

COMMITTEE FOR ENTERPRISE, TRADE AND INVESTMENT

END OF SESSION REPORT 1 SEPTEMBER 2013 - 31 AUGUST 2014

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 Sydney Anderson ¹ Mr Sammy Douglas ² Mr Gordon Dunne Mr Paul Frew
Green Party	Mr Steven Agnew
Sinn Féin	Ms Megan Fearon ³ Mr Phil Flanagan (Deputy Chairperson) Mr Mitchel McLaughlin ⁴
Social Democratic and Labour Party	Mr Patsy McGlone (Chairperson) Mr Fearghal McKinney ⁵
Ulster Unionist Party	Mr Danny Kinahan ⁶

MEETINGS

1. Between 1 September 2013 and 31 August 2014 the Committee held 32 meetings including 5 held outside of Parliament Buildings and 13 in partly closed session. The partly closed sessions were in regards to Lowlands Health and Energy Ltd, the Electricity Policy Review and oral briefings from Assembly Legal Service regarding Tamboran Resources Pty Ltd.

PRIMARY LEGISLATION

Credit Unions & Industrial and Provident Societies Bill

2. In consideration of the Department’s proposals for the Bill, the Committee received oral evidence from Departmental officials and both the Irish League of Credit Unions and the Ulster Federation of Credit Unions. The Committee was broadly content with most of the proposals but made three recommendations namely: (i) the maximum limit of the fee charged should be set

¹ With effect from 16 September 2013 Mr Sydney Anderson replaced Mr Stephen Moutray.

² With effect from 16 September 2013 Mr Sammy Douglas replaced Mr Robin Newton.

³ With effect from 02 December 2013 Ms Megan Fearon replaced Ms Maeve McLaughlin.

⁴ With effect from 21 October 2013 Mr Mitchel McLaughlin replaced Ms Sue Ramsey.

⁵ With effect from 07 October 2013 Mr Fearghal McKinney replaced Mr Alban Maginness.

⁶ With effect from 04 July 2014 Mr Danny Kinahan replaced Mrs Sandra Overend.

through subordinate legislation. The Department responded that it has made provision for this in the draft Bill by giving the Department a power to increase the maximum fee by way of subordinate legislation. (ii) The Department should explore, with the regulatory authority, if and how the provision for corporate accounts to be held in the name of the entity can be included in primary legislation. A Departmental response will be prepared once an unequivocal and agreed stance has been received from both UK credit union regulatory bodies and subject to input from Departmental legal advisors if required. (iii) In the event that an individual wishes to transfer deferred shares (for example on death) to another individual, they may not be able to do so if that individual cannot meet the common bond. The Committee suggested that the Department may wish to consider not bringing this proposal forward in the Bill as there seems to be no benefit to any party resulting from its inclusion but would await the Department's response following its legal advice. The Department responded that given the strongly negative stance coming from the sector, and the Committee's indication that it may reject the proposal, it has decided it will not take this measure forward at this time.

SUBORDINATE LEGISLATION

3. 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 13 pieces of secondary legislation including the following SR which received considerable scrutiny by the Committee:

The Draft Renewables Obligation (Amendment) Order (Northern Ireland) 2014

4. The Committee recognises the importance of the Northern Ireland Renewables Obligation (NIRO) for large and small scale renewable energy installations but wishes to ensure that renewable generation is not 'over incentivised'. The Committee sought and received confirmation from the Department that the NIRO will be reviewed in twelve months to allow a review of the number and type of applications by companies and the cost of PV panels. The Committee learned that the largest company can work with a 7% return on investment, but another believes a minimum of 10% is required. This prompted the Committee to request that the Minister address in her statement to the Assembly, on 19th May 2014, that she is satisfied the Department is not creating a monopoly position. The Minister confirmed this in her statement and the Committee agreed that the Order be affirmed by the Assembly.

LEGISLATIVE CONSENT MOTIONS

Intellectual Property Bill

5. The purpose of the Bill is to modernise aspects of the law relating to Intellectual Property. The Bill will confer enforcement powers on the Department for two new offences involving the deliberate copying of a registered design. The Committee published its report on 26 September 2013.

Energy Bill

6. The Bill will extend to Northern Ireland the power of the Secretary of State at the Department for Energy and Climate Change to set a 2030 power sector decarbonisation target for the electricity sector in subordinate legislation. The Committee published its report on 26 September 2013.

Consumer Rights Bill

7. The Draft Consumer Rights Bill is intended to make markets work better and reduce the regulatory burden for business. It will also enable consumer law enforcers to ask the civil courts

to require traders to compensate consumers where they have breached consumer law. The published its report on 27th March 2014.

INQUIRIES

Electricity Policy Review

8. The System Operator for Northern Ireland (SONI) tracks the electricity that is available to Northern Ireland. SONI reported there is not sufficient margin to ensure security of supply in the event of a prolonged outage of a large generating plant. The Committee sought to determine the extent of the problem and what scope there may be to resolve the situation without unduly impacting on electricity consumers. The Committee agreed to undertake a review of electricity policy in Northern Ireland. The Terms of Reference can be viewed here. The review consists of three reports:

Electricity Policy Part I: Security of Electricity Supply

9. The Committee consulted with a range of stakeholders and made a series of recommendations in the report. The Assembly approved the report on 9th December 2013, calling on the Minister, Executive, Utility Regulator, and System Operator for Northern Ireland (SONI) to implement the recommendations. Key conclusions and recommendations from the report centred on issues DETI, SONI and the Utility Regulator must urgently undertake to ensure security of supply beyond 2015 and beyond 2020.

Electricity Policy Part II: Electricity Pricing

10. The Committee has a key role in ensuring that fuel pricing policies are fair and appropriate, fully considering the needs of consumers and the electricity transmission, distribution and supply industries. The Committee engaged with business and consumer representative bodies, suppliers and the Utility Regulator on the issue of electricity pricing for businesses and consumers. The Assembly approved the report after debating it on 3 March 2014, and called on the Minister, Executive, Utility Regulator, SONI, Single Electricity Market Operator (SEMO) and Consumer Council to implement the recommendations in the Report. Key conclusions and recommendations from the report centred on issues such as transparency in the electricity market, system marginal price, cost of carbon, capacity payments, imperfection charges, use of system costs, public service obligation, incentives for renewable obligation, supply costs and impact of integration of EU electricity markets.

Electricity Policy Part III: Grid Connections

11. The Committee has been gathering oral and written evidence on grid connections costs, grid connection time, contestability and competition in the grid connection market, grid infrastructure investment and requirement to connect to the electricity grid. The Committee expects that this third and final report will be published early in the next reporting period.

BUDGET SCRUTINY

12. The Committee reviewed the Capital Budget exercise for 2014-15 and the actions being taken to secure "Connecting Europe" funding in September 2013.
13. The Committee scrutinised the Department's October Monitoring Return 2013/2014 including key adjustments to existing budgets, bids, ring fenced easements, mainstream internal reallocations, EU internal reallocations and Invest NI headquarters building purchase and the £17.1m Capital for the purchase of the equity of Bedford Street Developers Ltd.
14. The Committee received a oral briefing from the Department on its January Monitoring Return 2013/2014. The key issues discussed included: new bids and the return of money,

‘unconventional gas exploration’, SBRI Nitrates project, HSENI posts, the Capital grant for the Super Connected Cities programme, depreciation costs of assets, PfG targets and Harland and Wolff Asbestos claims. The Committee wrote to the Department of Finance and Personnel asking for further information from the Special European Union Programme Body (SEUPB) on the drawdown of EU monies for Ring Fenced Easements and EU Internal Reallocations and shared its findings with the Department. On 10th February 2014 the Committee Chairperson spoke to Assembly on the Spring Supplementary Estimates 2013-14 and Vote on Account 2014-15 and raised the issue, amongst others, of the importance of trying to maximise the drawdown, making comparisons of the OFMDFM record on FP7 and Horizon 2020 with other EU regions.

15. The Committee reviewed the Department’s June Monitoring Return 2013/2014.
16. The Committee Chairperson spoke to the Assembly on 9th June 2014 on the Supply Resolution for the Northern Ireland Main Estimates 2014-15.

POLICY SCRUTINY

Payday Lending

17. In October 2013, the Consumer Council reported that there are now closer working arrangements with other agencies who support those impacted by lending practices. This improved coordination, which should lead to better outcomes for vulnerable consumers, is attributable to the Committee’s consideration in the previous reporting period.

Advertising of licenses

18. In November 2013, the Department adopted the Committee’s recommendation to have the intention to award Mineral Prospecting Licences and the associated maps/areas also made available on the DETI web pages.

Exploris

19. The ETI Committee held a meeting at the Exploris Aquariam, Portaferry, on October 23rd 2013, along with the Committee for the Environment and the Committee for Culture, Arts and Leisure in support of the campaign to protect the Co Down tourist attraction after the Ards Borough Council said the annual cost of running it was too high. The Executive have now approved funding of almost £1m to keep open and redevelop the aquarium.

Roaming Charges

20. In January 2014 the Committee ascertained from EU officials, by videoconference, the work currently being done to achieve the abolishing of roaming charges.

Invest NI

21. Invest NI reported to the Committee in November 2013 that it was changing the way it measured jobs promoted to include jobs created. This follows numerous requests from the Committee to get clarity in the outputs of Invest NI’s programmes and has been accommodated through a systemic change in Invest NI’s methods for recording and measuring success.
22. The Committee reviewed information requested of the Department on regional imbalance, the support being offered to micro and small businesses by Invest NI through Selective Financial Assistance and the potential for claw-back of finances in instances where an investor leaves to inform the Assembly Research paper on Sub-regional Economic Data commissioned by the Committee.
23. Invest NI reported to the Committee, at its meeting on 15th May 2014, a significant rise in R&D investment and acknowledged the Committee’s focus on making sure R&D is driven and

supported in the small and medium enterprises (SME) community across Northern Ireland. Invest NI also updated the Committee on the delivery of 4000 target jobs, acknowledging 'the difficult questions' asked of Invest NI two years ago by the Committee on the slow start of the Jobs Fund programme.

EU Liaison Officers

24. The Committee, through a series of communications with OFMDFM and DETI, campaigned for a coordination approach to the dissemination of information from Brussels to stakeholders in Northern Ireland. In June 2014 OFMDFM informed the Committee that the Barroso Taskforce Working Group (BTWG) are to examine the issue and DETI informed the Committee it will be proposing, to BTWG, the establishment of a new web-based portal to provide a central source of EU opportunities and activities of relevance to Northern Ireland stakeholders.

Green Investment Bank

25. The Committee hosted a Green Investment Bank Workshop which was attended by stakeholders from across Government Departments to scrutinise how Departments can best utilise the 'green loans' being offered by the Green Investment Bank. Department officials heard details of case studies and took part in a detailed question and answer session. The Committee is to review written submissions from each Department in the new reporting session and review the way forward for Departments to best utilise the Westminster initiative.



Committee members and Departmental officials at the Green Investment Bank Workshop

COMMITTEE MOTIONS

26. On 25th February 2014, the Assembly agreed a Motion by the Committee regarding financial assistance to Northern Ireland credit unions to cover start-up costs to enable those credit unions that want to expand their range of services.

ENGAGEMENT

Meetings held at venues outside of Parliament Buildings

27. Of the 32 meetings, held by the Committee in the reporting period, 5 of these meetings were held at venues outside Parliament Buildings including at:

- Exploris, Portaferry.
- NI Science Park
- Newry and Mourne Enterprise Agency

- Denroy Plastics
- Invest NI

Informal Meetings

28. Delegations from the Committee held informal meetings with the following organisations during the reporting period:

- Irish League of Credit Unions on the expansion of services.
- Bryson House on the Warm Homes contract and community energy.
- Fermanagh Trust on the report on Community Outcomes from Wind Energy Developments
- BNRG Northern Ireland Renewables Obligation
- Power NI on the possible cancellation of Generating Unit Agreements.
- Energia for an overview of the business.

Visits

29. The Committee visited:

- CultureTECH at the Millenium Forum in Derry – Londonderry as part of the City of Culture programme's which looked at creative innovation.
- Dublin, in December 2013, where a delegation from the Committee held a series of meetings at the Oireachtas, Enterprise Ireland and Solarprint in order to find out more about Horizon 2020 and how to support the growth of small and medium enterprises.



The ETI Committee and NIABT members at Solarprint, Dublin

- Dungannon Enterprise Centre and Willowbank Ltd, where members got a better understanding of the work social enterprises and community enterprises.
- SS Nomadic at Titanic Quarter
- Newly refurbished Bangor Aurora when holding a meeting held at Denroy Plastics.
- Full Circle Energy.

Trade Mission

30. A delegation of four members from the Committee attended a trade mission to San Diego and San Francisco, California, USA, on 23rd to 27th June 2014 with Invest NI, bringing political representation to the visit with the aim of providing greater access to people who could help and support local businesses. The delegation attended a major Life Sciences exhibition called 'BIO', one of the world's major biotech and pharmaceutical exhibitions and visited a wide range

of companies in San Diego and San Francisco throughout the week. A full report of the trade mission will be available early in the next reporting period.



The ETI Committee visited the newly refurbished Bangor leisure complex



The ETI Committee held a meeting at the Newry and Mourne Enterprise Centre and toured the facilities



The ETI Committee delegation at the Bio Convention in San Diego

LIKELY KEY PRIORITIES FOR THE NEXT SESSION

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

- Report on Electricity Policy Review Part III: Grid Connections
- Forthcoming Bills including: Insolvency (Amendment) Bill, Energy Bill, Credit Union Bill, Off Shore Renewable Bill,
- Economic Policy Specialist Advisor to produce reports for the Committee on the Northern Ireland economy, pending the decision on whether to devolve corporation tax-setting powers to the Northern Ireland Assembly.

**Committee for Enterprise, Trade and Investment
Expenditure for the period 1 September 2013 – 31 August 2014**

Budget area	Details	Expenditure
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"> • Dublin to meet with Solar Print • Londonderry for CultureTECH event • Dungannon to meet local enterprises • SS nomadic to see the results of money spend by DETI on the project • San Diego to attend bio science conference • Bangor to visit the new facilities at Aurora Leisure Centre • Belfast to visit the new Full Circle Energy site at Bombardier. <p>and 5 meetings held outside Parliament Buildings</p>	£12409.79
Printing of committee reports	Includes the cost of committee reports on: <ul style="list-style-type: none"> • Committee Review into Electricity Policy – Part 1: Security of Electricity Supply • Committee Review into Electricity Policy Part 2: Electricity Pricing 	£1149.67
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"> • Inquiry into [name of inquiry] • [name of] Bill 	£0
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 [issue/inquiry to which the advice related]	£0
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.	£2655.61
Total Expenditure		£16215.07

Notes:

1. It is not necessary to break down costs for individual visits, reports etc. These should be described under “details”, with only totals included in the “expenditure” column.
2. It is not necessary to include budget areas on which there has been no expenditure.