



Northern Ireland
Assembly

Committee for Enterprise, Trade and
Investment

OFFICIAL REPORT (Hansard)

Briefing from the Minister of Enterprise,
Trade and Investment

9 May 2013

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Patsy McGlone (Chairperson)
Mr Phil Flanagan (Deputy Chairperson)
Mr Steven Agnew
Mr Gordon Dunne
Mr Paul Frew
Mr Alban Maginness
Mr Stephen Moutray
Mr Robin Newton
Mrs Sandra Overend
Ms Sue Ramsey

Witnesses:

Mrs Arlene Foster	Minister of Enterprise, Trade and Investment
Mr David Sterling	Department of Enterprise, Trade and Investment

The Chairperson: The Committee will be briefed today by Arlene Foster MLA, Minister of Enterprise, Trade and Investment, and the permanent secretary at the Department of Enterprise, Trade and Investment (DETI), Mr David Sterling. You are both very welcome. Minister, you know the format by now. We invite you to make an opening statement, and the Committee has decided to raise a range of issues with you. We will do that according to the normal course of events. The floor is now yours, Minister.

Mrs Arlene Foster (The Minister of Enterprise, Trade and Investment): Thank you very much, Chair. It is good to be back at the Committee. I have a range of issues to touch on today, the most notable of which is probably the delay on the decision on corporation tax by the Prime Minister. David has briefed you on that issue. From my perspective, I am very disappointed about the delay. We will continue, at an Executive level, to push for a positive decision. In the meantime, we will continue to focus on the rest of the economic strategy, in particular, growing companies to export and looking at ways of encouraging companies to engage in innovation and in research and development, because research has shown that companies that engage in innovation and in research and development will export into different areas.

You will also be aware that the Government have expressed a desire to look at what they are calling an economic pact, and we are looking at those issues at present. The new package that we are looking at will be additional to what we have already committed to through the Programme for Government, the economic strategy and the economy and jobs initiative. I want to make it clear that any additional package, whilst welcome, will not be a substitute for the devolution of corporation tax, and we will continue, as I have said, with plan A-plus, which will be about corporation tax plus all the

other items that we are looking at at present. We hope to agree that pact in the near future. Work is ongoing between ourselves, the Northern Ireland Office and Number 10 at the moment. I am happy our officials are happy, whichever you prefer, to come back and speak to the Committee about that once the pact is in place.

We will keep our focus on the rest of the economic strategy. As you know, the strategy looks at growing our competitiveness, and, to do that, that needs to be export-led. We are continuing to help companies across Northern Ireland — our own indigenous businesses — and I know that the chief executive of Invest Northern Ireland will be with you later today and will set out how we have helped businesses over the past year. I will not steal his thunder, but I am quite pleased with the results that he will be able to deliver to you today. We have looked in particular at how we can help small businesses. We have a dedicated group in Invest NI that manages customer delivery to the broad small and medium-sized enterprise (SME) business space. Our strategy recognises that SMEs are important to us in Northern Ireland and make a larger contribution in Northern Ireland than happens in the rest of the UK. So, we have been focusing on encouraging those small companies to grow and taking steps to improve the key issue for them of access to finance. I am sure that members will want to discuss that issue today and what we have been doing to try to bridge the gap that we realise is present for a lot of those small and medium-sized businesses.

In relation to innovation and research and development, I am aware that some Committee members were over in Brussels recently and, no doubt, will have been briefed on Horizon 2020. Of course, the final budget has not yet been agreed for that programme, but I would like Northern Ireland organisations to win €100 million from the new programme, and that is double our target for FP7. We know that the programme will be very competitive, but I have initiated a series of actions designed to try to provide more support to businesses to allow them to be successful. I am happy to go into the details of that if members so desire.

Looking forward, the G8 summit provides us with a tremendous opportunity to raise our profile and showcase what is best in Northern Ireland. We have a strapline now that says that Northern Ireland is open to visitors and everyone is welcome ahead of, during and after the G8 summit. We are covering all bases there, and we want to ensure that we get the maximum out of the tremendous opportunity that has been given to us for the whole of Northern Ireland. The Northern Ireland Tourist Board, Tourism Ireland, Invest Northern Ireland and Fermanagh District Council have been working very closely, and David has been chairing meetings with the Prime Minister's office and the Cabinet Office. I am sure that David will be happy to discuss any of those issues if members have any questions about the planning of the G8 summit.

I will touch briefly on tourism. We have a positive legacy from last year and the ni2012 campaign. Of course, 2013 is another exciting year for us with all that is happening in Londonderry, the World Police and Fire Games in August and the G8 as well. I have been very pleased to see the number of visitors to Titanic Belfast and the Giant's Causeway and, indeed, the fact that hotel occupancy rates have increased dramatically, in Belfast in particular, and that Belfast has been named the best UK cruise port, which is something that we should not overlook. Indeed, the 2013 cruise season will also include Londonderry. It is good to see that not only is Belfast raising its game with regard to cruise visitors, but the port in the north-west.

With regard to energy issues, of course, you will know that we are extending the natural-gas network. Work is under way on that. The Utility Regulator has issued its consultation on licence competition issues. I think that, just this week, there was a workshop on the gas extension to the west. I had the opportunity to discuss that issue and others with the regulator and the board when I visited them yesterday. I am told that there is a great deal of interest in that extension. We are looking forward to progress on that.

Security of supply has been raised between ourselves and the Utility Regulator. We continue to work with the regulator and the system operator to ensure that there is sufficient future conventional generation capacity margin for Northern Ireland. Reduction of the conventional generation capacity has, of course, been driven by European Union legislation to reduce harmful emissions. That has impacts right across the UK, not just here in Northern Ireland. We have constraints on our system at present, not least the delays with the North/South interconnector and the difficulties with the Moyle interconnector. So, we are very alert to the issues that surround security of supply at present. We will continue to work with the regulator to make sure that appropriate solutions are put in place.

Finally, the Energy Bill will, hopefully, be with the Committee towards the end of 2013. As I understand it, the Bill has been put in place and is with the legislative draftsmen at present. As the

Committee is aware, the main proposals are to put in place frameworks for an energy-efficiency obligation and small-scale feed-in tariff powers; to look at enforcement and gas-storage provisions; and to look afresh at duties and obligations on the Department and the regulator. So, the Energy Bill will be a job of work before the Department and, indeed, the Committee towards the end of this year. I look forward to working with the Committee on it.

The Chairperson: OK, Minister. Thanks very much for that overview. You touched on a lot of things that, clearly, the Committee has an interest in.

There are a number of issues. I will range across a few that have come up recently. I will deal with all of them, as that will allow for a more efficient response. A major concern that has been expressed — both in the business world and, indeed, by some academics who view these matters — is that the economic strategy was predicated almost exclusively on the reduction in corporation tax. So, with that having been clearly kicked down the alley by Mr Cameron, what is the Department's thinking now? We may well not get that reduction for a long time, if at all, so what is it doing to make allowances for that? Is it asking, "What is plan B?" What creative thinking is going on in the Department in those circumstances?

As you mentioned, we were in Brussels. The second issue is the big concern that is being reflected to us by the business sector and SMEs. When I say SMEs, I am talking not about the 250 employee-sized businesses but about what are loosely referred to now as "micro-businesses". Many of those people are simply not aware of the existence of FP7 at all. I am sure that at least some of them could have availed themselves of and drawn down funding. Others who were aware of it found it to be extremely complex and complicated. The commissioner, Máire Geoghegan-Quinn, accepted those issues. Red tape, bureaucracy and difficulties accessing funding are major issues at a time when we need to get into the R&D side. The clear concern is that we could have a lot of people doing invaluable work in Brussels, and there is no doubt that they are, but that the information is not coming down to the grass roots.

I was particularly heartened to hear from the commissioner that a part of the memorandum of understanding would be that where academic institutes are involved, they would work with the SME sector as part of the drawdown of funding. The Deputy Chairperson was in Dublin. Indeed, we have heard how the Irish Government have assigned a team of people in different Departments who are working on good-to-go schemes. We hear so much about shovel-ready schemes: those are good-to-go schemes that will allow people to avail themselves of and draw down funding. We know how they were particularly successful in doing that under the FP7 tranche. As I said, the concern among business is that good, accessible information, which is easy to understand, be provided to the SME and micro-business sector so that they can avail themselves of that money where it is needed.

Not only does that relate to Horizon 2020; we heard of another project called the Programme for the Competitiveness of enterprises and SMEs (COSME). I do not know whether there is an appropriate section or person in the Department. I am proffering an answer to the question that I am putting to you. It would be very helpful if, at some stage, whoever is charged with that in the Department or Invest NI would brief the Committee regularly. At the moment, we do not have a flow of information that comes to us on those matters, which we could share with our constituents. I recall raising that matter previously.

That brings us on to the next item. Momentum has been with us. It has been to the Department as well. It explained to us how, at that stage, there were upwards of 1,000 vacancies that it could not fill in the information and communication technology (ICT) sector. Clearly, that raises such issues as the skills deficit. However, it told us that it saw potential for the creation of upwards of 50,000 jobs here in that sector. As the Department will be aware, it is having a digital summit in the autumn. It was very keen, as I am sure that we would be, that, just as the agrifood sector has been prioritised, rightly, by the Department, there should be prioritisation by the Department in order to realise the potential to grow and support that particular sector. It would be interesting to hear from you about the Department's level of participation. I am sure that we will hear more from the chief executive of Invest NI later on how participation and involvement in that sector can help to grow it and to make sure, with the Department for Employment and Learning (DEL), that the skills deficit is being filled. Clearly, there is a skills deficit.

That is just for starters, Minister. We are touching on a lot of ground there where we see potential and opportunities. The key issue, as I see it, is to make sure that we avail ourselves fully of those opportunities.

Mrs Foster: Thank you, Chair. As regards the economic strategy being predicated on corporation tax, yes, corporation tax forms a key element of the strategy. However, we were mindful — perhaps we had a crystal ball before us — and the targets that were set in the economic strategy were not predicated on the devolution of corporation tax. So, we said that corporation tax was a key element of our economic strategy moving forward, but the targets that we actually set were not based on our having the power to lower corporation tax. Of course, if we had had the power, we would have revisited the targets. So, the targets in the economic strategy are fine. With regard to the rest of the strategy, as I said, it is not about a plan B: it is about a plan A plus all of the other things that will come along with the economic pact. Quite innovative ideas are being talked about in relation to that pact. As well as that is pushing ahead with our export-led growth strategy.

That leads into the next part, which is about encouraging firms to get involved in innovation and research and development. Of course, that leads us into the Horizon 2020 piece, which you mentioned. We have set out — I hope that the Committee has had sight of it — the Horizon 2020 action plan, which we lead on. We have appointed seven Horizon 2020 contact points — as they are referred to, though I much prefer to call them people; let us not get caught up in the jargon — in key research areas. For example, the Department of Agriculture and Rural Development (DARD) has funded the contact point for agrifood, and that will be based in the Agri-Food and Biosciences Institute (AFBI) in Hillsborough. That is an example of what we are doing.

We have an increased focus on communications about the opportunities in Horizon 2020. I think that it is a fair point to make that a lot of small businesses were not aware of the opportunities that were available. My concern was that those that were aware that there were opportunities were overwhelmed by the bureaucracy and by what had to be gone through to avail themselves of the assistance. I know that we have a listening ear from the commissioner, Máire Geoghegan-Quinn, when we make that point. There is a need to cut down on the bureaucracy and to work with small businesses right across Europe to try to get them to take up the opportunities in Horizon 2020 in a way that they did not in FP7.

We have established a wider Horizon 2020 network, and we have developed a website and information guide. I welcome the fact that the Committee is taking a very keen interest in the area, because I believe that the Committee can help us to get out the messages about Horizon 2020. The Department will work with the Committee to do that. David, do you want to add anything about the key person in the Department?

The Chairperson: It might be helpful to establish what the network is. Who are they?

Mrs Foster: Probably the best thing to do is to come up and give you a specific briefing about Horizon 2020: where we are, what the network is, who the contact point people are, where they are based and how they can be accessed. We are happy to do that.

The Chairperson: The COSME stuff as well —

Mrs Foster: Is it a particular programme?

The Chairperson: Yes.

Mrs Foster: A bit like JEREMIE — joint European resources for micro to medium enterprises?

The Chairperson: It is the Programme for the Competitiveness of enterprises and SMEs 2014-2020, with a planned budget — it is smaller than the other one — of €2.5 billion.

Mr David Sterling (Department of Enterprise, Trade and Investment): Invest will be taking on the role of contact point for SMEs and has one person dedicated to that. Obviously, we in the Department will be working with Invest and, indeed, with other Departments to push Horizon 2020 forward. We have learnt a lot from the experiences of dealing with FP7, and we will try to ensure that there is much greater communication with all those companies that may be able to avail themselves of the opportunity. The fact that we are hoping to double the drawdown from last year shows the extent of the ambition.

The Chairperson: Is it ambitious to double it, when the case was made here that Trinity university had drawn down more money than the whole of Northern Ireland under FP7?

Mr Sterling: I think that it is pretty ambitious, given where we are coming from. Horizon 2020 is all about encouraging firms and universities to collaborate across borders, so there is a particularly big challenge, especially if you are talking about small SMEs, in getting them involved in that type of process. We are not ducking the challenge at all, but it is nonetheless challenging. We can certainly look at what others, including Trinity, have done.

Mrs Foster: One of the difficulties with FP7 — you have mentioned Trinity — was the fact that most of the money was accessed by universities. That is true for Northern Ireland as well as for the Republic of Ireland. David is right; it is about cross-border collaboration as well as collaboration within Northern Ireland, so it may well be that some of the companies that partnered with Trinity are actually from Northern Ireland. InterTradelreland has been working on that project in relation to collaboration across borders. In fact, some of its best examples under FP7 have been cross-border collaborations, using technology institutes in the Republic of Ireland and companies in Northern Ireland. I am happy to get you those examples.

The Chairperson: That would be useful. We want to avail ourselves of all the opportunities that exist.

Mrs Foster: Whilst Invest Northern Ireland is the Northern Ireland contact point, InterTradelreland plays a role in this as well; it certainly did under FP7, and I presume that it will do so under Horizon 2020.

The Chairperson: One thing that came up when we were out in Brussels was, for want of a better word, a trans-European SME "matchmaking" operation. Apparently, there is some sort of database — one of the officers out there showed it to me — that could be used. It might be interesting to establish how or if and to what scale that is being used by the likes of Invest NI, whereby a company here may have a germ of an idea and could draw down the very funding that that matchmaking of companies and services could provide. It might be helpful if we were to get a briefing on how the Department and Invest NI are working to use those facilities.

Mr Sterling: Certainly. You will know that Invest NI has people based in the Brussels office.

The Chairperson: Oh yes, we met one of them.

Mr Sterling: We will make sure that they are aware of that and get you a briefing.

Mrs Foster: You mentioned the ICT piece, Chair. Obviously, we very much welcome the report by Momentum. We had put together a scoping study ourselves, supported by Invest NI. Again, it said that it was realistic. You will have seen from announcements made recently in connection with companies that are investing in Northern Ireland that investment has been in that sector. So, I am very mindful of the need to provide the appropriate skills for those companies. I have been working with Stephen Farry in that area. We are doing a lot of cross-departmental work to make sure that the appropriate skills are in place. We have a scheme called Assured Skills. We can tell a company that, if it invests in Northern Ireland, we will commit to getting it the appropriate skills. It is very much in our interest to continue to focus on the sector. You asked me whether it was a priority sector. It is a priority sector because it is providing jobs at a time when other sectors are not providing jobs. Most of the announcements I have been involved with recently have been in the ICT sector, of one sort or another. It is one of the reasons why we set up the Software Testers Academy, which is to allow people who do not have an initial degree in technology to change course and go on what has been a very successful conversion course. It is the South Eastern Regional College, I think, that runs the course for the Department for Employment and Learning. We have had two sets of graduations from that course. As I understand it, a third course will be advertised in June/July.

Mr Sterling: The Committee will know from the Momentum presentation that all the initiatives are having an impact. The number of people applying for jobs from computing courses has increased by 44% in the past three or four years. Again, that shows that the message is getting across that ICT is a good career and there are jobs and vacancies there. That is encouraging.

The Chairperson: One final item, Minister, before we move on to other members, who are anxious to get in. Are you in a position to give us a flavour of the economic details, whatever those might be, that are likely to emerge around today's announcement from the Office of the First Minister and deputy First Minister (OFMDFM)?

Mrs Foster: As I understand it, today's announcement is not economic.

The Chairperson: There seem to be some sort of rumours flying about this morning.

Mrs Foster: There are rumours flying about every morning, Chair. Certainly I am not aware of any —

Ms S Ramsey: Most of them true.

Mrs Foster: — economic pack being announced today.

The Chairperson: Right, OK. That is grand. Thank you for that.

Mrs Foster: I may live to regret that. *[Laughter.]*

The Chairperson: Ah well, you have got cover. *[Laughter.]* I will move on to other members.

Mr A Maginness: Minister, you are very welcome. We wish you well in your work. Inward investment and employment creation are difficult tasks.

One of the consequences of the delay in any decision on corporation tax is the greater need for 100% regional aid for Northern Ireland. Mr Sterling came to the Committee a few weeks ago to brief us on that. However, things change fairly quickly. We understand that the Department for Business, Innovation and Skills (BIS) is not enthusiastic about advocating category C for Northern Ireland, which creates difficulties for us. What is the position now, given that the Secretary of State and the British Government have indicated that they support regional aid here, and yet there is the BIS position? There seems to be a contradictory position in the British Government.

Mrs Foster: We were not facing resistance at a European level, and I met the commissioner. I thank all the MEPs for their work on the issue. As you rightly said, the resistance was coming firmly from the Department for Business, Innovation and Skills. It indicated that it did not think that there was a case to retain the 100% selective financial assistance (SFA). I was pleased when the Secretary of State said — I think that it was on the day after the decision on the delay of corporation tax — that they were looking at our keeping our 100% coverage as part of the economic pact. I take that as a very positive move. I do not think that she would make that comment without authority from the Prime Minister. Therefore, we in the Department believe that that, hopefully, will be sorted out as a result of the economic pact. We continue to lobby because we believe, particularly given the delay on corporation tax, that we need some tools to attract investment into Northern Ireland and to help our indigenous businesses through selective financial assistance.

Mr A Maginness: It is essential that that be done. What you are saying, although you cannot be absolute, is that BIS will be more supportive of our position.

Mrs Foster: I am saying that, if it is part of the economic pact, it will happen. If the Prime Minister puts his imprimatur on a pact, the Department will have to deliver it.

Mr A Maginness: The other issue is Horizon 2020. We had a lot of discussion about that in Brussels recently. We had some discussions with colleagues on the Irish side in Brussels. They said that a unit had been established in Enterprise Ireland to co-ordinate all Horizon 2020 activity. Experts were identified in key sectors to maximise the drawdown from Horizon 2020. You mentioned seven people who are the contact points in Northern Ireland. How does that compare with the position in the Republic on the drawdown? It seems that they have been successful with FP7 in relation to the drawdown. Are there any lessons that we can learn from their success?

Invest Northern Ireland seems to have an important role in this. From what you said earlier, I am not quite certain what that role is. Does it have a central co-ordinating role? What is the position?

Mrs Foster: Invest NI is the Northern Ireland contact point for small businesses. In other words, it is the organisation that small businesses will go to for information and assistance, and it will have access to all the other seven people. There is a good relationship between Invest Northern Ireland and Enterprise Ireland. You may want to speak to the chief executive of Invest NI about that. They work

well together, particularly in areas such as these where there are aids for both of them, and they will both benefit from working together.

As I said, InterTradelreland also provides a focus. Indeed, it is holding a conference, Collaborate to Innovate, on 16 May in Dublin. The focus there will be on highlighting potential opportunities for Horizon 2020. That is open to Northern Ireland as well as to the Republic of Ireland. Although the conference will be held in Dublin, it will happen across the island. Therefore, that is the start: to try to raise awareness.

If there are learnings from Enterprise Ireland — you may want to raise this with the chief executive of Invest NI — I am quite sure that Invest Northern Ireland will want to take those learnings and use them for the benefit of companies in Northern Ireland. There is no resistance from the point of view of the Department or Invest Northern Ireland to working with Enterprise Ireland or InterTradelreland. The relationship between those three bodies is very good. When InterTradelreland hosted the commissioner a year ago at a North/South Ministerial Council meeting, Enterprise Ireland and Invest Northern Ireland were both there. They are collaborating to make sure that we get the most out of this.

Mr A Maginness: It makes sense that that collaboration takes place, particularly in partnering companies, North and South. Are you satisfied that there will be a better co-ordinated approach for the drawdown from Horizon 2020?

Mrs Foster: I am. We have a member of staff in Brussels, we have this contact point in Northern Ireland, and we have the seven people in different research areas to work together, so we have become better connected. As David says, we have learned some of the lessons from FP7.

Mr Sterling: It is worth stressing that those seven people are additional to the effort that we would have exerted previously. Behind those seven people, there is a network of people working in the Department, Invest NI, the Department for Employment and Learning, the universities and InterTradelreland. They are working together much better than they would have done previously.

Mr A Maginness: They are spread over a range of Departments, not just DETI.

Mr Sterling: Indeed. That crosses Departments. I should mention the Department of Health, Social Services and Public Safety and the Department of Agriculture and Rural Development as well, because those Departments engage in significant amounts of research, which also have commercial opportunities.

The Chairperson: The key to that is getting the information out because people are working in different specialist areas. We need it to be distilled and put out in intelligible form, with the support that is required from the business sectors. That is where the big deficiency has been, which is apparent to any of us who have looked at it for a while. Hopefully, lessons have been learned.

Mrs Overend: Thank you very much, Minister, for coming to the Committee. It was interesting to hear the details about different issues. The Committee has been concerned about the security of supply. You touched on that earlier. Can you tell us more about the work that you have been doing to avoid the lights going out after 2016? Who have you been meeting? Who has responsibilities going forward? What are the timings for getting a resolution to the problem?

Mrs Foster: As the Committee will know, in January, the Systems Operator for Northern Ireland (SONI) published a generation capacity statement, which highlighted a decommissioning of 510 megawatts of power generation capacity in Northern Ireland from 2015 onwards. That really is the pinch point. I stress that there is no immediate issue with security of supply. Of course, we need to look at issues moving forward. We are alert to what happens after 2015. That decommissioning is being driven by EU legislation, and we are very mindful of that. DETI, the Utility Regulator, whom I had the opportunity to speak to about this issue yesterday, and the system operator for Northern Ireland are considering the best options on how to ensure that we have adequate future conventional generation capacity. A number of options are being looked at. I know that we will have clarity in the next month to six weeks, and I am happy to discuss the issue with the Committee when the Utility Regulator comes back to the Department. Members will know that we are responsible for energy policy in Northern Ireland, and the regulator regulates the industry. Therefore, we will ensure that there is enough supply post-2015. It is a matter of which option we go for, whether we need a

"peaking plant", as it is known, and whether Ballylumford B can continue in some form or another. We will look at all those options and make sure that things continue in the proper way.

I should say to the Committee that, just yesterday, I met a delegation from Ballylumford B. The trade unions came to see me yesterday, and I listened to their concerns about moving forward. I know that they have probably been in contact with members.

Mrs Overend: Thank you very much. The issue with the connectors also feeds into that. I am sure that that has been a pressing issue for you. Have you done anything recently on that? Is there something more that can be done?

Mrs Foster: When the single electricity market came into being in 2008, it was the first of its kind in Europe. It has been working well. The lowest price is set, and then everyone benefits from it in the market. With constraints on the system — the grid — it actually costs money to the market. The constraints are in relation to interconnection, and I am clearly on the record as saying that we need a North/South interconnector because people do not realise that it is costing consumers money not to have it in place. Therefore, that needs to progress, and, as I understand it, the planning application on this side of the border is going back in in the near future. In the Republic, it is going in at around the same time. I am not just as clear about that issue.

We also have difficulties with the Moyle interconnector. We consider it important to have that connector with the rest of the UK restored to full operating capacity as soon as possible, and the Utility Regulator, who has responsibility for this issue, has been saying the same to me. He wants to ensure that it is up as quickly as possible. It currently provides 250 megawatts transfer capacity, so that is about half its present capacity. We need to get that operational again and back up to 500 megawatts. Those are the two constraints on the grid, and they need to be sorted.

Mrs Overend: We had people in from the Moyle interconnector a couple of months ago. They were going through the process of deciding how to go forward, and they seemed to be gathering information. Have you talked to them recently about whether they are near a conclusion?

Mrs Foster: Yes. This is the second time that there has been a complicated issue, so they are working through some of the issues in connection with insurance from the first time around. They now have to deal with the second issue. The regulator is very clear. He has been in communication with Mutual Energy. Representatives from Mutual Energy came to see me around two months ago. After discussions with the regulator, it may confirm support for the replacement cable option as opposed to fixing what is already there. There is no guarantee that that cable can be replaced before the retirement of the conventional plant at Ballylumford. That issue has to be taken into consideration. The regulator is looking at that and the security of supply issue. However, as always in energy, everything is connected. Therefore, if you make a decision on one issue, it will have an impact on another issue, and the regulator has to take that into consideration.

Mr Sterling: There is regular contact between our energy division, Mutual Energy and the regulator.

Mrs Overend: Thank you; I appreciate that. Minister, you recently announced a major investment conference for the autumn to coincide with the G8 summit. Can you give us any more information on that and whether there are any firm plans?

Mrs Foster: I did not actually announce it; I was asked about it. As I understand it, negotiations are going on between the Office of the First Minister and deputy First Minister and 10 Downing Street about an investment conference. From a departmental point of view, we would very much welcome that because it will give us an opportunity to build on the G8 summit and take opportunities from that. Our last two investment conferences were very successful from a number of points of view. The May 2008 conference and the smaller conference that was held in the US have brought us invaluable contacts, which we have used to leverage in significant investment.

Mrs Overend: So it is not your thing yet, Minister.

Mrs Foster: It is not my thing yet.

Mr Newton: I thank the Minister for attending. I appreciate her efforts as she scours the world for inward investment and the time that she spends away from her family.

Your briefing, Minister, was very comprehensive. I wrote down my questions, but I am ticking them off one by one as they have already been asked. I want to ask about two areas. You referred to tourism projects that we should rightly be proud of: the Titanic project; the Giant's Causeway; the additional cruise liners that are berthing; and the potential of the G8 summit, which we all hope will be successful and out of which we will have a legacy. However, I want to ask you about two particular projects — the UK City of Culture and the World Police and Fire Games — although I accept that they are outside your bailiwick. They will have a huge impact on the tourist potential and the figures that will be generated for hotel occupancy. Nevertheless, I am concerned that what appears to be negative publicity for those two major projects may have an impact on future tourism projects.

The Chair mentioned Momentum's skills area. I perceive that we have a skills gap in other areas, and to underpin the success of the economy, those need to be addressed. Can you explain the relationship between your Department in that area and the other Departments that are addressing those skills gaps and how profitable and successful that is?

Mrs Foster: Tourism had a very good year last year, and it is a bit frustrating that we do not yet have the full picture on figures. We hope that the figures will be available towards the end of this month so that we can look at them retrospectively. However, some indicators have been very good, particularly for hotel accommodation and the number of cruise liners coming to Belfast and Londonderry. It is a good picture. I have been up at a number of events at the UK City of Culture, and I intend to go to other events in and around the city. The events that I attended were excellent, but as I said to people in the north-west, it is bit like the G8 summit in that we have a tremendous opportunity for that region. This is the first ever UK City of Culture. It is not as if it has been done before. It is an opportunity to set the benchmark for future UK cities of culture. The fact that it is the first gives the city a tremendous opportunity to shine. The intention of Northern Ireland 2012 was to bring more tourists into Northern Ireland, but it was also about civic pride in Northern Ireland. I was pleased about the way in which people took to that message. For Londonderry, one element of hosting the UK City of Culture is the fact that it will have civic pride in one of the most beautiful places in Northern Ireland. It is a tremendously historic city, and I love its heritage. It is a brilliant opportunity for everybody up there. If there are negative stories coming out of the city, it is disappointing, but I hope that there will be more positives than negatives.

You are right about the World Police and Fire Games: I do not have primary responsibility for that. It lies with the Department of Culture, Arts and Leisure (DCAL). However, we are very interested in the event to see how many visitors we will have not only to the city of Belfast but to Northern Ireland. We are working with DCAL to make sure that we do everything we can to assist. The games are also a tremendous opportunity. I was with our tremendous ambassador, Mary Peters, last evening when she received the freedom of the city of Belfast. If Mary's enthusiasm is anything to go by, it should be a great event.

I am on record as saying that the Department has the best relationship that we have ever had with the Department for Employment and Learning when it comes to working across Departments. It is a very relaxed relationship. If I have an issue, I speak to Stephen Farry. I am sure that David would say that his relationship with DEL officials is also very good. We have been looking at skills not just in the ICT area, although that is a key area for us because of the amount of investment that we receive. We have been looking at engineering skills, particularly in heavy engineering. In the Chairman's constituency, there are a huge number of firms that need particular skills such as welding and other heavy engineering skills. Bill McGinnis was involved in looking at the skills required for that area. If there are areas that members think that we need to look at, we are more than happy to do that to try to address any skills gaps. My pitch to investors in Northern Ireland is the fact that, because we are a small Administration, we can be flexible and assist them with any skills that they might need. If that is the pitch, we need to be able to deliver on it. I really believe that we can.

Mr Flanagan: Arlene, you are very welcome. Thanks for coming. We have a helpful brief from Mike Thompson on the proposed issuing of a petroleum licence in five counties. The brief goes to some length to deal with the criticism that the timing of the advert in the papers was strange. There is a bit of a claim that there may be a conspiracy theory. There were concerns because it was advertised over Easter, but the brief states that that was no more than DETI officials following standard procedures. When was the decision taken that there was going to be an intention to grant the licence?

Mrs Foster: I cannot answer that, Phil, because that is not a decision that comes to me. However, I am happy to ask officials about it. This has been a non-contentious area for a number of years but is now, apparently, a very contentious area. DETI officials are more than happy to look at that whole process. If people say that they are not content with it, we will look at the process again. It has been a non-contentious area. Mike's briefing is absolutely right: this is the way in which it has been carried through. How many petroleum licences are there? Five?

Mr Sterling: Four or five.

Mrs Foster: This was the way in which it was carried out with previous petroleum licences, and there were no objections. We have received a large number of pro forma letters; they are all the same apart from the name and address. I even had one from Bolivia objecting to the petroleum licence, which was interesting. They have come in and will be taken into consideration, like everything else, during the consultation.

Mr Flanagan: Have you any idea when a final decision will be made on the awarding of those licences?

Mrs Foster: No, because I do not get involved in that.

The Chairperson: Can we be informed?

Mrs Foster: Yes, absolutely.

Mr Flanagan: Will you notify the Committee or the Assembly of that, or will it be down to your departmental officials?

Mrs Foster: In the past, we have not, but I am more than happy to alert the Committee to the awarding of a licence.

Mr Flanagan: You have referenced this as the fifth licence. The other four were awarded in 2010-11 when I was a councillor on Fermanagh District Council. When that licence was awarded, as a member of the council, I was never notified of the intention to award a licence. We still have not been notified. As a councillor, I never knew. There has been contention over that, and we have raised our concerns about it previously.

Mrs Foster: Which licence are you referring to, Phil?

Mr Flanagan: It was PL 4; the Tamboran one.

Mrs Foster: Yes.

Mr Flanagan: A notification may have been sent to one of the officers on the council, but it was never notified to the councillors as such.

Mrs Foster: I would have thought that if it was notified to an officer of the council —

Mr Flanagan: It is not your problem.

Mrs Foster: It is not that it is not my problem, but I would have thought that the council officer would have brought it to the attention of the council.

Mr Flanagan: It is his responsibility and not yours; perhaps that is a better way to phrase it. Anyway, concerns were raised that it was done without enough consultation with the public. Mike's briefing states that there is no statutory obligation on DETI to consult on the intention to grant a licence. However, that has been there since 1964, and this is the way in which all licences have been processed since 2010. This Committee has discussed at length the exploration of non-conventional gas and oil. It is a very contentious issue in many countries, and your Department is well aware of the sensitivities. Mike's briefing goes on to state that the licence would not allow the use of any technology such as fracking. If the licence were granted, what power will your Department have to stop CHX using hydraulic fracturing as a means of exploration of gas or oil?

Mrs Foster: Mike's point about not having any statutory obligation is correct. Under the current legislation, we do not have that. However, I recognise that there is an incredible interest in this whole area. As I understand it, from the geology of the area, it will be conventional exploration. However, the licence conditions will be very clear about the mechanisms that will be used. The licence will state what type of exploration is foreseen in the Lough Neagh basin area. I am not an expert in geology and I do not pretend to be, but I am told by my officials from the Geological Survey of Northern Ireland (GSNI) that the geology does not lend itself to hydraulic fracturing, and, therefore, it will be conventional exploration.

Mr Flanagan: If the proposed licensee decides to change that, how do they go about it?

Mrs Foster: As you know, as is the case for Tamboran in County Fermanagh, if it wants to drill a borehole for hydraulic fracturing, it has to do so with the consent of the Department of the Environment.

Mr Flanagan: The control will be outside your Department?

Mrs Foster: Yes; it is with the Department of the Environment.

Mr Sterling: Tamboran's current licence does not give it the authority to fracture hydraulically or to frack as such. It would need to submit a fresh licence seeking approval to do that.

Mrs Foster: At the moment, it has only an exploration licence and not a full licence.

Mr Sterling: That is the type of licence that has been sought in west Tyrone as well. If a licence were granted, it would not give approval to the company to frack.

Mr Flanagan: Would it be up to DETI or the DOE to give that permission?

Mr Sterling: Before any licence could be approved, there would obviously need to be all sorts of environmental and other assessments. As I said, we are not in a position in which anybody has sought approval for hydraulic fracturing anywhere in Northern Ireland.

Mr Flanagan: If some company came and said that it wanted to carry out hydraulic fracturing in Fermanagh or anywhere else, would it be up to DETI to give the initial consent or would it all be up to the DOE through the Planning Service?

Mrs Foster: No, the DOE has to be satisfied that the work will be carried out in an environmentally appropriate way. Therefore, all the information would have to be given to the DOE before any licence was granted by DETI. So the first thing that has to be carried through for a hydraulic fracturing licence is all of the environmental work. This is an important point: if a company falls down on the environmental issues and is not given the environmental go-ahead, it will not get a licence.

Mr Flanagan: In the ongoing work by the Environmental Protection Agency (EPA) in the South, in conjunction with the Environment Agency in the North, is there any reason why DETI has not followed the approach of the Department of Communications, Energy and Natural Resources (DCNR) in the South, which is not to issue any new licences until that work has concluded and a full assessment has been made of the long-term impacts of the exploration of non-conventional gas and oil?

Mrs Foster: It is wrong to stop exploration because that is exactly what it is: exploration. We are not giving licences for hydraulic fracturing until such times as all of the environmental work has been done. As part of that, I am quite sure that the Minister and the Department will look at best practice from other areas. Indeed, I understand that the new chief executive of the Northern Ireland Environment Agency is looking at that very issue for his Department.

As I said earlier, when we take a decision on one part of energy, it has an impact on another part of energy. Often, I am asked what I am doing about fuel poverty, the cost of electricity and so on. It would be wrong not to at least look at different sources of energy, whether renewable energy or oil and gas, that may exist elsewhere and could be obtained by conventional or unconventional means. We have a duty to look at those sources because people are concerned about the price of energy.

Although we will do all that we can on energy efficiency, we have to realise that renewable energy costs more than some other forms of energy.

I am an advocate of renewable energy: it is the way forward. That is one of the reasons why we have the target in the strategic energy framework, and I am committed to delivering that. However, it would be wrong not to look at other ways of dealing with the very pressing issues of fuel poverty and, as the regulator pointed out recently, the cost of electricity to our large energy users. Our businesses and manufacturers have to deal with higher energy costs than nearly anywhere else in Europe, and that will have an impact on Northern Ireland.

Mr Flanagan: Are you satisfied that fracking is safe and could go ahead?

Mrs Foster: That is not what I said.

Mr Flanagan: I did not say that you did; I am asking you.

Mrs Foster: No, I have not said that. I think that it is right that we explore opportunities and that it would be very foolish and wrong of us to cut off anything that would bring down the cost of electricity and the cost of energy for consumers.

Mr Flanagan: If you believe that fracking has not yet been proven safe, why are you handing all of the responsibility for deciding the future of fracking to the Department of the Environment and not keeping it in your Department?

Mrs Foster: I am sorry, Philip, but that is a really skewed question. Chair, I am criticised for giving out exploration licences, but when I say, "The Department of the Environment must assess an application in relation to environmental issues", I am criticised for that as well.

The Chairperson: I will try to bring some balance to this. Everybody in this room knows the process that a licence application must go through. We know that it has to go through the Department of the Environment. We know that, and the Minister of that Department is a party colleague of mine. Therefore, we cannot move the goalposts when it comes to how the process happens: how Minister Foster does her bit and how Minister Attwood, his Department and the NIEA do their bit.

Mr Flanagan: I am not asking anybody to move the goalposts.

The Chairperson: Sorry, but we started off on the issue of a petroleum licence, and that is what we are talking about today. If we want a separate meeting about fracking, I am sure that we can have that another day. I represent a good bit of the lough shore area, so I listened very carefully to what you said about that licence, which is what we are principally here to discuss. I allowed a fair degree of latitude, because I am aware of your concerns about fracking in your constituency, many of which I share, but we have to get back to the petroleum licence issue. I realise that some members may have misinterpreted the detail of the licence, as set out in Mike Thompson's briefing paper, but that is in the context of the sensitivities around fracking.

Mrs Foster: I accept that.

The Chairperson: Historically, there have been concerns about lignite mining in my area. Those sensitivities clearly exist in the community, and I am sure that you will bring that bit of understanding to the issue as well.

Phil, are there any other issues that you wish to explore?

Mr Flanagan: You might let me try to get a positive answer out of the Minister on another issue. It will be very short.

The Chairperson: That is exactly what I am coming to, Phil.

Ms S Ramsey: Would you like to be called "Philip" again?

Mr Flanagan: No. Only my mother calls me that when I am really bad.

Mrs Foster: When I call my son "Benjamin" instead of "Ben", he knows that he is in trouble.
[Laughter.]

Mr Flanagan: At the end of March, the GAA took a historic decision at its annual congress to put in a joint bid with the Irish Rugby Football Union (IRFU) to host the Rugby World Cup in 2023. A feasibility study has been submitted to the Department in the South. Have you any update on how that is progressing?

Mrs Foster: Yes. The Minister of Culture, Arts and Leisure and I met the IRFU before the GAA made its decision, which I very much welcome. The IRFU team will come back to discuss the feasibility study with Minister Ní Chuilín and me. I am nearly sure that a date has been set for that. It is a very exciting opportunity, and I look forward to hearing what the IRFU has to say.

Mr Flanagan: Will you keep us updated on that? Whether that needs to be confidential is up to you.

Ms S Ramsey: Minister, you will be glad to know that I will not mention fracking. You will also be glad to know that your comment about living to regret something has already been tweeted.

Mrs Foster: Who is tweeting from this place?

Ms S Ramsey: It is not us; it is somebody else.

Mrs Foster: It is a good job I do not use Twitter.

Ms S Ramsey: I am interested in your relationship with DEL in particular. You said that it is probably the best relationship ever. Robin touched on the fact that you "scour the world" for inward investment. How early are Departments, especially DEL, involved in that process? A previous criticism was that one Department goes out, does what it does and comes back. Then, when the deal is nearly done, someone realises that we do not have the necessary skills. Have we improved that?

Mrs Foster: Yes, we have. That is one of the reasons why we now have the Assured Skills scheme. We would not be able to deliver that to companies unless DEL had a good view of future inward investment and the particular sectors concerned. A conversation is ongoing about whether Stephen Farry will join a future trade mission so that he can see for himself what sort of companies we are looking at. That, I think, would be very positive. We have a very good relationship, and, importantly, officials also work very well together. So I am happy with the relationship with DEL.

Ms S Ramsey: That is quite useful. Given that the economy is a main priority in the Programme for Government, what role do other Departments play in that?

Mrs Foster: The junior Ministers from OFMDFM, the Department of Education, the Department for Regional Development, the Department of Finance and Personnel, my Department and DEL all sit on the subcommittee that was set up to draw together the economic strategy. Then, from time to time, we receive presentations. We have had a presentation from the Social Development Minister and from the Agriculture Minister.

I have made the point in debates on many occasions that the economy sits right across all Departments. I take the lead on enterprise, trade and investment. Recently, in the Department for Regional Development, we have seen the impact that the A5 project is having on the economy. Every decision that the Executive take on the redistribution of the A5 money will have an impact on the economy. So you are right to say that it is not just DEL and I who have responsibility; it is right across the Executive.

Ms S Ramsey: When did that subcommittee last meet, Minister? How often does it meet?

Mrs Foster: It meets once every two months, I think. The last time that we met, we looked at the innovation strategy and access to finance. We had just had the access to finance report from the Economic Advisory Group (EAG) at that time. Although the subcommittee came together to put the economic strategy together, it continues to meet. We had a useful meeting with Lord Heseltine, who came over to speak to us. As you know, he recently published his report on giving back more powers

to different regions in the UK. He wanted to come and talk to us about how we find devolution, the economy and what have you.

Ms S Ramsey: Chair, a further update on the themes in that thread might be useful.

Then, we get into the whole issue of targeting social need and health inequalities, which, indeed, concern my other Committee. If we bring in investors and give them a package, we need to get something out of that. Is there a policy now, at your level, to ensure that although targeting social need and health inequalities are dealt with by other Departments, a partnership approach is needed? Have we got leverage to tell investors that we want them to go to a particular place?

Mrs Foster: No.

Ms S Ramsey: Given that we give them a package to invest, are we working towards getting that leverage?

Mrs Foster: We do not say that to investors. We tell them about the different areas of Northern Ireland. I have been working with some councils to identify unique selling points that would bring companies to their areas. So, for example, as Phil will be aware, Fermanagh is putting together an app that tells the story of why you should invest there and what the skills and benefits of the area are. Other areas are doing the same. We have to present investors with all of the information. Then, they will decide what is the best fit for their company. It is up to us to bring forward the information.

Ms S Ramsey: So even when we give investors a package, we do not have any sway?

Mrs Foster: We do not do that. We tell them that we can assist with their coming to Northern Ireland. Obviously, we can talk to them, but, to be honest with you, it would be wrong to attach conditions because we are in a very competitive market. Take, for example, this week's announcement of 177 new jobs at Deloitte, for which we were in competition with other parts of the United Kingdom and India. It was a very hard-fought competition to get Deloitte to come to Belfast. We need to be aware that we are involved in very tight competition.

Ms S Ramsey: The Minister mentioned the money for the A5. Earlier, Chair, you mentioned shovel-ready projects. With the possibility that that money could be given out, do you propose any bids?

Mrs Foster: We are looking at that and having discussions. First, we have to see what DRD intends to offer up, or not, as the case may be.

Mr Dunne: Thanks very much, Minister and David, for coming along today. I think that we all recognise the good work of the Minister and the Department. Those of us who are in contact with business recognise the good job that you do in very difficult circumstances.

A recent success of framework programme 7 (FP7) funding was the new factory for Bombardier. I wonder whether you are aware that it has plans to expand its premises and move away from its traditional type of engineering by diversifying into composites. What can we do to encourage Bombardier to get involved in Horizon 2020? It is a major employer and does an excellent job, so we should do all that we can to support and encourage it.

Last week, representatives from the Ulster Bank were at the Committee to talk about their new loan scheme. How much more influence can you and the Finance Minister bring to bear on the banks to encourage them to take greater risks to try to restart the economy, especially the construction industry, which finds funding exceptionally difficult to access?

Finally, when Dr Bradley from the Centre for Cross Border Studies was giving evidence to the Committee, he made an accusation that I found unacceptable. He said that the Department — I believe that he was referring to DETI — did not like SMEs. What is being done to dispel that sort of accusation?

Mrs Foster: On the last point, if people want to take a view that is factually incorrect, and which will be shown to be so when you hear from the chief executive of Invest NI in the next session, there is not much that I can do. I can only assume that he had a particular perception, but that is that.

Bombardier has been very successful in accessing European funding and, indeed, funding from the Department for Business, Innovation and Skills. We will continue to support Bombardier because we believe that we need to support our strong companies as well as trying to build up the weaker ones. Bombardier has been doing tremendously well, despite everything that has been thrown at it. It has been very encouraging to see the way in which it has expanded and invested in its facilities. When I visited its plant in Shenyang in China, it was very heartening to see the esteem in which our Belfast team is held by people from across the world. I pay tribute to all of the staff at Bombardier, whether they work here in Belfast, Montreal or Shenyang. Wherever they are, they do us proud.

On the banking system, Invest Northern Ireland has produced an access to finance strategy to try to deal with some of the gaps that we have identified. The Economic Advisory Group produced a report that underlined a lot of those gaps. The Finance Minister and I will have a meeting with Treasury in early June to discuss the banking system here, in particular the fact that some of the national schemes that have been launched — often in a blaze of glory — have not really had an impact in Northern Ireland. We want to know why that is the case and how we will rectify it. At that meeting, we hope to have assistance from the Secretary of State. She has expressed a willingness to help in that area, and we very much appreciate that.

The Chairperson: I have one final point on the theme raised by Gordon, which relates to the funding streams drawn down from the banks. We made the point to the Ulster Bank last week that there should be good working relationship with Departments to make sure that, if funding streams are available, the bank can tie in to realise those opportunities. The banks also interface with businesses, and they should be liaising formally with the likes of Invest NI, and I think that they said that they were. We want to ensure that all information on potential streams of funding — whether through lending, the growth fund or EU funding streams — is shared so that people who deal with businesses at the coalface are fit to provide that information. I think that all of us in the room would share that notion of doing business.

Mrs Foster: You raise an interesting point, Chair. One of the issues that we raised with the banks when we met them in and around Christmas time was that we felt that there was a deficit — we have talked about skills deficits — in their understanding of businesses in particular sectors. The banks took that on the chin and said that they would work to deal with that. I am sure that we have all had people coming to our constituency office to say that the banks simply do not understand their business models or what it is that they are trying to do. That is a concern.

We have been trying to say to the banks that they should work with Invest Northern Ireland so that they can understand the different sectors. I had to write to the banks about some of our support mechanisms for renewable energies. I was getting feedback that when people approached the banks for assistance with, for example, anaerobic digesters, they simply said no. I wrote to all the banks some time ago to say that these were highly incentivised operations and a good investment. There are plans to brief the banks on the renewable heat incentive (RHI) as well.

Mr Sterling: The Minister has made the point that there are occasions when the Executive provide incentives to people to do certain things, and the banks need to understand those better. That was why the Minister wrote to the banks about the renewables obligation in particular. We will continue to do that sort of thing to provide a better understanding to the banks about what is being done.

The banks, in their discussions with my Minister and the Minister of Finance and Personnel, acknowledged that, perhaps, they did not understand some sectors of the economy sufficiently well. We will continue, at departmental level and through Invest NI to work with the banks. We probably talk to the banks more regularly at ministerial and official level now than we have done for some time, and we do so to give them a better understanding of what the Executive are seeking to do here.

Mrs Foster: I understand that there is some tweeting going on that I know not of the OFMDFM economic pact. I do know what is in the economic pact; I said only that I was not aware that an announcement would be made about that today. For the tweeters here, I want to clarify that I am very much aware of what is in the economic pact.

Ms S Ramsey: For the record, it is not coming from here.

Mrs Foster: I know.

The Chairperson: I hope that no one is tweeting in here.

Ms S Ramsey: I warned you earlier, Minister.

Mrs Foster: Yes, you did; thank you very much.

The Chairperson: Whoever is tweeting —

Mrs Foster: We need to get an accurate tweet.

The Chairperson: OK, can we move on?

Mr Moutray: Minister and David, you are very welcome. What is your assessment of the performance of the Northern Ireland Bureau in Brussels? Further to that, how is Northern Ireland being promoted in Brussels by bodies such as the Department for International Development (DFID), which operates from the British Embassy, to which we are just a region of the UK? Are we up to speed there?

Secondly, now that air passenger duty (APD) has gone, what has been done to attract more long-haul flights to Belfast? We are aware of a few coming next month, but more have been coming to regional airports throughout the UK and to Dublin.

Mrs Foster: I have been very clear that I want more international flights coming into Northern Ireland, particularly now that we have a zero level of air passenger duty at band B, which makes it an attractive proposition. I have tasked Tourism Ireland to work as hard as it can with the airports to bring in new airlines. I have said that I want routes from Canada, Germany and the Middle East because those are sectors that we are targeting at present. Work continues on that, and it would be helpful were the Committee to continue to take an interest in it because we need to push on this issue. I want more access because that brings more investment, more tourism and more visitors, which is what we want.

In answer to the question about the Northern Ireland Bureau, there is no doubt that we need to do more in Europe. We have talked a lot about European programmes today, and I was pleased to see the Committee out in Europe. We need to raise our game there. That is true of the Northern Ireland Bureau and of all of us who go to Europe. We must ensure that we do not just react to what comes out of Europe but that we try to be there when programmes and policies are being developed so that they suit Northern Ireland and we can get the most out of them. Do I believe that we could do more in Europe? I absolutely do. That is true of the Northern Ireland Bureau and of all the elements that we work with in Europe.

Mr Agnew: Thank you, Minister, for coming today. It will probably not surprise you that I will come back to the issue of oil and gas exploration and licensing. You differentiated between conventional and unconventional exploration and, presumably, at some point, extraction. It is important that we interrogate the issue regardless of whether it is conventional or unconventional, and it is right that we raise concerns. The note to the Committee from David Thompson states that the Department has an open-door policy on granting licences and that Northern Ireland should be open for business. I agree, but my concern is that we should also be worried about being wide open for business. Will you explain what it means to have an open-door policy and confirm that it is a policy as opposed to a legislative requirement?

Mrs Foster: It is just a policy. When we say "open door", we mean that we want to be as transparent as possible. I take your point about wanting to interrogate licences for conventional as well as unconventional methods. In the past, there was no controversy about the awarding of licences, and, therefore, no issue was raised about the way in which they were advertised in the papers. I take the point that there is heightened interest in this area and, therefore, as a Department, we need to respond appropriately to that, and we will. If the Committee wishes to look at the licences in more detail every time they come up, that is a matter for the Committee, and I will respect its right to do so. The Easter announcement did not involve any conspiracy; it was just the way in which it had been done in the past. However, I accept that some are concerned about the idea of hydraulic fracturing, and that is why they want to look at all these things.

The open-door policy simply means that we want to be transparent to everybody, so people can come in and approach us for information or talk to us about the mechanisms of hydraulic fracturing. The environmental issues, however, are for a different Department. They may want to talk to GSNi about geology and water table issues, which people have raised with me. That is fine: we have an open-

door policy that allows people to come in and have these discussions. We are open for business. I take your point that we ought not to be open to business at any cost. That is absolutely right, which is why environmental regulations are in place in that area.

Mr Agnew: Does the open-door policy mean that anyone can approach the Department to seek a licence for exploration in any area of Northern Ireland?

Mrs Foster: They can seek information. You would probably have to ask Mike Thompson because I think that Mike wrote in the paper —

Mr Agnew: Sorry, it was Mike, not David.

Mrs Foster: — what he meant by the open-door policy.

Mr Sterling: The presumption of consent to exploration is consistent across the United Kingdom and does not apply only to petroleum licences. It applies in a range of other areas where the presumption is to allow development. Obviously, it is subject to all the other points that the Minister made.

Mr Agnew: That has not always been the case. My understanding is that there was a retracting of licences — I think that I am right — in 2010.

Mr Sterling: That was to allow us to comply with particular European directives on the process for awarding licences. If you have a day to spare, I will explain the detail of that sometime. It was a highly complex challenge to get through that, but the situation before and after in respect of the presumption to grant consent to someone who wants to explore has not changed.

Mr Agnew: When we had Mike Thompson in front of us in the Senate Chamber, we were discussing the Tamboran licence that applies to Fermanagh, and I put it to Mike Thompson that, although the current licence is for exploration, I slightly disagree with the Minister in that it states that, in years 4 and 5, it can carry out a test frack, so it does allow for some fracking if other conditions are met. I put it to Mr Thompson that, if Tamboran were to comply with the conditions of the first stage of the licence, the Department would then be required to move on to the second stage, if Tamboran wished to do so. Having met the conditions of the first phase, the Department would have no grounds on which it could say that it cannot move to the second phase. Is my understanding of what Mr Thompson said correct?

Mr Sterling: I would prefer to come back to you in writing on that, just to be absolutely sure.

Mr Agnew: Mr Dunne will be aware that this came up in North Down Borough Council, and a lot of people were arguing that it was only an exploration licence. They were wondering what all the fuss was about and saying that we should allow people to explore and that there is no risk. However, if the Department is required to allow the second phase, presuming that the conditions are met in the first phase, effectively, you are granting permission, whether it is for fracking or for conventional drilling. To my mind, issuing the first licence is the most important stage.

Mrs Foster: Steven, surely that takes away from the strategic environmental assessments and everything else that has to be provided in relation to the environmental concerns. If the exploration licence is granted and they do whatever they need to do, and it emerges that they can frack and commercially extract the gas, they will have to comply with all the environmental issues. It would be only on those environmental issues that it would fall down because, commercially, they would be saying that they can do it, but they have to prove that they can do it in an environmentally appropriate way. Then, the pendulum swings to the Department of the Environment; that is absolutely right. It is taking a very keen interest in all of this.

Mr Agnew: The point that I am getting at is that your Department, which is the interest of this Committee, effectively has little or no regulation in place. Yes; there will be requirements from the Department of the Environment and hurdles will have to be jumped. When we had the debate when the Assembly called for a moratorium on fracking, we were assured by those who were arguing that we should be in favour of this practice or, at least, against a moratorium, that Northern Ireland would not go down the line of the lax regulations of the US. It seems to me that your Department has little or no regulation when it comes to providing licences for oil and gas drilling, whether it be conventional or unconventional.

Mrs Foster: You are assuming that we operate in departmental silos, Steven, and we just do not. Let us be honest; this is a controversial and cross-cutting issue, and it will come to the Executive. I am trying to understand what your concern is because Alex Attwood has been very clear about the whole environmental regulation element. He is saying that he will be very forthright about that, and I would not expect him to be anything other. If it is called into the Executive because it is controversial and cross-cutting, the whole Executive will become involved in making a decision.

Mr Agnew: One concern is that Alex Attwood will not always be the Minister.

Mrs Foster: But the environmental regulations will always be there.

Mr Agnew: Yes; absolutely.

Mrs Foster: Nobody is going to move away from those.

Mr Agnew: As was stated, there is no requirement for consultation on the issuing of the first stage of a licence. When I look at what we have been sent from Mr Thompson, I see that the six-week consultation applies on the new licence, and issues will be taken into consideration. However, it is not a consultation on whether a licence should be issued; it is a consultation that asks for people's thoughts on the intention to issue that licence. At this point, my concern is that that is a key part of the process, and there are very few hurdles for any company to jump.

The Chairperson: I think that you have made the point very well. It has been extensively dealt with today at the meeting, despite the fact that it is not about fracking.

Mr Agnew: I will move on. It is about the licence, specifically around the petroleum licence, so it is still —

The Chairperson: I have been very patient, and it is an issue that I have an interest in myself, but if there is a specific issue that you have around the petroleum licence, please ask the Minister.

Mr Agnew: Sure. On the new petroleum licence that covers parts of five counties, you said, Minister, that your understanding was that it would be conventional exploration and extraction, if we get to that stage. Did you say that unconventional drilling would be prohibited under that licence, or could be prohibited?

Mrs Foster: This is not something that comes across my desk every day; let me be very clear about that. It is dealt with by officials, so if I am incorrect in something that I have said, it is not out of any desire to mislead the Committee; it is simply because the detail that Mr Agnew has on these issues is something that I do not have in front of me. My understanding is that the geology of that area — I have been told by officials — does not lend itself to hydraulic fracturing, and, therefore, the licence will be granted for conventional extraction. I will double-check that to make sure, because I do not want anybody saying that I have misled the Committee in any way, but that is my understanding: if granted, it will be a licence for conventional exploration.

The Chairperson: I hear and utterly accept the bona fides of what you are saying. If we wish to explore this matter further with officials, that opportunity will be given to us.

Mrs Foster: Yes; absolutely. Please do.

The Chairperson: I think that was the general thrust when we raised it in the first place. Unless you have a very brief point on it, Steven, that you have not raised already —

Mr Agnew: OK. I will move on to the price issue. You mentioned fuel poverty and the importance of price. We should certainly explore areas where, if possible, we can reduce the price for energy. My understanding is that Tamboran has said in its business case to its investors that it would be selling the gas at \$11 per million cubic feet. My understanding is that that would not lead to any drop in price from what gas is currently being sold at in and around the area. My worry is that, deliberately or otherwise, the argument that if we explore and extract gas in Northern Ireland we will see a drop in price appears to be misleading.

Mrs Foster: There are two points in relation to that. I think that everybody knows that the price of gas has reduced in America. That is a fact, related to the fact that they have shale gas available to them. There is no getting away from that. Secondly, I cannot understand how you could set the cost of gas now when they have not even discovered whether they can commercially get the gas out in Fermanagh. I do not understand how a price can be set at this early stage, given the volatility of gas markets throughout the world. Unfortunately, some of our consumers have been recipients of the volatility in gas markets. If Mr Agnew would give me the details that he is referring to, I will be very happy to look at them.

Mr Agnew: It was a business case. My understanding was that there were two investors, so they, of course, have to make projections.

Mrs Foster: Projections. OK.

The Chairperson: Thank you for that, Steven. Before I move on to the next and final question, I remind members and those in the Public Gallery about the use of mobile phones during meetings. It can be disruptive not only for other members but to the recording system and Hansard. That is why the ruling exists, and I would appreciate it if people would abide by that.

Mr Frew: I will be as brief as I can. First, Minister, thank you for being here, and I commend you for your negotiations with regard to the carbon price floor for Northern Ireland. Sometimes, businesses and households do not realise when a job of work has been done that has prevented them from being affected detrimentally. They lose sight of it or forget it. It would have caused a lot of concern if we had not received that derogation. I also commend you, Minister, for visiting, meeting and listening to local businesses, large employers and global businesses in all constituencies, including mine, when I have invited you. When I talk about global businesses, you know the question that will be coming. It is about the cost of electricity and energy, and how that is a concern and a threat to global businesses, plants and large employers. What are your thoughts, concerns and hopes for the future on that issue?

Mrs Foster: Paul, thank you. First, I will reflect on the carbon price floor. We had a discussion earlier about security of supply and generation in Northern Ireland. Frankly, if we had not been able to sort that issue out, our generators would not have been competitive in the single electricity market, and it would have presented us with a huge issue for our generating capacity. I thank Paul for reminding me of that, and it is good to have it on the record. We worked on that with the Department of Finance and Personnel, and we are pleased that we were able to get it.

As for the costs of energy, I was with the Member at one of his companies. *[Laughter.]* I imagine that he would quite like to own one of those companies.

Mr Flanagan: He would not be here.

Mrs Foster: The point was made very forcibly to me that, of all of that company's plants, Northern Ireland was where it had the highest energy costs, if you looked at all the different variables. Although it was not a factor that would push that company out in the next couple of months, it was a matter of concern for it, moving forward. When large manufacturers are saying to me that they are looking at their energy costs as a big issue in their future investment plans, it starts alarms bells ringing with me. My officials in the energy division and I have been having a series of discussions on this whole issue, and the regulator at the time had produced a very useful piece of work on large energy users and the cost of electricity. I have asked him to do some more work on that, and, when he has finished that, the Department and the regulator will have some discussions on the cost of energy, particularly for large energy users.

The Chairperson: Minister, that concludes our discussion today. Thank you for giving so liberally of your time to be with us. It has proven very useful. The more engagement with the Committee, the better for us all.

Mrs Foster: Chair, I welcome the fact that we were able to have a good discussion this morning. Sometimes, unfortunately, when we are not able to have these discussions, perceptions grow up that, frankly, are not true, so it is good to come and talk about those.

The Chairperson: It is good to talk.

Mrs Foster: It is good to talk about all the issues, particularly some of the controversial topics that we need to discuss.

The Chairperson: Thank you for that, Minister, and Mr Sterling.