



Northern Ireland
Assembly

Committee for Regional Development

OFFICIAL REPORT (Hansard)

Briefing by Mr Danny Kennedy MLA,
Minister for Regional Development

2 April 2014

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Jimmy Spratt (Chairperson)
Mr Seán Lynch (Deputy Chairperson)
Mr Joe Byrne
Mr Alex Easton
Mr Declan McAleer
Mr Kieran McCarthy
Mr David McNarry
Mr Cathal Ó hOisín

Witnesses:

Mr Kennedy	Minister for Regional Development
Mr Richard Pengelly	Department for Regional Development

The Chairperson: I welcome Minister Danny Kennedy and Richard Pengelly, the permanent secretary at DRD. Gentlemen, neither of you is a stranger to the Committee. Go ahead and give your presentation, and then leave yourself open for questions.

Mr Kennedy (The Minister for Regional Development): Thank you very much indeed, Chairman. Thank you for the invitation to be with you. It is nice to see you all again this morning, and I obviously look forward to the opportunity to continue to expand on the very good relations that we have built. I have a short presentation, Chairman, which I will go through as quickly as possible, on some of the topics that I think are of interest to members. I will then be happy to take questions.

I thank you and the members of the Committee for helping my officials and me to secure the passage of the Road Races (Amendment) Act (Northern Ireland) 2014, which I think will have a very positive effect on road racing not only this year but in the future.

I reiterate my support for your inquiry into unadopted roads. The newbuild housing market is showing signs of recovery. It will really help developers to complete roads and sewers and allow them to be adopted. Although it is preferable to have new streets completed by a developer, my Department has used enforcement measures and called in bonds to get road and sewer infrastructure completed. Good progress has been made in implementing the recommendations in your report. I plan to write to you to provide a status update on the recommendations.

A number of roads suffered damage as a result of recent tidal events and severe storms. The estimated cost of repairs is currently around £3.5 million. That figure may increase. My Department

has completed remedial works at a number of locations. Specific bids for further funding may be required if repairs cannot be wholly funded from within existing budgets.

Chairman, I will now look at the A5 project, which is, of course, of concern to members. Work is well advanced on reports to inform the appropriate assessment process and address all areas with environmental designations, such as special areas of conservation, special protection areas, Ramsar sites, and on proposed mitigation. Four reports will cover nine environmentally sensitive sites. These will be subject to a public consultation exercise. The findings of the exercise will allow my Department to undertake appropriate assessments. A review of other matters considered in the environmental statement is ongoing and will lead to the publishing of an updated environmental statement, which will also require a public consultation exercise.

The draft vesting order and draft direction order will also be reviewed and published at the same time. Although I cannot in any way pre-empt the outcome of any public consultation exercise, an outline programme has been developed and details were presented to ministerial colleagues at the end of last month. Sorry, this is April; it was at the end of the previous month — February.

The introduction of the Road Traffic (Speed Limits) Bill will have a resource implication for my Department. There are no examples of 20 mph limits being introduced on such a large scale elsewhere in the United Kingdom. The capital costs alone for signing could be anywhere between £6 million and £26 million.

My Department has invested considerable sums, as you are aware, on traffic-calming schemes using various measures, and we are establishing a number of pilot sites — five pilot sites — to assess the impact of signed-only schemes in Northern Ireland. It is my intention to introduce the off-street parking Bill this year, which is, of course, being carried out under RPA. It will provide for councils to be given responsibility for off-street car parks.

The EU unit that I established is proactively engaging in Europe to secure and maximise opportunities for EU funding. My Department has been awarded over £15 million of Trans-European Transport Network (TEN-T) funding for upgrading the A8, and that will make a huge contribution towards the target to increase drawdown of EU funds by 20%.

Arising from the latest TEN-T call, at which a number of you were present, my Department submitted an application for £2.8 million funding to go towards developing the Belfast transport hub. We have worked hard to seek out knowledge and to promote collaboration and better understanding, particularly understanding the environment in which we have to operate and compete. Continuing in this way, we can be more successful in the future than we have been in the past.

You will be aware of my cycling unit, and I am determined to give an increased focus and priority to the needs of cyclists and pedestrians and to encourage greater participation in healthy and sustainable transport. A key priority is a long-term aspirational vision of a comprehensive bicycle strategy for Northern Ireland. That strategy will guide the development of cycling and walking routes in our towns and cities. Specific consideration will be given to cycling in Belfast, with the development of a cycling master plan for the city. My Department is researching cycling provision in established cycling societies to analyse best practice. During the recent study visit to Copenhagen and Malmo in Sweden, I cycled — I cycled a lot actually — and experienced their approach to cycling. Copenhagen, as you know, is a world leader in bicycle infrastructure and has a flourishing cycle culture. People cycle there by choice and for convenience, and that is something that we want to replicate. There are excellent links across Copenhagen and Malmo and out to the suburbs with easy linkages to public transport. Importantly, and this is important, retailers benefit from the number of people travelling around the city, with countless bike stands for people to stop and shop.

Chairman, your members expressed an interest in the appointment process of the chief executive position for Northern Ireland Water. As a result of the selection process launched in March 2013, Northern Ireland Water was not in a position to appoint a candidate to the chief executive position. It is absolutely vital that we get the person of the right calibre rather than rushing to appoint. It relaunched a competition, the process is now complete, and I think that you are all aware of the outcome.

The Committee will be aware of my decision to introduce measures to improve the diversity of the boards to which I make public appointments and the fact that it will be applied to all boards of DRD's associated bodies, including Northern Ireland Water. To assist with the introduction of the new policy from 1 April 2015, I plan to extend the term of the board to four years in line with DRD's other bodies.

Chairman, this is an important year from the business perspective, with the regulator due to publish its price control 15 (PC15) draft determination for consultation, and the company reforming the NI Water pension scheme. I look forward to working with the new chief executive officer and the board as they make progress on these issues.

A public consultation has been completed on draft social and environmental guidance for water and sewerage services for 2015-2021. That sets out investment priorities for the six-year PC15 and has informed NI Water's PC15 business plan, which has been submitted to the regulator. A very positive response has been received to the draft guidance, which places a new emphasis on more sustainable water and sewerage solutions. Through its PC15 process, the regulator will determine the levels of investment needed to meet the priorities in the guidance and will consult on its draft determination in the summer. The regulator's final determination will be used to bid for funding through the Budget process. Shortly, I hope to publish a draft long-term water strategy for Northern Ireland, which will provide much-needed long-term direction for the water industry. Officials will brief the Committee on the draft strategy over the coming weeks before it is published for consultation.

A new water Bill will come to the Assembly next year. It will secure the Department's continued ability to pay a subsidy for water and sewerage services on behalf of domestic customers. I hope to formally launch a consultation on the policy options for inclusion in the Bill very soon. One of the areas being considered is a strengthening and streamlining of our existing powers, and this would allow us to reduce the administration burden on NI Water and ensure that social and environmental priorities are given appropriate focus. I am also keen that the Bill should include powers in respect of customer supply pipes to allow NI Water to access private land to repair leakage or replace pipes that might adversely affect drinking water quality.

In respect of the proposed Belfast hub, Translink, as part of the project, has developed a wider stakeholder strategy of engagement. Officials are exploring potential funding options. Procurement for an integrated design team has been completed. A full strategic business case has been prepared, and Translink has engaged with Network Rail on similar projects and funding.

You will know that Catherine Mason tendered her resignation to the holding company board just before Christmas and has now left the company. Interviews are due to take place very shortly, on 8 April, and, in the interim, Gordon Milligan, the current HR director, has been appointed acting group chief executive. An interim CEO was appointed following an internal Translink competition.

Translink has achieved a better than forecast position for 2013-14, and that has enabled fares to be frozen for 2014, which is very good news. We are in the process of finalising the financial plan for 2014-15. In-year funding will continue to be required for concessionary fares reimbursement. Translink, naturally, has capital requirements and developments on rail. The need to maintain the current non-rapid transit bus fleet, integrated ticketing and the transport hub all feature. Work is under way to look at a range of options, including EU funding.

Chairman, although the Executive have yet to agree an approach to the 2015-16 Budget process, my Department has commenced work to assess funding and infrastructure needs. I anticipate that future Budget settlements will continue to be constrained in both resource and capital DEL but that the availability of financial transactions capital (FTC) will increase. My Department is working with the Strategic Investment Board (SIB) in exploring funding for the Belfast transport hub. The Executive is likely to call for further resource savings in order to meet priority pressures. That is likely to present a considerable challenge to my Department, particularly considering the £146 million worth of savings that we are delivering in this Budget period.

That is quite a comprehensive, though quick, gallop through. I hope you find the information of use. I look forward to continuing to work with the Committee. I anticipate a number of questions arising from the presentation.

The Chairperson: Thank you, Minister, for that presentation. Members should keep questions fairly tight, because I want to be able to bring everyone in. The Minister's time is somewhat constrained; he has to leave for another engagement. I want to give everybody a fair crack at the questions.

I will start, Minister, with a question on the Belfast transport hub, which you spoke about. What discussions have taken place with your Executive colleagues on that very exciting project? What developments are there around the possibility of EU funding towards the project or private sector investment, which I know is being looked at by Translink and others?

Mr Kennedy: Thank you, Chairman. I welcome your clear support for the hub project. I am aware that you and members of the Committee have had the presentation on the hub. There is huge potential for the project. Not only could it transform the provision of public transport in the centre of Belfast but it could provide really good retail opportunities and a possible transformation of that area of Belfast. That all has to be done in consultation with all the key stakeholders, including the communities that live close by in Sandy Row and other places. We have had the opportunity to have some discussions with Simon Hamilton in DFP on overall funding and how we might approach that. Those discussions have been quite positive, and Richard may want to comment on that. We presented to my Executive colleague Arlene Foster, and Mr Robinson, the First Minister, was made aware of the proposals earlier this week. Generally, there has been a very warm response. People see the potential. It is a landmark project that has the capacity to transform public transport and revitalise an area. So, there are added benefits.

Mr Richard Pengelly (Department for Regional Development): The Minister mentioned in his opening remarks that the Executive have not concluded on the 2015-16 Budget process. That is where the rubber really hits the road when it comes to Executive engagement. We will be presenting funding of the hub as a key issue. At the moment, it is being dealt with through bilateral discussions with some Ministers, which has been very positive.

You made a point about private sector funding. We have engaged in a lot of work at official level with colleagues in DFP and SIB, primarily about using financial transactions capital as a funding model. A pre-requirement of financial transaction capital is that there is private sector funding. Essentially, we would need to create some joint venture or special purchase vehicle that would take forward the development, with the Executive having a minority stake in that funded by financial transaction capital. However, the majority stake would be funded by private sector investment.

The Chairperson: That is very helpful. I gather that the project has good support across the board.

You mentioned the appointment of the chief executive of Northern Ireland Water. The Committee has welcomed that appointment and will meet her very soon.

Before I go to members, I should say that the Minister has indicated that there is an ongoing process with Translink — 8 April is the date for the interview process — and we should not be asking questions about that at this late stage. It is a HR process that has to take due process. I caution members about asking questions relating to that.

Mr McAleer: You will not be surprised, Minister, that I will refer to the A5 scheme again. In your comments, you said that an outline of the programme had been presented to the Executive. Is it possible to flesh that out slightly? In your response to a recent question in the House, you said that lessons had been learned. When the scheme proceeded in the past, your predecessor would have been advised by the same officials who are advising you now. So, how confident are you that you are getting the right advice and that all the boxes have been ticked, bearing in mind that, by and large, the same officials are advising you?

Mr Kennedy: Thanks for the question. I am aware of your ongoing interest in the issue. Yes, as a result of, if you like, the setback to the A5 scheme, I tasked officials with bringing forward a lessons-learned paper, which, in part, has assisted us not only as we go forward with regard to the A5 scheme, but, indeed, with other road schemes. There are always lessons that we can learn. I am confident that those lessons are being applied.

You make the point about the same officials being involved. In large part, that is probably right. However, I think that, as a result of the outcome of the A5 scheme, we have been able to, if you like, challenge more directly and with more rigour to ensure that our decisions are sensibly based. As head of the Department, it is my job to do that. You would expect no less because that is an important aspect of carrying forward any scheme.

In respect of questions for oral answer, I indicated that we would share the findings when both are complete. There is the other issue of how consultants and others played their role in the overall scheme of things. That work is ongoing. It is not as complete as the lessons-learned paper. Richard, do you want to add to that?

Mr Pengelly: I take your point about the same group of officials before and after. The key point that the Minister asked us to focus on regarding any lessons was the ruling of Mr Justice Stephens. He

tested a range of issues. He focused on some issues where he clearly concluded that we got it wrong. The Minister directed us to look specifically at that. The focus was not to do a critique of the court ruling; it was to understand why we got it wrong and what we could do in the future to amend that. So, it was done against some objective evidence base, rather than just the same officials reviewing their own work.

Mr Kennedy: I am sure that you are not implying criticism of your former colleague.

Mr McAleer: That goes without saying, does it not? *[Laughter.]*

The Chairperson: It is on the record in Hansard now, so it is. *[Laughter.]*

Mr McAleer: You referred to the fact that you had shared an outline programme with the Executive. Can you put any flesh on the bones of that? You will appreciate, Minister, that this is a project in the west but it will be for the rest of the country.

Mr Kennedy: We are working our way through the appropriate assessments and informing them. As you know, there are four. They will commence this very month. A later one is planned because the one at Tully Bog has been delayed for an environmental reason. Everything depends on the outcomes of those consultations. That, in turn, impacts on possible timings or other consequences that may flow, including a public inquiry. Through that, that will better inform the timescales for that particular scheme. There is also the overall finance, which still has to be resolved in the Executive and with the Irish Government.

Mr Byrne: I welcome the Minister and his comprehensive statement on a wide range of issues. I think that a lot of progress has been made by the Department over the past 10 years on a range of issues.

Minister, I want to ask you about the reallocated moneys for the A5. Have schemes been determined that will be pursued through the earmarked money for 2014-15? I want to ask in particular about the A32 from Omagh to Enniskillen, given that it traverses two constituencies and is a vital link between two major towns in the west, particularly regarding the hospital.

Lastly, I want to thank Northern Ireland Water for resolving some issues in the Glebe. I am also working with it on an ongoing issue in Gortin. Hopefully, those can be resolved.

Mr Kennedy: Through you, Chair, I want to thank Joe for his positive comments on the work of the Department.

You will obviously be aware of the decisions about the reallocation of funding to a couple of schemes, in particular the Magherafelt bypass, the A31, which has been long-awaited for nearly 40 years — it seems that nearly everything has been waiting for 40 years — and, of course, the A26.

The important thing is that Members who previously strongly supported the A5 scheme can take some comfort from the fact that, by and large, the moneys have been allocated to improving roads infrastructure. I absolutely maintain that that is the key to reigniting the local economy, which is the priority of the Executive. Those moneys have largely been kept in place for the funding of important strategic road projects such as the Magherafelt bypass and the A26. I suppose that is important because, if those moneys had been lost to other Departments — however worthy the cause of the Departments — that would have represented a failure on my behalf. However, I do not believe that that can be said. The allocations have been preserved for important road infrastructure projects.

I note your interest in the A32. All politics is local, there are elections coming up and your press release on that will be worth reading.

Mr Byrne: You can anticipate it. *[Laughter.]*

Mr Kennedy: Thanks.

Mr McCarthy: Minister, thanks very much for your presentation. I have a couple of questions. One is rather minor and one is major. In your statement, you mentioned that the work on road subsidence has been largely completed. As you know, my constituency contains a bit of a peninsula, and we have roads on each side of that peninsula. Whilst work has been completed, there are still some

roads that are dubious. I travel up the A20 every day. There are yellow marks and there is no doubt that the road is subsiding towards Strangford lough. Is your policy proactive or reactive in getting those sorted? That is the minor question.

This is the major one. Last week, the 'Belfast Telegraph' produced a list of projects. You mentioned to the Chair earlier about the cost to the public and the private funding. Four jump out at me. One in particular is the Kinnegar waste water treatment works, which had a cost of £12 million but, in the report in the 'Belfast Telegraph', was shown to cost £1,000 million. That is a hell of a difference. It cost £12 million but the actual cost to the public was £1,000 million. That was one project, but there are others. There was another one for roads upgrades, which cost £225 million, but that, again, ended up costing over £1,000 million. Is that value for money? Is that the way that we do business?

Mr Kennedy: I understand your concern for the peninsula, Kieran. It took quite a battering during the recent coastal storms, albeit we were very fortunate that we did not suffer the same impacts as other parts of the United Kingdom. We have acted very promptly to reinstate and repair roads, particularly on the peninsula and in other coastal areas around Warrenpoint and Rostrevor. The Ballywalter section, where the subsidence took place and where serious damage was done, was repaired in advance of the scheduled time.

I bow to your engineering knowledge about identifying yellow paint marks on the road, but that is the process by which we identify defects, and we continue to work around that. There is never enough money to do that, but, in this financial year, we had a record year. From memory, we spent something like £124 million on structural maintenance. So, as we go forward into the next couple of financial years, that is likely to become more challenging and we will have to battle for that money. I look forward to your support in respect of that.

We have also secured representation to the GB body that looks at coastal defences and infrastructure issues, and we will have serious input into that. That will be useful as we go forward, because, frankly, weather patterns are changing almost year on year, so it is important to keep a handle on it. Richard, do you want to handle the question on the NI Water infrastructure?

Mr Pengelly: I recognise the tables in the 'Belfast Telegraph' article. The difficulty is that a table was presented with no analysis or explanation of what was in it. For Kinnegar, it showed that there was a capital cost of £12 million but an overall cost of £1,070 million. The factual accuracy would be better informed by adding that each of those cases was underpinned by a business case that proved that the project, and taking it forward on a PPP basis, represented value for money to the taxpayer.

Mr McCarthy: There seems to be a hell of a distance between £12 million and £1,000 million.

Mr Pengelly: It is comparing apples with oranges. It is saying that the capital bit costs £12 million, but PPP contracts — and I am not sure of the exact term in that case — are generally well in excess of 25 to 30 years. Included in the £1 billion are the capital acquisition costs, plus all the operating costs for a period in excess of 30 years, plus all the associated maintenance costs. So, it is not comparing like with like. There would have been a value-for-money test in respect of the long-term contract to show that it demonstrated value for money.

Mr McCarthy: So, you are happy enough. Yours is not the only Department; all Departments were similar. I will finish by giving the Minister a bit of praise. You mentioned something to Joe about waiting for 40 years. I can assure you, Joe, that we waited for 40 years for Main Street in Greyabbey, and, thankfully, you did it, Minister. Well, it is not completed yet.

Mr Kennedy: You claimed the credit, did you not?

Mr McCarthy: After 40 years campaigning, you have to claim some sort of credit.

The Chairperson: That is the election broadcast over, thankfully.

Mr Kennedy: Success has many fathers.

Mr Ó hOisín: What I am going to say is similar to what others have said. I contend that we have waited the longest, along with the A6, and have not had it delivered, but that is another story.

I welcome the fact that £15 million from TEN-T was sourced for the A8, and I know, Minister, that you said that Derry and the north-west could not be considered as a core node in the TEN-T network, but could it not be considered as part of a cross-border connectivity project with freight *[Inaudible.]* that would satisfy the requirements of the Connecting Europe Facility (CEF), and I refer back to the A6.

Mr Kennedy: Interestingly, we are pursuing potential funding opportunities for the A6 through the European Investment Bank. We had a recent very positive engagement with it, in conjunction with DFP, and looked at possible options. I have no ideological hang-up in respect of using whatever appropriate sources of money that we can avail ourselves of to deliver a scheme. Frankly, I am aware of the importance of that scheme. Anyone who travels that road understands the need for it to be upgraded. Two of the major cities in Northern Ireland, Belfast and Londonderry, are not properly linked, so, clearly, there is outstanding work that needs to be resolved.

On the failure of Europe to accept Londonderry into the core network, those are the European rules set aside around TEN-T. We pursued it, and we had support for it and lobbied very strongly through our own Government — the British Government — and the Government of the Republic of Ireland. However, Europe held its line on the criteria for the core network. We are still content that we can make progress on it being part of the comprehensive network. We have had what can be described as preliminary discussions with our counterpart Leo Varadkar in the Republic on how we could work together to create the network that you have outlined. I think that there are reasons that we can pursue with Europe, and we will attempt to progress that.

Mr Ó hOisín: Last week, Minister, you made an announcement about the integrated transport hub at the old Waterside station. There seems to be some confusion about how integrated that will be. Maybe you would want to clear that up.

Mr Kennedy: I was interested in that. There were people who said that, for a rail station, there would never be a train going into it, or something. Was that the comment that I read? I think that that was an interesting take on a transport hub. My vision for transport is an integrated transport system, and that includes all modes. We want to explore that all in places, including the Belfast hub and the Londonderry Waterside station hub. There are challenges, of course, with the Londonderry proposal, not least the fact that we do not have any money for it. We have been open and honest about that, and I think that people have accepted our honesty on it. They have questioned why we are able to make a statement of intent, but I think that it is better to give that intent and show that intent and have that aspiration because I think that there is huge public support for it. I have been impressed by the lobby that has assembled itself for that project. I want to see a project worked up that could include all forms of transport. There may be practical reasons that may make it easier or more challenging for certain things to take place, but a transport hub means a transport hub in all forms, including, of course, cycling and walking. We have assisted with some of the greenway proposals in Londonderry, and I have been there on site and seen people walking and cycling. I want to encourage in particular that form of sustainable transport because I think that that is the way forward.

Mr Lynch: Thanks for that, Minister. I have two minor but important questions. I know that you have expressed commitment to cycling, Minister. That is to be welcomed. As you know, we are doing an inquiry into cycling. You have set up a cycling unit. How does your vocal commitment sit with a cycling unit with no budget? Secondly, can you clarify the issue of 20 mph signage costing £26 million?

Mr Kennedy: Thank you, Seán, for the opportunity to wax lyrical on cycling. There are real opportunities to promote cycling as a healthier option for people, particularly young people, for the environmental benefits it brings and the financial savings that could be accrued, and also for quality of life and lifestyle. As you know — I referred to it — my recent study visit to Copenhagen and Malmö proved that it is possible to live in built-up places and enjoy a lifestyle, including cycling and walking, and the environment around us without having to be in long queues of motorised traffic. We want to explore all opportunities.

The cycling unit is newly created and has not had a big budget attached to it because we are moving into a new financial year. However, this is a 25-year project, or perhaps even longer. I will be tucked up somewhere in a nursing home by then, if the Health Minister has not closed them all. *[Laughter.]* I do not expect to see the end of this revolution; I just want to be there at the beginning to get it kicked off. There are huge opportunities for us. We can learn from other places. I welcome the fact that the Committee is undertaking a report. We have already fed into that, and we will provide oral evidence.

We are not saying that we are opposed to 20 mph zones in principle, but we need to think carefully about imposing them through legislation. We want to look carefully at costings in particular. There are enforcement issues that the PSNI may continue to have views on. In principle, it might be a very good thing and would potentially work well in areas with public support. Again, however, it is not about imposing; it is about working with people to create changes and improvements.

Mr Pengelly: On your specific question about the £6 million to £26 million range, the Member's Bill, as proposed, covers 4,300 km of road. It is very extensive. To do a detailed piece of work to work out a precise cost would take considerable time and would have a very considerable cost. At this stage, we have looked at similar schemes that have taken place in Portsmouth and Edinburgh. We have looked at the cost of those schemes as against the length of road covered by them and extrapolated that. It is quite a wide range. At the moment, the Minister is committed — and we have secured the agreement of the PSNI — to doing five pilot studies. We will look at the cost of that. After that, we will have a much more accurate idea of the cost of implementation and a better assessment of the benefits of doing so.

Mr McNarry: You are welcome. In the constituency that Kieran and I share, which includes Greyabbey and Rowreagh Road in Kircubbin, with four other MLAs —

The Chairperson: I thought that it was just Kieran down there.

Mr McNarry: There are quite nice nursing homes down there, too.

Mr Kennedy: You will be able to tell us what they are like. *[Laughter.]*

Mr McNarry: Seeing as you are locally known as the Bessbrook billionaire, I do not think that you will have any trouble.

To be serious, in situations in which flooding causes hardship and damage to homes, does the Department take the view that that is the fault of the owner for living there? If not, what compensation is on offer to such homeowners? Do you have any advice for homeowners who are having difficulty with their insurance, because it has either being withdrawn or the price of it is being hiked up to a level that is beyond their means?

Mr Kennedy: I am aware of the concerns of a great many people who live in coastal areas. People in those areas, not only in Northern Ireland but throughout the United Kingdom, are finding it a challenge.

The matter of compensation is very difficult. The issue is what is required of Government, and what is required of my Department regarding its role in coastal defences. My Department is not even the lead Department on this issue: it more properly comes under the remit of DARD and Rivers Agency. During the recent coastal concerns in the December/January period, there was very good cooperation between the Departments. I welcomed that cooperation, because it was useful.

As far as overall infrastructure is concerned, it is important that we maintain, to the best of our ability and capability, the infrastructure that we are responsible for, namely the road network.

Compensation is difficult, because house insurance is always advisable for all constituents and for us. There are always challenges, and I know that other Departments, such as Minister Foster's, continue to look at the insurance industry and how it arrives at its fees and charges for consumers.

The best that we can do, as a service to the communities who live in coastal areas, is to continue to maintain the infrastructure to the best of our ability and mitigate the risk. You can never eradicate it, although you can alleviate or mitigate the risk to properties, roads and infrastructure in coastal areas.

Mr McNarry: Without agreement to introduce welfare reforms, by how much do you envisage your budget reducing between now and 2016?

Mr Kennedy: As you know, welfare reform is still being considered at the Executive. The issue has not been resolved, and there have been projections. We are aware of correspondence from and comments made by the Finance Minister on the impacts there will be if the situation continues.

We estimate an impact of around £6 million. Perhaps, Richard will outline that in a bit more detail. It is worth saying that any cut would have an impact: to every action there is a reaction, and it would impact on services such as street lighting, structural maintenance and cutting back road verges.

Mr McNarry: Is that an annual figure, or is it the figure for between now and the next election in 2016?

Mr Kennedy: I think it is an annual projection.

Mr Pengelly: It is based on the financial year that started yesterday, 2014-15. I do not know the full detail of it, but the Finance Minister said that he expects the annual cost to increase as we move forward. So, the reduction would be £6 million based on the cost in this financial year.

Mr McNarry: That is extreme. It is not just the reduction in the budget: as you said Minister, there would be other impacts on services such as street lighting. We are beginning to see, thank goodness, an upward growth in construction, and your Department will play a valuable role in that end product and that end development. As far as you are concerned, would this necessitate a review of priorities to take account of the loss of such money? In other words, you are saying £6 million in impact. That is a sum of money. Where would it actually take effect? Would it necessitate a review of priorities in your current proposals? Perhaps it is unfair to ask that of you. You may not have got that far yet. What are you going to leave out? What will be hit? It is all very well; as somebody said, the public do not understand £100 million or £200 million, but they do understand when somebody says that it is going to affect street lighting or services, but that is separate. What priorities are going to be hit?

The Chairperson: David, can we make that the final question? I know that you were not in when I briefed the Committee at the start. The Minister is constrained for time and members were asked to keep questions fairly concise, given that I have still a member to bring in.

Mr McNarry: I am just on a roll trying to get an answer.

The Chairperson: I know that you are on a roll, but I am just drawing that to your attention. I want to be fair with all members of the Committee.

Mr Kennedy: It is an historic occasion when the member is on a roll.

Mr McNarry: There is something called long grass nowadays, and you could end up in it. *[Laughter.]*

Mr Kennedy: Yes, there is; and I know the end of that sentence as well.

Clearly, we could be in a very live and serious situation impacting on what might be described accurately as front line services. We would have to concentrate our minds and come to a prioritisation. That is not a scenario that I welcome or would relish, but there are possibilities that we will be confronted with and we will have to deal with those. However, we would have to make clear publicly the invidious choices and challenges before us. That would impact on the attitude of the general public to the situation that we would find ourselves in.

Mr Easton: I will be very brief. First, thank you for all your help, especially in Donaghadee, which I really appreciated.

Mr Kennedy: There are other representatives in Donaghadee as well.

Mr Easton: Absolutely.

Mr McNarry: Do you represent Donaghadee, Kieran?

Mr Easton: No, but he claims the credit for the playground in Donaghadee, which is —

Mr McCarthy: Absolutely. If it were not for me, it would not be there.

The Chairperson: Let us have the remarks through the Chair.

Mr Easton: I do not think that the Health Minister has closed any nursing homes. I think that there is a review of residential homes, and I believe that your Minister closed six in his time, including one —

The Chairperson: OK. That is the third election broadcast over. Can you come to the question?

Mr Easton: Obviously, Minister, you are aware that there have been some problems with bigger road projects, and you have had to postpone or cancel them. Have you lost any funding as a result so that they will not be able to go ahead, or are you able to get that funding at a later date?

Mr Kennedy: In the reallocations, other Departments did benefit to a reasonably small extent. However, in general, money was made available to us on the basis of schemes that we had ready, or had shovel-ready at least, and ready to be moved on. In fact, we have significantly moved on the A31 Magherafelt bypass and the A26. In general terms, we were not at a net loss, I think.

Mr Pengelly: There is always an issue that when you plan to do one scheme your preparation work for other schemes is not advanced. The Minister put the officials in the Department under intense pressure to bring forward the second-tier schemes so that we were ready in the event of any issues anywhere, either in the Department or across Departments. As a consequence, when the slippage on the A5 happened, all the capital bids that we submitted were met. It was a 100% success rate, which is unique with regard to our system. With regard to the funding for the A5 in the future, as the Minister said, the Executive remain committed to the project. That is an issue for another day when the Executive turn their mind to the 2015-16 budget process and the allocation of funding for later years. We have to assume, given the commitments that have been made, that that funding will be restored as and when the scheme is ready to progress.

Mr Easton: I will be kind to you and leave it there.

The Chairperson: I have a couple of points for clarity. Minister, it has been suggested that the proposed water Bill would contain a number of other elements. Is that still the desire of the Department?

Mr Kennedy: Yes, I think I referred in a statement to the possibility of enabling NI Water to address leakage issues on private properties and in emergency situations. There is also the issue of replacing lead pipes. The Bill would include a couple of issues like that.

The Chairperson: I am sure the Committee is pleased to see that there is movement on unadopted roads. In relation to our cycling inquiry, the Committee is pursuing a number of study visits.

One issue that you did not mention was the Committee's report on transport delivery structures, which was endorsed by the overwhelming majority in the House. It was rejected by the Department and by you as Minister.

There are a number of recommendations in that report that the Committee intends to come back to. It would be helpful if we developed some sort of a dialogue in relation to that.

Also, the Committee is pursuing legal advice in relation to access to Translink accounts which indicates that there is not full access to those accounts, contrary to what we were told. You said that there was a good relationship between the Committee and the Department on most issues. However, on this issue there has been a stone wall from the Department. It would be helpful if we were able to return to some of these issues and have a frank and open discussion on them and come to some sort of an idea on some of the recommendations in terms of abiding by the will of the majority of the House.

Mr Kennedy: You have outlined fairly that there was no meeting of minds on a couple of issues in the report, but, in the spirit of cooperation, we are happy to engage on all those issues and see whether we can narrow the gap on some of them.

The Chairperson: That would be helpful. We look forward to doing that in the not-too-distant future. In terms of old people's homes, it is risky making jokes about old people's homes because I have four sons who, whenever I say "no" about something, remind me that they will be picking my old people's home in due course.

Mr Kennedy: I am aware of those greeting cards too.

The Chairperson: Thank you very much indeed, both you and the permanent secretary, for the presentation. We look forward to continuing dialogue on many issues. Thank you.