is anticipated because of the levy.

The anticipated set-up costs, which Mr Elliott also touched on, are £500,000 initially, with an annual budgetary commitment in year 2 and thereafter of in and around £630,000. Did I say £500 million? I meant to say £500,000. I had better correct that very quickly. Ten staff are located in Derry, including four compliance officers. We believe that that, on a rolling basis, is the right staff threshold to manage the introduction of the levy in year 1 and its escalation in respect of costs and the range of bags in year 2 and thereafter. We do not think that that will vary much. Consequently, the income coming into government will be greater as the scheme rolls out compared with the cost to government. The money will go to environmental initiatives and environmental departmental projects. It will not be redirected towards other departmental projects.

I want some of the money to go into community-based environmental initiatives, as I tried to do last year. Money goes from the Department to Environment Link to fund grants for environmental initiatives at a community, voluntary and local level. Last year, we were able to direct significantly more funds into that. Even towards the end of this financial year, when moneys may be released in the Department, I may be able to deploy more money to Environment Link and its grant scheme. If the community gives money, one way or another, to government through a plastic bag levy or a single-use carrier bag levy, some of it should go back to the community from whence it came. That is good policy and good environmental practice. In that way, when you wash through all those figures, you can, as Mr Boylan put it, square the carrier bag circle in respect of financial issues.

Mr Boylan also asked how we had tried to incorporate various retail interests into the implementation of the scheme. Significant dedicated work is ongoing in the run-up to 8 April. There were two consultations; a website has been set up, as I said in my opening remarks; twice to date and twice more, there has been correspondence with the retail industry; a seminar was held on 14 November to which retailers were invited to demonstrate how the scheme would work; there is downloadable material from the government



website; and there will be a directly funded communications campaign over the next two weeks.

As I think you will see at teatime, there has been a good media uplift for the profile of the issue, even today. Free media will be an important element in preparing people for the scheme going live. In all those ways, the retail industry has a higher awareness today than it had heretofore, and that awareness will escalate over the next number of weeks. The retail industry has demonstrated that it is prepared to embrace the initiative. Perhaps because of the experience in the Republic of Ireland and in Wales, conversations to date with the big retailers demonstrate that there is little resistance and that they understand the nature of what will happen.

Mrs Kelly asked whether we had learned anything from the experiences of Wales and the Republic of Ireland. Obviously, my Department has not simply gone off to try to recreate the wheel; it has borrowed from experience in other jurisdictions. Given that the Republic of Ireland and Wales are somewhat in advance of us, we have worked with them to learn best practice. We have worked especially with the Office of the Revenue Commissioners in Dublin, which is responsible for the management of the plastic-bag tax there. So, for example, officials visited Listowel, from where the scheme in the Republic is run, and we have learned about modelling from them. When the scheme was introduced in the South and one retailer demonstrated some resistance to it, the Office of the Revenue Commissioners moved rapidly to show its good authority to have that retailer come into compliance. If that is necessary in the North, I will not be shy about telling officials that if a big retailer shows a lot of resistance, and contrary to what the evidence might have been to date about the scheme, rapid action to ensure early and full compliance will be deployed. However, as with all regulation and enforcement, it has to be proportionate. We will go after the worst offenders and have a light touch against those who are coming into compliance in the early days and months of the scheme.

Mr Allister claimed in rather extravagant language that there is neither rhyme nor reason to what we are proposing. I could say that about quite a number of comments that Mr Allister has made in recent weeks. There was neither rhyme nor reason to those; in fact, there was just a downright lack of reason. Putting that aside, he claimed that the proposal would impose more burden on the retail industry. No, it will not. Why will it not? The scheme of

implementation and compliance is modelled to ensure that retailers, be they large or small, will, if possible, have less burden rather than more as a consequence of the proposal.

How will that work? First, returns from retailers would be required quarterly. In the fullness of time, we intend to move to annual returns. Secondly, the way that it will work is consistent and can be integrated into existing stock-recording arrangements. Thirdly, as a consequence of the carrier-bag levy, retailers, small and large, will not have to do the ordering, purchasing, distribution or any of the other responsibilities that attach to the acquisition, sale or use of carrier bags. So, in the round, given that the scheme is modelled to accommodate small and large retailers in how often returns have to be submitted — they can be submitted online and can be done as part of and integrated into current recording arrangements — the swings and roundabouts in the scheme will result in those retailers having not an undue burden but a good contribution to make to environmental protection.

Mr Allister also asked whether we assessed the number of jobs that would be lost to those who manufacture bags in Northern Ireland. Yes, we did. As Mr Allister would know, as a person of the law, that we have obligations to carry out impact assessments for new law and policy. What did we discover on the far side of making those impact assessments after looking at business in the North and acquiring information from good authorities, including DETI, about the business of manufacturing plastic and other types of bags in Northern Ireland? We discovered that the impact in terms of the number of jobs that could be lost was 10. So, yes, we looked at that because we were legally obliged to do so and because it was appropriate that we did so to protect jobs going forward. The outcome was that 10 jobs were potentially at risk. However, in my view, the potential gain in environmental protection means that it is worth pursuing the levy, mindful that we should be concerned about any job losses, even 10. I think that the net gain from sending out the message that Northern Ireland is green and clean, is a world leader in carbon reduction, and is up for recycling renewables and reducing single-use carrier bags is far in excess of the net loss of fewer jobs.

**4.15 pm**

**Mr Allister:** Will the Minister give way?

**Mr Attwood:** I will in just one second, when I finish my commentary on what you said.

Mr Allister said that there was a tension in the proposals as drafted because biodegradable bags are subject to the levy and are not exempt. He asked whether there was essentially a contradiction — I may be putting this even more eloquently than Mr Allister did — between, on the one hand, going for a green initiative and, on the other hand, charging for biodegradable bags. In that regard, I refer to something that Stephen Agnew said. He said that you need to be careful about claims that bags are biodegradable, and he is right to issue that caution. That which is claimed to be biodegradable, in itself, deserves some interrogation. In any case, biodegradable bags take time to degrade. They are not like something from 'Mission Impossible' — "The tape will destruct in five seconds". Such bags do not destruct instantly; they take time, and during that time, they can create an environmental impact.

In any case, it misses the point because, as Mr Agnew inevitably argued, there are costs even for biodegradable bags because of the character of production, transport and distribution. Even that, in my view, misses the point. The point is that we have European and domestic requirements to try to reduce packaging generally. This month, more rigorous targets have been set for the reduction of packaging generally in Northern Ireland in order to send out the message that, whether it is plastic, paper or other types of bags, and whether it is because of European requirements or our own domestic challenge, we will stretch ourselves more and more to try to live up to the requirements to reduce packaging.

I will take Mr Allister's point now.

**Mr Allister:** I note the Minister's enthusiasm about destroying jobs, even though it is 10 jobs, and that works through to a certain reality. Some in the bag manufacturing industry are very small operators. I can think of one small manufacturer in the Ballymena area to whom I have spoken and who primarily produces paper bags. He is appalled and astounded that what was represented as the plastic bag tax is effectively going to put him out of business, even though he produces a biodegradable product. I really think that the Minister has lost the run of himself if he thinks that he is serving some greater environmental goal by coming down as hard on biodegradable products as he is on plastic products.

**Mr Attwood:** Again, I urge Mr Allister to interrogate, as he might be inclined to do in another life, what this law actually says. It will say that single-use carrier bags are captured, as will be lower-priced biodegradable bags. Why? It is in order to reduce the overall scale of bag use. That is the purpose. Higher-priced biodegradable or multi-use bags will clearly not be captured. That is the message that we should send out. People should be encouraged, on the one hand, to use biodegradable and, on the other hand, to use multi-use biodegradable bags and other multi-use bags. That is the purpose and ambition of the legislation. That is good green politics, good green agenda and good green business, and it is good for the green environment. That is the point that I am trying to make.

I did not say that I welcome destroying jobs. I said that there was a net gain around all this, noting that there would be some loss of jobs — the net gain being for the profile of Northern Ireland as green and clean, in asserting our renewables credentials, for saying that we embrace the green agenda and the green opportunities around that, in particular when it comes to recycling, especially on the island of Ireland and especially when it comes to plastic and bulky items. In my view, the more we send out that message, far and wide, the more business will grow on this island around green and renewable industry. The gain of that is far and vastly disproportionate to any potential loss of jobs when it comes to the manufacturing of bags in Northern Ireland. If we do not have the imagination to say that there may be some loss of jobs and some pain in the short term, but in the longer term, the economic opportunity of the profile of Northern Ireland as being up for renewables industry, as well as the profile of Northern Ireland as being clean and green, that is short-termism. Although there will be some loss — and there may be loss, I do not know, in the business in Ballymena, and I would like to speak to that gentleman about his particular business and business model — if we cannot see beyond that potential loss and see the potential gain, we are selling our people and the economic opportunities short.

Finally, I turn to the comments made by Steven Agnew. I agree with all that he said, but there was one comment that I took a note of. I just cannot see it now. I will have to come back to you on the second last point you made, which I cannot recall. I will come back to you in writing in respect of that matter.

**Mr Deputy Speaker:** Before we proceed to the Question, I remind Members that cross-

community support is required under section 63(3) of the Northern Ireland Act 1998.

*Question put and agreed to.*

*Resolved (with cross-community support):*

*That the draft Single Use Carrier Bags Charge Regulations (Northern Ireland) 2012 be approved.*

**Mr Allister:** I did not hear any Ayes. On a point of order, Mr Deputy Speaker. Were Ayes called across the House? Certainly, they did not reach, in decibel level, to this end of the House.

**Mr Deputy Speaker:** I am entirely satisfied that the House, apart from yourself, supported the motion.

## Committee Business

### Single Farm Payments

**Mr Deputy Speaker:** The Business Committee has agreed to allow up to one hour and 30 minutes for this debate. The proposer of the motion will have 10 minutes in which to propose and 10 minutes in which to make a winding-up speech. All other Members who are called to speak will have five minutes.

**Mr Frew (The Chairperson of the Committee for Agriculture and Rural Development):** I beg to move

*That this Assembly acknowledges the importance of single farm payments to the farming industry and to the wider rural economy; expresses concern about the issues arising from the inspection and payment system for the 2011 scheme; and calls on the Minister of Agriculture and Rural Development to ensure that systems for the delivery of the scheme in the future are fit for purpose and that the inspection process is expedited effectively.*

Single farm payments are made to approximately 38,000 farming businesses in Northern Ireland and are worth around £300 million to our economy. They are a vital aspect of our overall economy and an essential element in farming life. Ensuring that those payments are made on time and with the minimum of delay and administration is crucial. That is why the Committee recently undertook in-depth scrutiny on the issue. Last winter, and into summer and autumn of 2012, as individual Members, we began to hear about late payments, and, in some cases, extremely late payments, for the 2011 payment year. That concerned us greatly as a Committee. I am sure that all Members, particularly those who serve rural constituencies, can tell similar stories of farmers whose single farm payments still had not arrived by May, June, July or, indeed, into August and September. As constituency MLAS, our focus was on sorting out the problems faced by individuals, but our focus as a Committee was on getting to the bottom of the issue and ensuring that the Department of Agriculture and Rural Development (DARD) put in place systems to guarantee that it did not happen again.

We commissioned research on the EU legislation governing single farm payments, the use of remote sensing in Wales and the Republic of Ireland and the different timescales

in other countries for issuing maps and application forms.

DARD is going through a programme of massive change in its systems for single farm payments. As with any such programme, there are problems. This programme of change is being implemented mainly because of the findings of a number of EU audits. The audits identified a number of errors that led to disallowance. The disallowance issue was the subject of a different debate and a recent ministerial statement to the Assembly, so I do not intend to cover that today.

I want to make it clear that the vast majority of farmers receive their single farm payments in December each year. DARD's target is to make 80% of payments by December, but this is not where the problem lies. The problem is the impact that an inspection can have on the one in 20 farmers who has to undergo it. In 2011, many of those inspected found that their payment was delayed until mid to late summer. Bear in mind that the ordinary farmer in Northern Ireland expects his payment in December and builds that into his financial planning and cash flow estimates. So finding out that payment is delayed by six months or more can be a severe financial shock.

Although the number of those experiencing delay may be small, evidence indicated that the delay can cause significant cash flow problems for those concerned. Delay causes problems gaining credit from banks, making payments to meal and feed companies and affording the price of fuel for machinery. In addition, there are those whose farms are closed because of TB. All these issues can impact greatly on farmers' ability to get themselves out of financial difficulty. It is very important that the single farm payment is drawn down as quickly and efficiently as possible to meet their requirements. It is the economic impact of the delayed payment rather than the number affected that concerns the Committee.

The Committee is very keen that remote sensing be explored and developed. Remote sensing is the use of aerial imagery and/or satellite images to examine land use and is used in many member states as part of the inspection process. It appears that in the Republic of Ireland, the use of this technology has allowed eligibility checks to be completed earlier. Moreover, there is some anecdotal evidence that inspecting by remote sensing is substantially cheaper. So the Committee was pleased that, in 2012, DARD, in a pilot project, undertook 250 inspections by remote sensing. There was considerable discussion about this at Committee, particularly about whether the

pilot should have been larger, so I look forward to the Minister's response on its success or otherwise, whether it will be extended in 2013 and what impact it will have on speeding up the payment process. We also hope to hear whether the pilot indicates scope for savings to be made in the administration of single farm payments.

I move now to the application process. Farmers have to receive and complete an application form for a single farm payment that is based on land eligibility and the entitlement maps. This normally happens around mid-March each year. In 2011, one of the main reasons for the delay in payments, particularly in inspection cases, was the delay in getting this information out to farmers. DARD really struggled with that in 2011. The Committee asked for research on the timescales in other jurisdictions for the issuing of application forms and maps. DARD should give some consideration to getting the forms out sooner, thus enabling the closing date to be brought forward and the inspections to begin sooner. This would allow more inspections during the longer days and better weather of the summer months.

A simple shift in timescale of two weeks could enable more payments to be made in December, and, importantly, more farmers who were inspected would get a payment in December. When questioned about that, DARD indicated that farmers were used to the closing date in mid-May and might get confused if it were moved. I am not sure that the Committee can accept that as a reasonable, considered and logical rationale for not even considering moving the dates.

#### **4.30 pm**

I also want to draw attention to confusion over the rules surrounding single farm payments. No one denies that they are complex. No one denies that since the scheme was launched in 2005, auditing and further information from Brussels has clarified the interpretation of the rules. However, it is clear that there has been considerable confusion in the farming community, particularly around scrub, whin, heather and grazing. DARD noted that advice on the rules was refined after auditing in 2006. That was over six years ago. According to evidence given to the Committee, confusion still exists. The fact that there is still confusion six years later means that, in some way, the communication that DARD has had with the farming community has failed in that respect.

The failure in communication also means that the farmer has, generally, every year, accepted the maps that he has been given by DARD as correct. However, if he has been inspected, there may be differences in what he and the DARD inspection process considered eligible or ineligible. For some, that has led to very severe penalties. Anecdotally — many MLAs will back this up — the level of penalties in some cases has wiped out the single farm payments for that year.

That failure in communication does not fill the Committee with any confidence that DARD communication around the next big issue, which is the 2013 maps and boundaries, will be any better. Farmers have accepted that what DARD provides to them is correct. There now appears to be a change in emphasis; DARD says that it is up to the farmer to double-check every aspect of the maps. DARD is putting the onus on the farmer to make sure that he understands and applies the rule. DARD told us that farmers will have to look at and consider the new digital maps very carefully in 2013, particularly around field boundaries and maximum eligible areas.

We know that some farmers are already confused by the new maps, and there have already been negative media reports. We have had media reports, even this week, that suggest that some of the changes and amendments that have been made over recent years have not been recorded on the new digital maps, hence putting farmers back years in that process. DARD must ensure that the fiasco of 2011 is not repeated in 2013. The farming industry cannot sustain another hit like that of 2011. Lessons must be learnt, and sufficient resources, people, and IT and other systems must be fit for purpose. Relevant DARD staff must be trained and able to answer farmers' queries. That is why we need firm assurances from the Minister today that the systems in place for future schemes, particularly the 2013 payment year, are fit for purpose and that the problems associated with late inspections can be addressed. If we get our house in order with regard to remote sensing, it may well open the door for advance payments to farmers much earlier than December. DARD should strive to at least have the capacity from Europe to be able to do that.

Mr Deputy Speaker, thank you very much for the time given to me today. I hope that this is a very useful debate, and I hope that the Minister takes something out of it.

**Mr McMullan:** Go raibh maith agat, a LeasCheann Comhairle. The single farm

payment scheme in the Six Counties is vital for cash flow in the farming industry. The Department of Agriculture and Rural Development is just one of 80 accredited paying agencies in the European Union. Each year, the Department pays out in the region of £300 million to the agriculture industry under the single farm payment scheme.

The importance of the scheme is wide-ranging, and it benefits communities in different ways. The money is spent on education, machinery, vehicles, fuel, agricultural contractors, employment, local shops, and so on. At present, the industry is one of the top employers directly and indirectly. Therefore, if the payments fail, the effect on local communities could be devastating.

Another benefit for the farming industry that is funded directly from the single farm payment scheme is the rural development programme. A percentage of all single farm payments is deducted, and that goes towards the rural development scheme. For example, the recent call for applications to tranche 3 of the farm modernisation programme, which is funded under axis 1 of the rural development programme, has allowed 2,500 applicants to receive letters of offer totalling £7 million. When combined with match funding from the farming community, that will equate to a total investment in the rural economy under tranche 3 of around £13.75 million.

As the Minister pointed out, the Commission's auditors raised concerns about our mapping system and inspection process. That was mainly due to staff availability, more detailed ineligible features and the new IT system. A further reason for slower inspections was the level and detail of training for new staff. A total of 37,860 potentially eligible applications were submitted under the 2011 scheme and on-farm checks were carried out on nearly 1,900 farm businesses.

A further reason for slower progress in inspections was the level of detail inspectors were required to record in order to ensure that ineligible features are not included for payment. During that process, some 66,000 fields were inspected, with many requiring changes. Some 100,000 changes were recorded by inspectors, which required DARD to edit the maps. The changes in ineligible features included buildings, yards, scrub and swamp areas. Up to 85% of all changes identified during the 2011 inspection process related to features present from 2005 and earlier. Access to the applications proved to be highly complex, and adding to the time taken were the claims that

were made by other farmers on the same land to support their single farm payment claims in other years.

The Minister has put in place new systems to speed up the process of inspections and allow for faster payments. It is worth mentioning that EU rules allowed the Department to begin to make payments in December 2011 and required at least 95.24% of the value of 2011 claims to be paid out by 30 June 2012. That target was met.

Delays in payments in 2011 led to some farm businesses being refused bank overdrafts, which, in turn, led to farmers having to sell stock to pay household bills, feed bills, education bills, fuel bills, etc. In some cases, the stock that farmers were forced to sell was not at a finished standard and did not receive the full market value.

The Minister was asked to consider making part payments to farmers whose inspections have taken longer, but that is not possible under EU rules. All inspections have to be carried out before any payments are made.

The Minister met the local banks to update them on the progress of finalising the 2011 single farm payment cases. She made the banks aware of the financial problems faced by farmers whose inspections have taken longer to process, and asked them to consider that when clients contacted them.

For the future, remote sensing that uses satellite imagery to undertake remote inspections can be followed up by rapid field inspections by staff. They can then inspect discrepancies in particular fields without having to visit entire farms.

Inspections for the 2012 scheme started on 21 May 2012, which was four weeks earlier than in 2011. That will allow a longer time to complete inspections and lead to quicker payments. The number of inspection staff has increased, and around 600 inspection claims were finalised for payment by 9 January, which is five times more than the same time last year.

The problems in 2011 are recognised by all. In the Minister's statement of 26 November 2012, she acknowledged that the —

**Mr Deputy Speaker:** The Member will draw his remarks to a close.

**Mr McMullan:** — delays in making payments to farm businesses that had a farm inspection were too long. She also outlined the changes

that her Department is making to ensure that more inspection cases are paid sooner. I support the motion.

**Mrs Dobson:** I very much welcome the opportunity to speak on this Committee motion because of its importance to all sections of our local economy. I declare an interest as my husband receives a single farm payment.

More than ever, the single farm payment forms an incredibly important element on the balance sheet of each and every farm business across Northern Ireland. In recent years, its significance for farmers has become even more important given the present economic climate. The economic reality for our farmers is that many could simply not survive without that payment. Without it, businesses across Northern Ireland would simply go under. Rural communities and local businesses — small and large — all benefit from the payment, which filters down through all our local and rural economies. The myth that this funding remains in farmers' pockets is wholly untrue. Bills are paid, equipment bought and preparations made on the farm for the coming year. Therefore, it follows that getting this payment to claimants in a timely and efficient manner is of critical importance to everyone in Northern Ireland. However, I am not aware of any farmer who would ever describe the current process as "timely" or "efficient".

I have lost count of the number of farmers, and I am sure that each and every Member can give similar examples, who have contacted my constituency office in recent weeks because of the impact of not receiving their payment. A month without the payment can put a spanner in the works of the farm planning for the entire year. The hands of the farmers are tied, and their annoyance is further increased by the lack of information provided to them by the Department. I am sure that for all those farmers who contact our offices or the Department directly, there are equal numbers who suffer in silence.

I, therefore, challenge the Minister on the response times taken by her Department when assessing cases; response times that last year led to payments not being made until July or August. The Minister told me in recent correspondence that her Department has:

*"no discretion to vary the rules detailed by the European Council legislation".*

Surely, she would acknowledge that, in implementing these rules, her Department has a duty to put farmers first and not the

Department. All too often, farmers are placed at the mercy of the DARD bureaucratic machine; a machine that, for many, grinds far too slowly and often appears to work against rather than with the farmers.

The Minister has told me that, as a result of improvements, she "expects" to pay more inspection cases at an earlier stage this year. If, as claimed, the inspection and payment systems have been improved, that should be a guarantee and not an expectation. Therefore, I would welcome the Minister's clarification on that point. She must also tell us here today when she will finally be in a position to seek approval from the EU Commission for single farm payments to be made in advance. That should already be in place, and its absence is a blight on each and every farming family across Northern Ireland.

The Department's primary reason for existence should be to protect and grow Northern Ireland's agricultural industry. However, the administration of last year's payments was nothing short of a disaster. It was fundamentally unacceptable that farmers were made to wait well into the summer months before receiving their payments. A crucial area of cash flow should never be tied up for so long by sheer departmental bureaucracy. It appears that not one person has been or will be held to account, but farmers are left to count the cost. We all know that 2012 was an extremely difficult time for the industry; a year that was made even harder by withheld payments. It is my hope that 2013 will herald new growth for the industry. Farmers will look to the Minister to deliver for them, to cut away the bureaucracy and to finally, once and for all, put farmers first.

**Mr Rogers:** I support the motion and commend the Committee for bringing it to the House. Prompt payment of single farm payments is key to keeping Northern Ireland's largest industry buoyant in the present economic circumstances. An overly cumbersome inspection process that results in many cases of late and/or reduced payments causes havoc with cash flow. It has to be said at the outset that no one in any way condones fraudulent activity, but when farmers are doing their best to follow DARD guidelines and there are problems year on year, there is fault somewhere. However, the farmer always becomes the fall guy.

#### 4.45 pm

December is a big payout time in a farmer's calendar. It is not so much about Christmas but getting all the bills paid, including conacre. I

know many farmers who are unable to finish their stock because they simply cannot afford to. Even the weather has contributed to the cash flow problems. Poor quality feed has to be supplemented with bought-in feedstuffs to keep the milk yield up. Farmers have to contend with all this and decreasing overdraft facilities, even if they are lucky and the single farm payment cheque drops through the letter box in December. However, problems really arise when a farmer is pulled out for inspection. In 2011, many farmers in that category waited for three months for an inspection report on which they could comment, and the end result, whether three months or six months later, was a late payment at best, or, in some cases, a reduced payment. You can only imagine the impact on a farmer and his family when they are unable to meet their banking commitments for an additional six months, but, meanwhile, life on the farm has to continue. It is like saying to a salaried person that we are having some problems calculating their salary this month, but we will sort them out within a few months.

Late payments are an increasing problem, ranging from 450 in 2009 to over 1,200 in 2011. As other Members said, we are not talking about just weeks; it can be months, and six months in many cases. It must be the favourite topic of ministerial questions. What I would like to hear from the Minister is this: how many of the 600 late payments chosen for further scrutiny were solely the fault of the Department?

As other Members mentioned, there were many issues with mapping recently. The Minister and the Department place great emphasis on farmers checking their new maps. I cannot disagree with them at all, but I come from a different angle because, over the past few days, one landowner expressed concern to me that the new map from the Department completely removed part of his holding and transferred it to an area that is publicly controlled. Given the modern map technology and with fully trained officials reading the maps, how can the Department be so wrong? I call on all farmers to double-check their maps.

On penalties, I find it hard to accept that if a farmer makes the slightest error, he can have the book thrown at him, and it costs him his single farm payment for up to three years. On the other hand, the Department said:

*"we will continue to make mistakes in this complicated system that we operate".*

They do so without any fear of redress. Have there been significant changes in the

regulations since 2005 or has DARD misinterpreted the original regulations?

Minister, I welcome your commitment to reducing the regulatory burden on the farming industry, but when will it happen? Promises are one thing, but farmers want delivery. A page of regulations from Europe becomes a book when the Department for Environment, Food and Rural Affairs (DEFRA) and DARD get their hands on it. Why, for example, in the rural development programme are the regulations here different from those in Scotland?

I want us to start learning from our mistakes. Farmers and I are less interested in hearing about DARD's mistakes than about what steps are being taken to ensure that yesterday's mistakes do not happen today and today's mistakes do not happen tomorrow. These mistakes cost farmers thousands of pounds.

The Chairman spoke about the greater use of remote sensing technology, provided that the pilot is a success.

Finally, our farmers need an advanced balance payment system like the one for farmers in the Republic. After all, it is the same European money. Advanced payments would help to ameliorate the cash flow crisis. Minister, we need you to take the case to DEFRA and to Europe. Our farmers deserve the same opportunities as those in the Republic.

**Mr McCarthy:** First, I declare an interest. I fully support the motion on the Order Paper and concur with everything that our Chairperson and Committee members said in the debate. For many years now, the single farm payment system has played a vital role for the farming industry and contributes greatly to the rural economy. We must express concern and regret at what happened to instigate the heavy disallowance. We support measures to ensure that we get on top of the problem as soon as possible, once and for all, and ensure that such events are not repeated.

I appreciate that the Minister and her Department have been working hard to find answers and put in place measures for the smooth distribution of all moneys from the single farm payment fund and to ensure that our farmers do not have to wait for long periods to receive what is their entitlement. As other Members said, we are fully aware of the importance of this money to the farming community. We have witnessed the stress and worry foisted on people in that community because of the delay in their settlement. I also thank all those organisations and groups that

gave evidence to the Committee and answered members' questions.

As the Minister advised in her statement on tackling the problem of financial corrections, the Commission was far from content with the mapping systems that we had in place at that time and saw things that were wrong with them. She said that our:

*"inspections were not good enough and our approach to sanctions and penalties was too lenient."* — [Official Report, Vol 79, No 7, p1, col 2].

Something more stringent was needed to ensure that all applications were fair and accurate. That was what was coming from above.

I think that it is fair to say that we all acknowledge that it is essential that everyone, including farmers, has a part to play in getting these things put right. We hope that the on-the-spot inspections and enhanced staff training will contribute towards reaching that goal. Along with remote-sensing technology and satellite imagery, they surely must enable the Department to check out land claimed for.

Of course, human nature being what it is, we are not always excited to see inspectors come on to our farms. However, that must be recognised as part and parcel of the business in which we are all engaged. I welcome the Minister's determination to accelerate payments to farmers, as well as the Department's use of modern technology, which will enable it to have correct details on which the payments are based.

I take this opportunity to thank the Department and the Minister for continuing to use the townland names on all correspondence. It was not so long ago that people living in townlands in rural areas were being ignored. Now, however, the Department is doing what this Assembly asked it to do, which is to record the townland names on all correspondence. That, for me, is also very important.

The Commission was unhappy that the land parcel identification system (LPIS) maps did not identify a maximum eligible area, which is the eligible land in any one field for which a single farm payment can be claimed. The new maps are being issued. Although some Members criticised this, there is certainly an onus on the farmer to make sure that all the boundaries are correct and that areas within those boundaries in which a claim can be made are eligible. However, ensuring that is in everyone's interest,



as it would avoid unnecessary delay in the farmers' payments.

I thank the Committee staff for the assistance that they have given to the Committee in this work. I particularly thank our research officer, Mark Allen, for his work on this very important issue. He highlighted very useful information on the origins of the single farm payment and timings, as well as on the use of remote sensing in these islands, which lets us compare activities between the regions.

In conclusion, in my opinion, our Committee has played its part by asking pertinent questions on all aspects of the single farm payment scheme.

**Mr Deputy Speaker:** The Member must bring his remarks to a close.

**Mr McCarthy:** We heard about the problems that farmers have had with all aspects of the single farm payment.

**Mr Deputy Speaker:** The Member's time is up.

**Mr McCarthy:** I think that the Minister and her Department have listened, and I hope that we can overcome the problems.

**Mr Irwin:** I declare an interest as a farmer who receives a single farm payment. As such, I am, therefore, very aware of the issues that surround the delivery of the payments.

I receive scores of representations from farmers every year about the time that it takes the Department to get the payments processed. I refer to that regularly in the farming press. The time that elapses between a farm inspection taking place and a payment being made to the farmer is excessive and can sometimes be between eight and 12 months.

I accept that the Department gets 80% of the payments out on time, which is very good, but 20% of farmers who undergo inspections have experienced long delays, especially in 2011-12. Although it sounds good that 80% of farmers are paid, leaving 20% to be paid, when you take into account that there are almost 40,000 applications, that 20% means that there could be as many as 8,000 farmers who are still without money at the end of December. However, I accept that inspections started earlier this year — the Department has made every effort to do that — and more headway has been made in that regard.

The single farm payment is a lifeline for the industry. Many farmers simply could not operate without it. I welcome the fact that changes have been implemented in this round of payments and that farmers have received the payments a little faster than in previous years. However, for the remaining 20% of farmers, long delays have really serious consequences. I have spoken to many farmers who are under immense pressure from their local bank. They are being squeezed even tighter by overdraft reductions and fees being slapped on them at the slightest opportunity.

In addition, we are in a very tough and competitive marketplace in which the large retailers are in a price war to see who can offer the cheapest food to the consumer. I have stated publicly that those tactics have an awful impact on the farmer, who is at the start of the food supply chain. I take this opportunity to again publicly call on the processors and retailers to offer a fair price to our farmers.

In light of this pressure from the banks, it is unfortunate that when a farmer rings the Department to inquire about the progress of their application, they often receive a bland answer stating that it is work in progress and that they cannot be given a definite date on which they will be paid. That does little to keep the banks at bay. I am acutely aware of that, having had conversations with many farmers who find themselves in that very position.

A new mapping system has been introduced, and farmers have received their new maps. The aim of the new mapping system is to speed up the processing of the scheme. However, I am somewhat alarmed that farmers are reporting significant discrepancies with the new maps. It is worrying on a number of fronts, mainly in that a lot of time, money and resources were exhausted in upgrading the system. I am interested to hear the Minister's response on the level of the Department's inaccuracies that she has encountered with the new maps.

There is no doubt that room for improvement exists on the payments issue. Although changes have been made and payments are speeding up, the situation has to improve for the thousands of farmers who are still waiting for their money. I support the motion.

**Mr McAleer:** Go raibh maith agat, a LeasCheann Comhairle. Members who represent rural constituencies will know that, for many people, life revolves around the farm. It is a way of life. This has been a particularly savage year for the local farming industry, with

bad weather, poor farm gate prices and the rising cost of feed. As mentioned, the single farm payment is a lifeline for most farmers. They rely on it at the end of the year to make ends meet.

The farmers' plight has been compounded this year by the falling strength of the euro against the pound. Although the exchange rate is set by the European Central Bank and is beyond local control, it has resulted in a reduction of approximately 8% in the single farm payment awarded to farmers who are already under pressure. Overall, that is a £20 million shortfall in the single farm payment from the previous year. It was, therefore, welcome that the Minister recently announced her decision to reduce voluntary modulation, which, in turn, will put an additional €19 million into the pockets of farmers in 2013.

During the year, the Committee for Agriculture and Rural Development heard evidence from a wide range of stakeholders. As a member of the Committee, I gained a better appreciation of the scale and challenge of the task facing the Department in processing approximately 38,000 applications that relate to approximately 750,000 individual parcels of land and in meeting the needs of the local farming community within the strict parameters set by the EU guidelines. I have also gleaned a deeper understanding of the difficulties facing the farming community.

As part of this review, we listened to representations from organisations such as NIAPA, the UFU and NIACA. They, along with other stakeholders, should be thanked for taking the time to come and meet or to correspond with the Committee. I want to be identified with the remarks made by Mr McCarthy in thanking the officials and researchers for playing their part in the review and the accompanying motion.

The question of speeding up payments is a recurrent one. Most rurally based MLAs have been contacted by farmers for whom payment has been delayed due to inspections or some other reasons.

I am, however, glad to note that the Department has exceeded its target for this year, with over 80% of payments issued before Christmas. I also welcome the fact that steps have been taken to speed up the inspection process and the consequent issuing of payments. In particular, there has been good progress on the land parcel identification system, along with better training and equipment for field inspectors, and progress has been made on

developing and promoting electronic applications.

Another key step taken by the Minister and the Department is the trialling of remote sensing as a control. During the inquiry, we learned from the experiences of Wales and the South of Ireland that that can speed up the inspection process and that it is more cost-effective than carrying out multiple on-field inspections. I note that the Minister has outlined her intention to increase the number of inspections by remote sensing in 2013, and that is to be welcomed.

Farming is the backbone of rural communities. Farmers are experiencing a crisis, largely due to extreme weather conditions and the global economy. I welcome the inquiry and the motion, which acknowledges the centrality of the single farm payment to the farming industry. I therefore encourage the Minister and her Department to continue with the process of developing an effective and efficient system for the delivery of the single farm payment scheme that will see inspections and payments expedited.

#### 5.00 pm

**Mr Clarke:** Mr Deputy Speaker, you will appreciate that, when you are the eighth person to speak on the subject and we are all singing from the same hymn sheet, it is difficult to know what to say. I have been gathering my thoughts as the debate has gone on, and I do not disagree with any of the Members who have spoken.

The Chairman referred to the importance of the single farm payment, and no one will diminish that. We all appreciate that it is very important, given the economic climate and the financial difficulties that many of our farmers face. That said — I must still be suffering from Christmas spirit — I do not want to play the negative card here. Others may wish to, and I normally do. I have seen the officials in the Officials' Box today. I know that we cannot refer to them directly, but I have to say that I can see the work that they have done. The changes that have been made this year to the payment system have to be welcomed. The Department and the Minister have been listening over the past couple of years, and changes have been made. Nevertheless, we always can expect more.

Two Members referred to 80% of payments being issued by the end of December. On the face of it, we have to welcome that, but we still have to say to the Minister that, although it is only January, we do not want to be talking

about the other 20% in July. So it is a pat on the back for the Department in relation to the 80%, but we need an assurance from the Minister that, although the stops have been pulled out in relation to many aspects of the single farm payment, whatever more can be done has to be done. As Members have said, the banks are putting farmers under immense pressure. This is not even a political debate; it covers all sections of the farming community, regardless of the type of farming practice. All in all, I welcome this.

The other issue is inspections. Work has been done on that, and the Department has listened. However, I listened with interest about the mapping, as it has been criticised in the past. There are already early criticisms of the new system, which worries me, given the investment that we have had over the past number of years and the most recent investment. So, the Minister needs to keep a close eye on what her Department has invested in the mapping system. It is easy to suggest to farmers that it is their responsibility to make sure that the maps are right, but there has been loads of money spent on it, so it is up to those who have been commissioned to do the maps to make sure that they are right and remove some of the responsibility from farmers. All in all, I support the motion.

**Mr Kinahan:** I am pleased to support the motion. I declare an interest and say that it is my wife and I who receive the single farm payment.

Single farm payments are crucial to farm businesses, particularly given the perfect storm of issues hitting the industry, namely the impact, as others have said, of the weather, rising feed prices and poor farm-gate returns. Every penny is crucial, every single day. A squeeze on cash flow, which is the lifeblood of any business, sector or economy, and increased difficulties in accessing credit are also issues affecting agriculture, and that reinforces the very real need to get single farm payments to claimants as quickly as possible. The effective distribution of about £300 million in payments to farm businesses here means that money very quickly flows through all sectors of the rural economy and beyond. The so-called multiplier effect is when money spent by one business is, in turn, spent by other businesses, stimulating demand and supporting jobs. That financial flow is absolutely vital for the economy, especially as agriculture and agrifood are major parts, as we all know, of the Northern Ireland economy.

DARD's statistics show that agriculture and food and drink processing account for 6.5% of employment here, with great potential for further growth and further job creation. The direct support provided by single farm payments is, indeed, essential to maintain a sustainable supply of quality food for a growing world population. The complexities and imbalances in the fuel food supply chain means that the consumer — everyone — also benefits from the presence of direct support to farmers. We should remember that; it is sometimes forgotten. We are all aware of the issues with the delivery of single farm payments in Northern Ireland, which have resulted in the European Commission clawing back millions in the form of disallowance. It is vital that DARD and the Minister fully get to grips with the issues so that the additional sums are not returned to Europe. That way, money will not be lost from our economy.

I note that DARD exceeded its target to complete around 80% of payments in December 2012 and that inspections commenced several weeks earlier in this cycle. Those are at least steps in the right direction. It means little, though, if you are one of the farms awaiting payment, as the day-to-day management and future planning of farm businesses relies so heavily on the receipt of that payment. That makes offering advance payments attractive to so many, and I hope that the Minister will put that in place. We would all like to see a target as close to 100% as we can. I gather that other paying agencies in the UK published and exceeded more ambitious and specific completion targets for 2012. For example, 95% of Welsh claimants received payments in the first three days, and over 91% of English claims were paid on the first day. It puts us to shame. The Rural Payments Agency, England's paying agency, was heavily criticised in the past by the National Audit Office, Westminster's Public Accounts Committee and, perhaps more importantly, farmers, and disallowances were applied. We should learn from that. The Rural Payments Agency has made significant improvements, as new leadership has worked to turn it into a customer-focused — ie farmer-focused — agency, and, in 2012, it published a five-year plan to improve delivery further. That is what we should be doing: treating the farmer as the customer.

Given that disallowances have been applied by the European Commission to other member states, there appears to be an issue with how effectively it communicates with paying agencies on what they are expected to deliver. That means that DARD must adequately

implement without gold-plating but also engage, when necessary, to challenge the Commission. I agree with my colleague that the Minister should come to the House in the future —

**Mr Deputy Speaker:** The Member's time is almost up.

**Mr Kinahan:** — and say when she will be in a position to seek approval from the EU Commission for advance payments.

**Mr Deputy Speaker:** The Member's time is up.

**Mr Hazzard:** Go raibh maith agat, a LeasCheann Comhairle. I support the motion. It is difficult to overstate the importance of the single farm payment to our farming community here in Ireland, and, indeed, that is the reason why the Committee has undertaken a body of work on the issue and, subsequently, brought the motion to the Floor for discussion. When we look at how many agriculture producers are actually producing and living close to the poverty line, it really emphasises the level of dependence in many parts of the local farming sector on the single farm payment.

Recently, the Committee also brought a motion to the House concerning the need to ensure fair prices for our farming sector and for the market to return a fair living for all. Seen in this context, an effective single farm payment process is vital not only to our agriculture industry but to the wider population as a whole. The success of the single farm payment enables our farming businesses to compete in a global market while securing an acceptable level of public goods through cross-compliance, which, in turn, contributes to our future food security. It is fair to suggest that, without such payments, the majority of the farming sector would not be profitable, resulting in the demise of our food production capacity and a diminished ability to deliver social and environmental public goods. Bearing in mind the vital role of the single farm payment to our farming industry, the effective delivery of the inspection and payment process has become an issue for the Department and the farming community alike as all parties have worked towards a fluid and successful system.

Central to this evolution in the payment process is the development of new technology and modern techniques. Developments such as remote sensing technology have been hugely beneficial. The benefit of such technology is the ability to allow the inspections to be carried out using satellite imagery that will enable officials to check claimed parcels remotely while

simultaneously providing the facility to compare the measured area parcel with the area declared on the single application form. Coupling such technological advances with enhanced training and detailed protocols and improved guidance for inspectors, the combination of remote sensing and rapid and effective field visits will continue to reduce the burden of farm inspections in the years ahead.

In light of the substantial improvements made to the process in the past 12 months, with more than 80% of claims and £184 million successfully paid into bank accounts in December, it is important that we continue to explore ways in which the process can be enhanced. It is important that we do not stop at 80%. We should be constantly pushing for perfection, and, indeed, the key elements of CAP reform will demand such improvements. Inevitably, this involves a close working relationship between the farming industry and the Department of Agriculture and Rural Development. To this end, I was pleased to hear various industry voices speak positively about their relationship with the Department recently. For example, the Agricultural Consultants Association spoke at length about the advantages of an improved electronic system, with online applications less prone to administration errors and applications processed with greater accuracy. Online tracking of applications and record keeping is also considerably easier and user-friendly.

The benefits of these online developments are crucial. They greatly reduce DARD staff time as all of the information is on the system. As we move to a situation where more and more applications are processed online and more remote sensing is used, these technological advances are crucial. There is, however, little doubt that some of the consequences of these technological improvements had an impact on the processing of many 2011 applications and, undoubtedly, created unacceptable delays in some payments. However, following this period of transition, the enhancements that I have outlined today have since helped to transform the payment process.

I will conclude by paying tribute to our farming industry and our Minister, Michelle O'Neill. Our farming and agriculture industry continues to buck the recessionary trend experienced by many other sectors, and this is in no small measure due to the effective leadership of our Minister and the dedication and passion of local farmers.

**Mr Buchanan:** Maybe I should declare an interest as I receive a little single farm payment.

As a member of the Agriculture Committee, I support the motion. As has been stated by other Members, the Committee has been involved in the review of the entire issue of single farm payments, especially the ongoing delays that farmers face before receiving that payment. We are all aware of the input of our farming industry into our wider rural economy, especially the agrifood industry. Therefore, it is important that, while the farming community is on its knees, it receives the appropriate support from the Department in getting single farm payments issued as quickly and as swiftly as possible. Today finds the farming industry financially crippled due to extreme weather conditions, below-production prices, a continual increase in input costs, an unlevel playing field in the UK and wider EU marketplace and a plethora of red tape and gold-plating bureaucracy.

Among all of that, the most critical issue is the ongoing delays in the receipt of the single farm payments. In the current climate, the single farm payment is very important to the entire industry in helping to alleviate the cash flow crisis. Indeed, for many farming families, it has become more central to their income than ever before. Without the payment, many farm businesses would probably be rendered unviable. Although we all appreciate the complexity and the challenging nature of the administration of the single farm payment, both for the applicant and the Department, given the number of recipients, it is nevertheless totally unacceptable that farm businesses that receive an inspection are delayed in their payments for anything between six and 12 months.

#### 5.15 pm

It is fair criticism of the Department that a lot of the confusion about what is eligible and ineligible land has been of its doing, due to a lack of clarity and an abysmal mapping system, yet it is always the farmer who pays the price for simple mistakes made, while the Department washes its hands of any responsibility. It is surely an indictment of the Department that, in a lot of cases last year, from the time of inspection to the time when the farmer received the report, three months had already passed. The farmer then received a sheaf of papers that, in many instances, he could not understand, causing further confusion and delays to the payment. Some farmers faced the added problem of TB on their farm, leaving them unable to sell stock, and, with the banks reducing their overdrafts, that only added to their financial problems.

At times like that, the farming industry was relying on its single farm payment, and the only comfort it could get from the Department was that it may have to wait for payment for another number of months. Again, that resulted in meal and fertiliser bills not being paid and, in some cases, suppliers having to close on their customers. Today, while I acknowledge that the Department has been listening to the pleas from the Committee and others, a lot more work is still required to alleviate this ongoing problem of delays in farmers receiving their single farm payment. Over this past month, I have been dealing with cases of farmers in west Tyrone who are struggling and unable to get their payments. On contacting the single farm payment branch, I am simply told that they are currently being validated and it will be some time yet before payment is forthcoming. That is not very good news for the farmer who is seeking to receive that payment or for the bank that he deals with. They do not know when this money is about to come or when it will be made available. I know that the Minister will seek to defend the Department by saying that 80-plus% have already been paid. However, I say to the Minister and her Department that that is little comfort to the other 20% of farm businesses that are ready to go under.

One of the great frustrations for the farming community in west Tyrone is that, while it is suffering serious financial hardships and practically begging for the single farm payment, it watched the Department and the Minister hand over almost £1 million to the GAA in Garvaghy, under pillar 2, although many believe that that project did not really meet the criteria. The time has come for the Department to get its priorities right and to work in the best interests of the farming community, which is really struggling at this time for the single farm payment.

**Mr G Robinson:** I support this very worthwhile motion on behalf of our farming community. It addresses one of the key financial essentials of the rural communities. It is, without doubt, even more essential in the current economic climate, in which farmers are under severe financial pressure from the retail sector, due to its desire to minimise prices for the consumer. We must remember that fertiliser, feeding and fuel costs etc have all risen substantially. Therefore, the single farm payment plays a central role in keeping farms financially viable, especially after this year's bad weather. That is also why the payments must be made on time to ensure that farmers are kept financially solvent. Without those payments, I am sure, some of our farmers could go out of business. I also urge the Minister to seek an average interest rate,

either annual or monthly, for farmers' payments, as approximately 8% of the payments were lost due to the fixed-date system used this year.

The payments, of approximately £300 million, have the wider effect of supporting rural businesses, as farmers spend their money predominantly in the local area. Therefore, the single farm payment supports a rural business network, not just an individual farmer. Due to the vital role that the payments play in the rural economy, it is essential that the delivery system is as efficient as it can be.

**Mrs O'Neill (The Minister of Agriculture and Rural Development):** Go raibh maith agat, a LeasCheann Comhairle. I welcome today's debate on the single farm payment and thank the Committee for the work that it has undertaken on the issue to date. The importance of the single farm payment to many farm businesses and the wider rural economy has been highlighted. The Chairperson of the Committee referred to the £300 million that the Department pays out as the accredited paying agency of the European Union. I will attempt to deal with all the issues that have been raised during the debate.

I updated the House on 26 November and acknowledged the delays that had been experienced by farm businesses that had an inspection in 2011. At that time, I put it on record that I thought that it was too long, and I outlined the steps that the Department was taking to ensure that we had more cases inspected sooner and that that would not be the situation in 2012.

Members will be aware that we faced a lot of criticism from the European Commission about our processes and that it was not content with the controls that we had in place. In order to address the Commission's concerns, I put in place a comprehensive programme of work with a number of strands. One of the strands focused on the on-the-spot inspections, and the Department has taken steps to improve them. Unfortunately, one of the consequences of those improvements was their knock-on effect on the processing of some 2011-inspected cases, coupled with more complex findings identified at inspection, which led to delays in some payments. Although my Department worked to clear those cases as quickly as possible, many of the changes that were identified at the inspection dated back a number of years. In those cases, the assessments are complex and take time to process, particularly if the single farm payment entitlements have to be recalculated back to 2005. Inevitably, it took time to clear those payments.

At that time, I was asked to make a payment on account to farmers whose payments were delayed. Although that may have seemed like a reasonable request, the EU rules are very specific and only allow payments, including instalments, to be made when all checks on the claim are finalised and there is no risk to the fund. If I had made any part payments in those cases, we would have been operating outside EU rules and, as a result, could have faced further disallowance by the Commission. In addition, if we were able to make such a payment and subsequently found ourselves with cases where we had paid out too much money and had to claw that back from farmers, we could have put those farm businesses in an even more difficult financial situation. However, in recognition of the cash-flow difficulties that some farmers were experiencing because they received their single farm payments later than they expected, I met the local banks to explain the background to the delayed payments and updated them on progress. I made them aware that delays in finalising the payments could add to the financial difficulties that farmers faced and asked them to bear that in mind when considering the affected clients.

I also charged my Department to speed up inspections in 2012, and changes were made to the inspection and payment process. As a result, we started inspections nearly four weeks earlier in 2012 than in 2011, and we introduced remote sensing technology as a method of completing 250 on-the-spot checks. Those changes have made a positive difference, and I take on board and welcome the fact that Members have acknowledged that.

I am pleased to say that, as of today, just over 86.4% of claims have been finalised, and the vast majority of those were paid into farmers' bank accounts before Christmas. The 2012 figures include the 639 inspection cases, which is around five times more than the same time last year. We continue to work to clear the remaining cases and anticipate that we will have the majority of inspected claims cleared for payment by the end of May. Again, that is significantly earlier than last year, but I take on board the point that was made about being in the last group of people to be processed — it is only natural that that is where the frustration occurs. We are doing everything we can to make sure that we pay out to the majority of people before the end of May.

In addition to inspected cases, a number of other cases cannot be paid immediately for a variety of reasons: for example, the land claimed is being claimed by more than one farm business; probate is not completed; or bank

account details are not provided by the farmer to enable payment to be credited to a bank account. In some cases, farmers have also claimed significantly more than the visible eligible area on the maps that we provided last spring and have not provided the Department with a reason. So those cases need to be checked carefully before a payment can be made.

While we have clearly made improvements in our processing arrangements and will carry the lessons learned into 2013, it is important to recognise that we constantly have to balance the impact of improvements with the need to make as many payments as possible as early as possible. We also have to ensure that our control processes are robust enough to stand up to audit scrutiny. It is not in our interest to delay payments, and staff work hard to ensure that the cases are cleared as quickly as possible within the payment window of 1 December to 30 June.

2013 will also be a challenging year for the Department and the industry. I want to try to ensure that the payment targets in 2013 are at least comparable, but I need farmers to help us to achieve that. They can do that in a number of ways. First, as you are all aware, the new maps have started to issue. Those maps contain important new information about the maximum eligible area for farmers' fields, and they need to check those carefully and tell us as soon as possible about changes that are needed. There are likely to be many areas where changes can be identified only by the farmer. The Chair of the Committee pointed out that the onus for making sure that the maps are right is on the farmer. That is correct. Although DARD has a role to play in making sure that it issues the most appropriate map that it can with the most up-to-date information, the farmer knows their land best. So, it is up to the farmer to make sure that they walk their land, use their map and come back to the Department. It is very much a partnership approach. It is not about putting blame on one or the other; it is about working together.

The maps, which will form the baseline going forward, need to be correct and to continue to be corrected. Farmers must be proactive, and they have to tell us about the changes that they identify in their fields. I am pleased to report that, since the new maps have been processed, many farmers have contacted the Department and been in touch with us about the changes that are needed. I thank them for their quick response, but I encourage all farmers to do likewise.

Secondly, farmers will have more information to complete this year in their single application form, and they should take great care when doing so. In particular, they will need to make sure that they do not claim more than the maximum eligible area that we have told them about. If they claim more than that area for any fields, their claims will have to be further investigated. If farmers do not understand what they have to do, they need to ask for help from the Department, the agents who assist, such as the form fillers, or the farming unions. The more accurate the claims are when they are submitted, the fewer the queries and problems that arise. In turn, that should, obviously, help to speed up the processing.

We are required to check at least 5% of single farm payment cases to confirm the eligibility of the fields claimed. I am satisfied that our inspection controls are fit for purpose, and I will continue to keep those processes under review to ensure that that remains the case. As I stated, we undertook on-the-spot checks using remote sensing techniques in 2012. That approach, which is used in most other member states, including the South, as has been pointed out, has the potential to speed up the inspection and the payment process. I am reviewing the success of the processes deployed in 2012 and, in light of that, will make a further announcement on the matter in the coming months.

Members made a few core points, the first of which was around the onus on and responsibility of the farmer. As I said, it is very much a partnership approach, and I am committed to making sure that we do that.

Staff are trained continually. Ongoing training takes place in DARD Direct offices. If there are particular issues, I am happy for Members to come forward. I think that the staff that we have on the ground in the DARD Direct offices or on the ground with farmers are doing a very good job, but their training can always be updated. If there are any particular issues, I will be happy to listen to them.

Another point was about remote sensing. The Chair picked up on the issue of giving a figure that we are going to move to. As I said, it was 250 this time round. It is my intention to make sure that we significantly increase that number, but I will make a further statement to the House in the time ahead.

The issue of part payments and early payments was raised. To date, the focus has been on making sure that the systems that we operate are fit for the purpose of making sure that we

get the inspections completed as quickly as possible, because that is the key to being able to make earlier payments. Obviously, remote sensing is key in improving our timescales around that. I am committed to making sure that we look at that in the context of CAP reform. That would be an opportunity to allow us to look at part payments and early payments. That is something that I am committed to, but I think that it is fair to say that many farmers claim their single farm payment at the very last minute. Members will be aware of that from the Committee inquiry. Thousands of applications arrive in the two or three days that run up to the deadline. I am happy to consider the scope that is there to look at the issues around earlier payments and part payments, but I am also happy to consider the scope to move to an earlier claim deadline, which the Chair also picked up on as part of his contribution. I think that the context of CAP reform will be the opportunity that allows us to do that.

I thank all Members for their contributions and the Committee for raising the issue again. As I said at the outset, the importance of single farm payments to the farming industry and the wider rural economy is £300 million in financial terms. It is very easy for me to support the motion fully because I am determined that we use all our modern technology to make sure that we accelerate payments to farmers; see a significant increase in remote sensing; have fit-for-purpose control mechanisms in place; and meet the needs of our farmers and get those necessary moneys out to them as quickly as possible.

**5.30 pm**

**Mr Byrne (The Deputy Chairperson of the Committee for Agriculture and Rural Development):** I thank Committee members and officials for all the work that was done in trying to conclude the inquiry into the single farm payment problem. As Deputy Chairman of the Committee, I welcome the opportunity to speak in the debate and to make a winding-up speech. I thank all the Members for taking part in the debate and the Minister for being present and making her speech.

There are many issues about the single farm payment, several of which the Chairperson, Mr Frew, highlighted in his opening remarks. In particular, he mentioned the fact that more than 38,000 farmers are involved in the single farm payment scheme. When the scheme was first launched, it was welcomed as the new way forward for EU-based agriculture. It was seen

to streamline the previous multiple schemes into one single payment, but it would appear that the processing of what was supposed to be a simplified system cannot be successfully administered in a timely manner by DARD.

Members should be aware that the single farm payment is not a benefit or bonus with which farmers are rewarded; it is a rightful entitlement under EU support for farming. In fact, it is the largest item of revenue that a farmer receives, and many families are suffering not only financially but emotionally as they try to cope as best they can as the delay in payment continues. As others stated, in 2011, the single farm payment was worth about £265 million to Northern Ireland, and because of the change in the euro exchange rate, it was worth about £247 million in 2012.

The real problem has been the slow processing of single farm payment applications for a number of years. It is causing frustration and anger, as many Members stated. Farming inspections are causing a lot of difficulty. There are delays in carrying out inspections, and, in particular, mixed messages coming from DARD officials, which cause big problems for many farmers. Officials are coming from south Down to carry out inspections in west Tyrone, and officials from west Tyrone are carrying out inspections in Antrim. I cannot understand why officials are criss-crossing six counties to carry out inspections.

Repeated so-called random inspections are adding greater pain for a number of farmers. I know farmers who have had random inspections in each of the past three years, and they are asking why they are so favourably being chosen in a random way. The farm mapping problem is still not resolved. The problem has been highlighted for a long time, and others referred to it. The land parcel identification system is still not working satisfactorily. Why is DARD so slow in sorting out that problem? Remote sensing is a great idea, but its implementation is still the practical problem.

We have had a bad history of single farm payment problems since 2005. DARD is blaming the farming community, but only the farmers are suffering the financial pain with delayed and disputed payments. Some farmers did not get their 2011 payment until the end of the summer of 2012, or even September or October 2012. That is unreasonable and unacceptable. DARD is lacking the urgency to sort out all those problems. The Agriculture and Rural Development Committee and MLAs are only too aware of the problems experienced



by the farming community for the past two years.

As others stated, 2012 has been a particularly bad year for our farmers. We have all heard about numerous difficulties, such as bad weather, higher fuel, feed and fertiliser costs, and poor farm-gate prices. Cash flow problems that have been increased by bank credit restrictions have all added to the problems that the farmer faces. Many farmers are now, like never before, heavily reliant on single farm payment cheques to ease the financial difficulty in which they find themselves. Delays to the single farm payment add to the pain and frustration. All in all, the farming community feels that the Assembly must be more responsive in dealing with the problem. Indeed, many farmers ask why MLAs cannot get DARD sorted.

The Department needs to reflect on the multiple problems that arose in 2011, learn from its mistakes and focus on the systems that it needs to have in place to deal with those mistakes. Farmers need to hear from the Minister that that is a priority for her and the Department, and I acknowledge the statement that she just made. I urge DARD to take more urgent steps to alleviate the problems of farmers, particularly those who have experienced delayed inspections and consequential delayed payments.

Throughout the debate, Committee members raised a large range of issues. I think that it is fair to say that it was an excellent debate, in that many of the issues were highlighted and, indeed, some Committee members acknowledged the improvements that have taken place.

Mr Frew outlined extensively all the broad parameters that are associated with single farm payment applications, their processing and the payments that are delayed as a result of inspections, as well as all the frustration that that brings to the 20% of farmers who are involved in those inspections. Mr McMullan noted the difficulties that occurred in 2011, particularly the problems that the banks created. He also discussed the importance of the single farm payment to the farmer and, indeed, to the rural economy. Jo-Anne Dobson commented strongly on the administrative difficulties of last year's payments and its being a disaster for many farmers. She talked about too much time having been taken up by administrative procedures, which other Members referred to.

A hard economic year has been made more difficult, because late payments have added to frustration. Over the Christmas holidays, I visited a number of farm-supply businesses. One very big animal-feed supplier in west Tyrone told me that he is suffering as a consequence of the delayed payments that farmers are not getting. The banks are putting continued pressure on him.

Mr Rogers spoke about the number of late payments in 2011 and the impact that that is having on the local farmer's ability to pay his bills. He also mentioned the need to explore the possibility of advanced payments. A number of other Members mentioned that.

One thing about farmers is that, when they get money, they are prepared to spend it. Circular flow in the rural economy is crucial. Last Friday, I visited a farmer who said that the good thing about a farmer is that if he gets £100 of income, he will often spend £200, as he will borrow another £100 to make the first £100 work. As a result, he creates greater circular flow in the local economy.

Kieran McCarthy talked about the importance of the single farm payment to the rural economy. He talked about supporting DARD's measures to ensure that disallowance is not repeated. I agree that the history of EU disallowance has not been good for the region. The question is: why we are so poor at administration? Where is the problem? Is it the farmer or is it the DARD officials? That is an open question. However, I think that DARD is very quick to blame the farmer unfairly for any discrepancy when it has all the resources, power of government and administrative back-up of a full-time Civil Service. Yet and all, there are major questions about the efficiency and effectiveness of what the Department does.

William Irwin noted that the new mapping system was to speed up the whole process but that, despite the new system, farmers are still expected to check and recheck, and that if there is a difficulty, the blame very often stops with the farmer.

Declan McAleer again emphasised the importance of farming in rural areas. He welcomed the improvements made by DARD in recent times and talked about the importance of encouraging DARD to develop further in order to have a more effective and efficient system.

Trevor Clarke acknowledged that, coming late in the debate, it is hard to bring new issues to the debate and the House. He also talked about —

**Mr Deputy Speaker:** The Member's time is almost up.

**Mr Byrne:** — the importance of the single farm payment to the rural economy.

Many other Members mentioned the importance of the single farm payment.

Mr Kinahan, in particular, talked about the greater performance by the Rural Payments Agency —

**Mr Deputy Speaker:** Sorry; the Member's time is up.

**Mr Byrne:** — in Britain. Wales and England have much higher rates of upfront payments early on.

I commend the motion, and I thank all those who took part in the debate.

*Question put and agreed to.*

*Resolved:*

*That this Assembly acknowledges the importance of single farm payments to the farming industry and to the wider rural economy; expresses concern about the issues arising from the inspection and payment system for the 2011 scheme; and calls on the Minister of Agriculture and Rural Development to ensure that systems for the delivery of the scheme in the future are fit for purpose and that the inspection process is expedited effectively.*

*Adjourned at 5.41 pm.*

## WRITTEN MINISTERIAL STATEMENTS

The content of these ministerial statements is as received at the time from the Minister. It has not been subject to the official reporting (Hansard) process.

### Health, Social Services and Public Safety

#### Community Pharmacy

*Published on Friday 14 December 2012*

**Mr Poots (The Minister of Health, Social Services and Public Safety):** I wish to make a Statement to the Assembly about community pharmacy remuneration. I am making the statement today in response to Community Pharmacy Northern Ireland's request that any public announcement would follow a planned meeting of the CPNI Board held on Thursday 13 December 2012.

I advised the Assembly on 13 March 2012 that it was clearly, highly regrettable that the reimbursement and remuneration of the community pharmacy sector has been the subject of two recent judicial reviews.

At that time I restated my clear commitment and determination to find a fair and appropriate way ahead on this difficult issue and advised that the appeal should go ahead because of its effect across government particularly the Regulatory Impact Assessment point.

Following a year long process involving DHSSPS/HSC Board and Community Pharmacy Northern Ireland (CPNI) and culminating in a period of intensive negotiations under the chairmanship of the Permanent Secretary DHSSPS, an accommodation has been reached that has allowed both sides to withdraw the respective appeal and cross-appeal of the Treacy J judgement of 21 December 2011 of community pharmacy remuneration arrangements. The agreed accommodation with CPNI now provides an opportunity to break the cycle of litigation on these matters.

The agreement with Community Pharmacy Northern Ireland will allow for a collaborative process to be developed in respect of the cost investigation and maintained in respect to the ongoing margin survey process. On the wider public interest point of Regulatory

Impact Assessment, I am now advised that as there has been no collateral difficulty with this issue across Government to date, the RIA issue can be resolved through the administrative rather than the legal process.

My emphasis and priority has been to seek agreement and a way ahead that will recognise and support the new and evolving role of community pharmacists in the new world of reformed health and social care services.

The agreement with CPNI will allow important evidence to be gathered and will also allow community pharmacy to transition to a new way of working. Negotiations will also continue on a new contract for community pharmacy which will enable both independent contractors and commissioning authorities to further enhance and develop the role of community pharmacy in improving the health and well being of the Northern Ireland population.

#### Northern Health and Social Care Trust

*Published on Friday 14 December 2012*

**Mr Poots (The Minister of Health, Social Services and Public Safety):** I wish to make a statement to the Assembly regarding the position of Mr Jim Stewart, the Chair of the Northern Health and Social Care Trust. I wish to advise the Assembly that I have terminated Mr Stewart's appointment with immediate effect.

Against a background of very serious and unresolved issues with the performance of the Northern Health and Social Care Trust on emergency care, I need to be sure that the leadership team are all working together to resolve the problem. Whatever may or may not have been said before Monday 10 December, it was wholly inappropriate for Mr Stewart to speak publicly as he did on Monday. His statement was very damaging to the reputation of the Trust and confirmed that Mr Stewart does not share my view that much better performance against the 12-hour standard for A&E Departments is both possible and essential in the short term. I have

brought in the Turn Around and Support Team to help ensure that the required improvement is secured.

I firmly believe that public service values must be at the core of Health and Social Care. Non executive members who are appointed to the boards of HSC bodies are placed in positions of responsibility, and as such, must demonstrate the highest standards of corporate and personal conduct based on recognition that patients and clients always come first. Regrettably, in addition to a number of performance issues at the Northern HSC Trust, upon which the Chair was recently challenged by my Department, Mr Stewart fell short of these high standards in recent days. I have therefore taken all factors into account and decided that in the interests of the organisation that his position as Chair should be terminated.

My primary concern is and always will be the need for our Health and Social Care Trusts to provide safe and effective services for the patients and clients they serve. I want to say that I fully recognise the efforts, professionalism and dedication of all staff working at the Northern HSC Trust.

My Department will now to move to fill the vacancy as soon as possible. Until a substantive Chair is appointed, the existing Board at the Trust will elect an interim chair from its Non Executive Directors.

## Social Development

### Fundamental Review of the Northern Ireland Housing Executive (NIHE)

*Published at 10.00 am on Wednesday 9 January 2013*

**Mr McCausland (The Minister for Social Development):** I wish to make a statement to the Assembly on my proposals for a Social Housing Reform Programme.

A fundamental review of the NI Housing Executive by PricewaterhouseCoopers (PwC) in 2011 found that the current model and structures no longer allow optimal delivery of either strategic housing or landlord services. I commissioned PwC to undertake a further series of meetings with stakeholders and the general consensus from participants was that the “Do nothing” option was not a realistic solution.

Whilst the Northern Ireland Housing Executive has had a long history of delivering social housing and has enjoyed the widespread support of Northern Ireland

society, the current model is simply not sustainable, does not make best use of public resources nor does it allow sufficient flexibility and focus on supporting tenants and meeting their needs now and in the future.

My proposals on the way forward, which the Executive has now agreed, set out the strategic direction for the way social housing will be delivered in Northern Ireland. They aim to create effective structures for the social housing sector that will:

put in place a sustainable housing system fit for the 21st Century;

support business improvements in the social housing sector for the benefit of tenants and taxpayers;

develop of a sustainable financing model for social housing that provides access to private funds to allow future investment;

improve regulation and inspection of landlords; and

provide effective services and good quality housing for tenants.

In effect these proposals not only build on the success of the past, but create structures that will ensure social housing delivery is on a sound basis to build for the future.

### Key Proposals

My Department will have responsibility for overall Housing Strategy, policy, legislation and funding – setting the strategic vision for housing in Northern Ireland and developing the policies which underpin that vision. In addition, there will be significant enhancement of the Department’s Regulation & Inspection Unit and function.

The Department will be supported in the delivery of strategy and policy by a Regional Housing Body staffed by housing professionals to deliver regional housing services, programmes and operational strategies, in effect the non-landlord functions of the Northern Ireland Housing Executive.

The development of a new landlord function out with the public sector focusing on service to tenants and enabling access to private funding to allow for suitable investment.

The establishment of an Independent Social Housing Rent Panel which will agree annual rent levels based on a rental policy.

There is a need to consider the role of the Housing Council in the context of the proposed new housing structures; the role of Assembly scrutiny; and the Local

Government Reform proposals and future functions of Councils. I propose, therefore, following consultation, to dissolve the Housing Council.

Going forward, I will bring forward proposals to ensure that the Regional Housing Body engages formally and works closely with the new 11 councils given in particular their new role for both land use and community planning.

#### **Next steps**

These proposals set out a compelling and sustainable vision for new structures to support the future development and delivery of social housing in Northern Ireland.

I acknowledge there is much detailed work to be done in taking these proposals forward. We can now move onto detailed consideration, design and engagement on how we can realise this vision. A change of this significance requires a detailed programme of projects which will deliver the necessary reform which will be

supported by appropriate structures to involve all key stakeholders. The first phase of the programme will focus on the detailed design of each of the key strands of the proposed delivery model. Each project strand within the programme will prepare, design and develop operational solutions to support the proposed delivery model and each of these will be subject to consultation. The time-critical issues for the first phase will be the urgent consideration and evaluation of legislative changes which will be required to support the new delivery model.

I and my Department will work closely with the Social Development Committee in their scrutiny role in relation to the development of my proposals with the aim of maximising consensus and addressing any concerns that my Ministerial colleagues hold. I believe it is key for stakeholders to be consulted throughout the programme, therefore, processes for communication and engagement with staff and stakeholders will be an important part of the overall work programme.





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