

## COMMITTEE FOR ENTERPRISE, TRADE AND INVESTMENT

### END OF SESSION REPORT 1 SEPTEMBER 2014 - 31 AUGUST 2015

The Committee for Enterprise, Trade and Investment is a Statutory Committee established in accordance with paragraph 8 and 9 of the Belfast Agreement, Section 29, of the Northern Ireland Act 1998 and under Assembly Standing Order 48. The Committee has a scrutiny, policy development and consultation role with respect to the Department for Enterprise, Trade and Investment (DETI or the “Department”) and has a role in the initiation of legislation.

The Committee has the power to:

- Consider and advise on Departmental Budgets and Annual Plans in the context of the overall budget allocation;
- Approve relevant secondary legislation and take the Committee stage of relevant primary legislation;
- Call for persons and papers;
- Initiate inquiries and make reports; and
- Consider and advise on matters brought to the Committee by the Minister for Enterprise, Trade and Investment.

#### MEMBERSHIP

Democratic Unionist Party	Mr Gordon Dunne Mr Paul Frew Mr Paul Givan <sup>1</sup> Mr William Humphrey <sup>2</sup>
Green Party	Mr Steven Agnew
Sinn Féin	Ms Megan Fearon Mr Phil Flanagan (Deputy Chairperson) Mr Máirtín Ó Muilleoir <sup>3,4</sup>
Social Democratic and Labour Party	Mr Patsy McGlone (Chairperson) Mr Fearghal McKinney
Ulster Unionist Party	Mr Adrian Cochrane-Watson <sup>5</sup>

#### MEETINGS

Between 1 September 2014 and 31 August 2015 the Committee held 34 meetings, with 11 of these meetings held in partly closed session. The closed sessions were in regards to the Committee’s report on the Committee visit to the USA, the Electricity Policy Review: Part III Grid Connections and the Inquiry into Growing the Economy and Creating Jobs in a Reduced Tax Environment.

#### PRIMARY LEGISLATION

##### Insolvency (Amendment) Bill

The Bill was referred to the Committee on 10<sup>th</sup> November 2014 and the Committee reported on the Bill on 3<sup>rd</sup> March 2015. The Committee welcomed the Bill which is intended to update insolvency legislation that was made before the advent of modern methods of electronic communication. The Committee engaged in a call for evidence from interested organisations and individuals and from the

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<sup>1</sup> With effect from 01 December 2014 Mr Paul Givan replaced Mr Sydney Anderson

<sup>2</sup> With effect from 06 October 2014 Mr William Humphrey replaced Mr Sammy Douglas

<sup>3</sup> With effect from 06 October 2014 Mr Chris Hazzard replaced Mr Mitchel McLaughlin

<sup>4</sup> With effect from 10 November 2014 Mr Máirtín Ó Muilleoir replaced Mr Chris Hazzard

<sup>5</sup> With effect from 30 June 2015 Mr Adrian Cochrane-Watson replaced Mr Danny Kinahan

Department. During the Committee stage of the Bill the Committee gave further consideration to Clauses concerning:

- attendance at meetings and use of websites;
- Fast-track voluntary arrangements: notification of the Department;
- bankruptcy: early discharge procedure; and
- effect on backlog cases of certain requirements for consultation with the Lord Chief Justice.

Final changes were made to the Bill at Committee Consideration stage regarding:

- removal of requirement for annual meetings in a members' voluntary and a creditor's voluntary winding up;
- Deeds of Arrangement;
- after-acquired property of bankrupt;
- authorisation of insolvency practitioners; and
- an effective route to policing and controlling the conduct of insolvency practitioners.

The Further Consideration Stage is expected mid-September 2015.

### **Credit Unions and Co-operative and Community Benefit Societies Bill**

The Bill was introduced to the Assembly on 23 June 2015. Prior to this, on 16 June 2015, the Committee received a briefing from Department officials who acknowledged the Committee's extensive pre consultation and scrutiny and significant contribution to the development of policy within the Bill. This legislation had arisen as a result of an inquiry by the ETI Committee during the previous mandate. The Committee undertook considerable pre-legislative scrutiny of the Bill and made suggested changes to the proposed policy which has been largely accepted by the Department. Many of the Committee's recommendations have been enacted through legislation in Westminster. Clause 1 and Clause 6 of this Bill will enact two more of the Committee's recommendations. It is expected the Second Reading of the Bill will be in early September 2015.

### **SUBORDINATE LEGISLATION**

The Committee considers and scrutinises Policy Proposals (SL1s) and Statutory Rules (SRs) on a wide range of topics from business legislation (e.g. insolvency, administration, employment) to energy (electricity and natural gas), tourism and health & safety. The Committee considered and approved 18 pieces of secondary legislation including the following SRs which received considerable scrutiny by the Committee:

#### **Renewables Obligation (Amendment) Order (Northern Ireland) 2015**

The Committee considered the Renewables Obligation (Amendment) Order (Northern Ireland) 2015 (NIRO) at SL1 stage on 24<sup>th</sup> March 2015 and, subsequently, the draft Statutory Rule on 16th June 2015. The Committee agreed that the Rule be affirmed by the Assembly.

The Committee heard evidence on 4 November 2014 from stakeholders within the industry regarding the Department's Consultation. The representatives relayed their concerns with the main focus of the Consultation being on photovoltaic (PV) support levels and the proposed reduction from 4 ROCs to 1.6 ROCs for solar PV generating stations up to 50kW installed capacity and that the reductions proposed would be not only detrimental but catastrophic to the solar PV industry in Northern Ireland. Further, that the proposed changes to ROC levels would impact those people in Northern Ireland currently in fuel poverty.

The Committee welcomed the Department's response, published on 29 January 2015, in which it confirmed solar PV up to 50kW will receive 4 ROCs up to the end of September 2015, and 3 ROCs until the end of September 2016 after which date there will be a reduction to 2 ROCs for new stations seeking accreditation under the NIRO. The Committee also welcomed proposals for Solar PV above 50kW up to 250kW to continue to receive 2 ROCs existing ROC levels and for existing ROC levels for small scale onshore wind, anaerobic digestion and hydro technologies to remain unchanged until the closure of NIRO to new applicants from 1 April 2017.

## **Renewables Obligation Closure Order (Northern Ireland) 2015**

The Committee considered the SL1 Proposed Renewables Obligation Closure Order (Northern Ireland) 2015 on 30 June 2015 but did not agree the SL1. Under the SR, the introduction of limited grace periods for wind energy would allow for additional capacity to be accredited. However, as onshore wind in Northern Ireland is being supported for an additional year, costs for the one year grace period for onshore wind would probably have to be met by Northern Ireland consumers alone. DETI had intended for the NIRO to remain open, to all technologies, until 31 March 2017. However the Department of Energy and Climate Change (DECC) announced in June 2015 its intention to close the Renewables Obligations across GB to onshore wind from 1 April 2016, therefore creating potential impacts for both Northern Ireland electricity consumers and the renewables industry. The Committee asked the Department to provide full details of any cost benefit analysis that was undertaken by the Department to inform the development of the proposals for supporting onshore wind in Northern Ireland for an additional year.

The Chairperson met with the Minister on 2 July 2015 to discuss the issue. The Chairperson explored the possibility of bringing the SL1 at this stage to meet a number of projects in the pipeline that require assurances. The Department stated that this could not be done. The Committee met on 9 July 2015 to receive an update from Departmental Officials regarding their ongoing discussions with DECC and agreed to update the Committee when DECC's position was finalised. On 20 August, the Committee received correspondence from the Minister detailing a revised consultation response. An amended SL1 was received on 2 September 2015, reflecting the Committee's position for a Closure Order which excludes onshore wind until the issues surrounding the socialisation of costs across the UK are resolved with DECC. The Committee agreed an updated SL1 on 8 September 2015 and the SR is due to come before the Committee later in September 2015.

## **INQUIRIES**

### **Electricity Policy Review: Part III Grid Connections**

In the previous session, the Committee undertook a review of electricity policy in Northern Ireland. The Terms of Reference can be viewed [here](#). The review consisted of three reports. The first two reports, [Part I](#) Security of Supply and [Part II](#) Electricity Pricing, were published in the previous session. The third and final report, [Part III](#) Grid Connections, was published on 1 December 2014. The Committee gathered oral and written evidence from a range of stakeholders on grid connections costs, grid connection time, contestability and competition in the grid market, grid infrastructure investment and requirement to connect to the grid. The Assembly debated and approved the report and called on the Minister, in conjunction with Executive colleagues, the Northern Ireland Authority for Utility Regulation, the System Operator for Northern Ireland and Northern Ireland Electricity, to implement, as applicable, the recommendations contained in the report.

### **Opportunity for Excellence: Growing the Economy and Creating Jobs with Lower Corporation Tax**

The Committee carried out a wide-ranging Inquiry to consider the long-term development of the Northern Ireland economy from a strategic perspective and to examine the wider policy areas which have the potential to impact on economic development in general and on economic growth and job creation. The Committee carried out the Inquiry on the assumption that powers will be devolved to the Executive from April 2017 and that the Executive will agree to significantly reduce corporation tax rates for trading profits. The Committee considered, not only, the direct requirements to develop the economy and create jobs, but also how this can be integrated into an overall approach to economic development covering education, skills, physical and virtual infrastructure and society. The Committee heard evidence from a wide range of stakeholders and held an event in Parliament Buildings in order to engage directly with the business community. A delegation, of three members, also visited Stuttgart to inform the Inquiry. A briefing paper of the visit can be viewed [here](#). The Committee Specialist Advisor on economic policy, the Open University's Dr Leslie Budd, commented

that the Committee has suggested policy instruments and mechanisms which the Executive must examine in detail and consider where and how it can add to these to devise and implement an entirely holistic solution to secure Northern Ireland's long-term economic future. The Committee will publish its report in early September.



*Chairperson, Patsy McGlone, MLA addressing 'Opportunity for Excellence' stakeholder event*

*'Opportunity for Excellence' stakeholder event*



*A delegation visited the Stuttgart Region as part of the Committee's Inquiry*

## **BUDGET SCRUTINY**

The Committee considered a written briefing from the Department on its draft budget for 2015-16 at its meeting on 2 December 2014. The Committee asked and received confirmation that the Minister is committed to ensuring that, as was stated by the Executive, no viable Job Creation Scheme will be lost due to financial constraints. Other key issues discussed were, comparison year on year from 2008 of percentage change in the InterTradeIreland and Tourism Ireland budgets and comparison percentage change of the DETI budget, information on the figures secured from Europe and the Agri-Food Loan Scheme. At its meeting on 9 December 2014, the Committee considered DETI input to the January Monitoring Round. Key issues discussed included a breakdown of how the programme of projects funded from funds originally intended for Titanic Belfast would be allocated across the various themes and Departments.

The Chair of the Committee spoke to the Assembly on 12 January 2015 on the draft Budget 2015-16. The Committee received an oral briefing by the Minister on the DETI Final Budget for 2015-16 at its meeting on 10 February 2015. The Minister informed the Committee that £250,000 had again been allocated for a farm safety advertising campaign. The Committee had previously conveyed its concerns that funding for the campaign had been withdrawn as part of saving measures within the budget by the Department. Other key issues discussed included the status of various economic programmes within the Department; creation of jobs, tourism and energy issues in Northern Ireland.

The Committee received a briefing by Department officials on 2 June 2015 on the Department's June Monitoring Return 2015-16. Key issues discussed included budgetary pressures and the impact of services on the Health & Safety Executive Northern Ireland (HSENI) with regards to the Voluntary Exit Scheme. On 15 June 2015, the Committee Chairperson spoke to the Assembly on the Northern Ireland Main Estimates 2015-16.

## **EU SCRUTINY**

At its meeting on January 2015, the Committee asked if, and how, the Department is taking advantage of the European Investment Fund and received an update regarding DETI's Telecoms Branch and Energy Division Branch on the issue.

The Committee commissioned a research paper on the European Commission Work Programme 2015 and discussed the paper at its meeting on 19 February 2015 when it agreed on the initiatives contained in the Programme that are of priority in its engagement with European issues. The Chair of the Committee spoke to the Assembly on 13 April 2005 on the Report on the Assembly Committees' Priorities for European Scrutiny in 2015.

As part of its Inquiry, 'Opportunity for Excellence', the Committee commissioned a report, by its Specialist Advisor on economic policy, on the 'Consequences for Northern Ireland Economy from a United Kingdom Exit from the European Union' which the Committee shared with the Executive.

## **POLICY SCRUTINY**

### **Going for Growth Scheme**

The Committee held a concurrent meeting with the Committee for Agriculture and Rural Development on 9 June 2015, to receive an update from the Agri-Food Strategy Board on the Going for Growth Scheme. The two Committees also discussed the Assembly Research papers on the Scheme; 'Background, Overview and Progress on Going for Growth – June 2015', 'The Going for Growth Strategic Action Plan – How Much is New' and 'The Going for Growth Agri-Food Strategy – Comparison with Similar Strategies/Documents in Neighbouring Jurisdictions'.

### **Innovation Strategy**

At its meeting on 14 October, the Committee was informed of the appointment of a Chief Scientific Advisor as part of the Department's Innovation strategy. This was a recommendation made by the Committee in the previous mandate in its Inquiry 'Developing the Northern Ireland Economy through Innovation, Research & Development'.

### **Health and Safety Executive Northern Ireland**

HSENI plays an important role in ensuring and promoting health and safety in the workplace. The Committee welcomed the decision by the Minister to allocate £250,000 for a farm safety advertising campaign, previously withdrawn as part of saving measures within the budget by the Department.

At its meeting on 24 March 2015, the Committee received a written briefing from the Department detailing the Outcome of the Consultation on Proposals to Revise and Amend the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (Northern Ireland) 1997. The briefing stated that due to a lack of consensus on the original proposals coupled with budgetary constraints associated with any changes, the Minister had decided not to proceed with the proposed changes. The Committee had taken evidence from major stakeholders on the issue and had stated its concerns over the proposed amendments including changes to the Regulations that would have seen the window of time allowed to report accidents in the workplace extended.

### **Consumer Council**

The Committee has worked closely throughout the reporting period with the Consumer Council regarding scrutiny of a range of issues including the EU consultation on cross border parcel delivery, online parcel premium, Alternative Dispute Resolution, reforming consumer complaints handling,

current banking issues, consumer switching of energy suppliers and competition in the UK postal sector and the Universal Service Obligation.

## ENGAGEMENT

### Informal Meetings

The Committee held informal meetings with the following organisations during the reporting period:

- Titanic Quarter Ltd: members received an update of the Development and its future projects and received a tour of the Quarter and Titanic Studios. A blog of the visit can be viewed [here](#).
- Advice NI: members met with Advice NI to discuss issues surrounding Debtline and communicated concerns of the organisation to the Department.
- Oireachtas Joint Committee for Transport and Communications: members held an informal meeting with the Joint Committee in Parliament Buildings and received an update from Tourism Ireland on its current projects and successes.



*ETI Committee and Titanic Quarter Officials at Titanic Studios*



*Members of the ETI Committee and the Oireachtas Joint Committee*

### LIKELY KEY PRIORITIES FOR THE NEXT SESSION

The following will be key priorities for the Committee in the next reporting period:

- Credit Unions and Co-operative and Community Benefit Societies Bill
- Implementation of the recommendations in the Inquiry Report 'Opportunity for Excellence'
- Contracts for Difference
- The proposed referendum on whether the United Kingdom should remain a member of the European Union
- Committee Specialist Advisor on economic policy
- Bank Closures

## ANNEX A

**Committee for Enterprise, Trade and Investment  
Expenditure for the period 2 September 2014 – 30 August 2015**

<b>Budget area</b>	<b>Details</b>	<b>Expenditure</b>
Committee Travel - committee members and staff travel and subsistence in relation to visits and meetings outside Parliament Buildings	Includes the cost of committee visits to: <ul style="list-style-type: none"> <li>• Stuttgart</li> </ul>	£6,642.89
Printing of committee reports	Includes the cost of committee reports on: <ul style="list-style-type: none"> <li>• Committee Review into Electricity Policy – Part III: Grid Connection, £676.16</li> <li>• Insolvency (Amendment) Bill, £588.46</li> <li>• Committee Inquiry into Growing the Economy and Creating Jobs with Lower Corporation Tax, £1,463.93</li> </ul>	£2,728.55
Advertising – the cost of public notices relating to committee inquiries, the committee stage of Bills and meetings held outside Parliament Buildings	Includes the cost of public notices in relation to: <ul style="list-style-type: none"> <li>• Inquiry into Inquiry into Growing the Economy and Creating Jobs with Lower Corporation Tax - 01 July 2015, £759.68</li> <li>• Credit Unions and Co-operative and Community Benefit Societies Bill - 29 January 2015, £637.87.</li> <li>• Insolvency (Amendment) Bill – 27 October 2014, £633.06.</li> </ul>	£2,030.61
Consultancy support - the cost of specialist advisers appointed by the committee and commissioned research, also the cost of drafting Standing Orders	Specialist adviser to the Committee on the economy.	£2,634.56
General expenses	Cost of refreshments for committee meetings, working lunches, seminars, room hire, witness expenses, gifts provided by the committee during visits and conference fees for members.	£14,782.79
<b>Total Expenditure</b>		<b>£28,819.40</b>