
NORTHERN IRELAND ASSEMBLY

Monday 28 September 2009

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

Members observed two minutes' silence.

ASSEMBLY BUSINESS

Mr Campbell: On a point of order, Mr Speaker. Last Tuesday, 22 September, business in the Assembly was very protracted. I participated in an important Adjournment debate that, according to the Official Report, concluded at 12.46 am on Wednesday morning. I understand that elements of the speech by the Member who tabled the Adjournment topic appeared on a television station's news website in advance of the commencement of the debate. I know that attempts were made through the usual channels earlier in the evening, quite understandably, to reschedule Assembly business on that day because the Second Stage of the Department of Justice Bill had taken some time. Will you examine whether the sequence of events is as I have outlined, Mr Speaker, and, having done so, indicate to Members that, in future, any advance publication of speeches will not be allowed to have adverse implications for the scheduling of Assembly business?

Mr Speaker: I thank the Member for his point of order, and I hear what he is saying. He should allow me to reflect on what he has said and to read the Hansard report. I will either come back to the House or to the Member directly on the matter.

During last Monday's sitting, Mr Basil McCrea asked for guidance on remarks that the First Minister made about the relationship between the Assembly and Ministers. In my response, I stressed that it was a complex matter that is not easily dealt with under points of order. In fact, it is impossible to do so under points of order. Given its complexity, I continue to examine the issue. I will consider whether it may require any further action by me, or by any other body. In the meantime, what is certain is that the Assembly has never asserted that it has the power to direct Ministers. Even if it has such a power, its limits and extension have not been tested. Therefore, we shall continue to operate on that basis. Once again, I ask Members to raise such complex matters with me outside the Chamber rather than as points of order. Members on all sides of

the House know that the issues that were raised by the First Minister are complex and neither will nor could be dealt with under points of order.

Suspension of Standing Orders

Lord Morrow: I beg to move

That Standing Orders 10(2) to 10(4) be suspended for 28 September 2009.

Mr Speaker: Before I put the Question, I remind Members that the motion requires cross-community support.

Question put and agreed to.

Resolved (with cross-community support):

That Standing Orders 10(2) to 10(4) be suspended for 28 September 2009.

Mr Speaker: As there are Ayes from all sides of the House and there are no dissenting voices, I am satisfied that cross-community support has been demonstrated. Today's sitting may go beyond 7.00 pm, if required.

MINISTERIAL STATEMENT

Winter Services around Rural Schools

Mr Speaker: I have received notice from the Minister for Regional Development that he wishes to make a statement on the outcome of the examination of winter services around rural schools.

The Minister for Regional Development (Mr Murphy): Following completion of the examination that I requested of the operational response by Roads Service in areas around rural schools that were affected by adverse weather conditions last winter, I wish to make a statement.

The purpose of my statement is to present the findings of the examination and to outline the improvements that I will make to Roads Service's winter policy as a result of those findings. I will first give a brief overview of the background leading up to the examination, the weather conditions experienced last winter and details of the difficulties faced by some rural schools. Secondly, I will outline the options that were considered and the changes that I have asked Roads Service to implement in time for this winter.

After severe wintry conditions were experienced across the North at the start of December 2008, the Regional Development Committee requested a review of Roads Service's winter service policy and criteria. The Committee expressed concern that schoolchildren in rural areas had to travel on icy roads to schools. Indeed, some schools had to close for a short time during that period.

Although I declined to initiate a full review of Roads Service's winter service policy and criteria, I asked Roads Service to examine the operational response to areas around schools and to report its findings to me. I did not request a full review because I believe that Roads Service's current policy of targeting limited resources on roads with relatively high traffic volumes where salt is most effective and benefits most road users is sound, particularly in the current economic climate.

The examination that I ordered was carried out by Roads Service's winter service working group, every member of which has substantial experience in the planning and delivery of winter services. Each of the group's divisional representatives serves as a winter service controller.

The main characteristic of the weather that caused the problems at the start of December 2008 was the occurrence of late-morning rain showers on a consecutive number of very cold days during which there was often no thaw. That resulted in widespread ice on the entire network, including major elements of the treated network. Most areas were affected for approximately a week, but it was recognised that the freeze varied from

place to place and that the overlapping period across the North stretched from 1 December to 19 December 2008.

The likely return frequency of that sort of weather is difficult to determine, but is considered to be approximately once in 12 years. The same frequency would also apply to the extent to which the winter service experienced problems with the amount of salt needed and the number of treatments applied during the 2008-09 season. For example, in 2008-09, 82,500 tons of salt was used to treat the network; almost 60% more than in previous years. Overall, the operation cost £6.8 million; some £2.6 million more than in previous years.

The weather pattern resulted in periods of up to five consecutive days with prolonged ice problems, which had a greater than usual impact on the untreated network. It is recognised that some rural schools faced significant difficulties because of their locations off the salted network. The examination found that during the period of severe wintry weather, just over 90% of the 250 rural schools stayed open. Despite having received between one and five secondary treatments, 23 schools closed for between a half-day and three days. Almost 20% of rural schools — a total of 46 — had absenteeism levels of more than 20% on occasions during that period.

Of the 23 schools that had closures in the December study period, 10 did not have any other closures during the later periods of, primarily, snow problems in January and early February 2009. However, 21 other schools were affected by those later incidents. Notwithstanding all that information, most rural schools that were surveyed had grit piles or salt boxes along their frontages and along connecting roads to the salted network. Unscheduled secondary treatment was also carried out at 47 of the 162 schools that were surveyed.

The review group looked at a number of opportunities for improvement and narrowed those down to four options, which I was asked to consider. Option 1 was for priority secondary salting for the 23 schools most affected by the weather conditions in December 2008. It involved preparing lists of all the problem school sites for each section office area and, when implementing any secondary salting actions for ice conditions, ensuring that a connecting route to each school from the main salted network is given as high a priority as possible. That option would target rural schools that had to close due to ice conditions last December.

Option 2 was for enhanced communication and priority secondary salting for the 44 schools most affected by weather conditions throughout the winter of 2008-09. That involved preparing lists of schools with particular difficulties for each section area and providing their management with Roads Service contact names and telephone numbers to improve communication and to ensure that problem areas are identified at the earliest possible opportunity. Option 2

targeted rural schools that had to close due to ice or snow problems last winter.

Option 3 was for additional salt boxes and salt/grit piles for all rural schools. It involved amending the criteria and scoring mechanism in the winter service policy for the consideration of placing salt boxes and grit piles to ensure that grit piles are provided at the nearest connecting route to all rural schools and that a salt box is provided adjacent to each school entrance.

Option 4 was for formalised secondary salting for 23 schools. It involved formalising secondary salting routes to link affected rural schools to the salted network and would be included in winter service plans as an action to be initiated when frost or ice is expected in a relevant area.

Having considered the options, I have decided that option 2 presents the most cost-effective way to deal with the problem. It involves enhanced communications and priority secondary salting for the 44 schools most affected by weather conditions throughout the winter of 2008-09. The approach is likely to have a wider positive impact on affected schools. It should lead to more frequent reports and, thereby, to more secondary actions to rural schools that closed due to either the December 2008 ice problems or the later snow problems in January and February 2009.

I also propose to enhance that option, so that if Roads Service staff become aware of ice or snow in areas that are adjacent to the targeted schools, they should act immediately and not wait to be contacted by the schools. I appreciate that, over time, the list of sites that benefit from this action will change to include more schools and to deal with the random way that adverse weather can affect different schools at different times.

I also propose to implement a slight variation of option 3, which was to amend the criteria for the provision of grit/salt piles and salt bins, so that, if requested, they can be provided to affected schools. Implementing those additional measures will help schools to avoid closures and high absentee levels during future adverse weather conditions in a cost-effective manner. I am now pleased to take Members' questions. Go raibh míle maith agat.

The Chairperson of the Committee for Regional Development (Mr Cobain): I thank the Minister for his statement on the review. Is he content that the measures that he has announced will solve all the problems with respect to rural schools? How will the measures help children in rural areas to get to school? Is he content that there are adequate funds in his departmental budget to cover the cost of the measures that he has announced today?

The Minister for Regional Development: Last year, there was a particular focus on the conditions that pertained in December and in January and February.

The focus of Members and society in general was on rural schools, so I asked the Department to carry out a fairly intensive consultation, particularly with the affected schools, but also with rural schools generally to get some sense of the type of problems that people experienced.

The Member is quite right to point out that the budget to address all those issues is limited. It is clear that 80% of traffic is on roads that have been treated, and to increase that figure to 90% would double, approximately, the cost of treatment. In the current, or any, economic climate, that would be a difficult choice to make. Therefore, within limited resources, the option that I have chosen will provide a degree of flexibility and will ensure that schools that have suffered due to closure and disruption in the past are targeted through communication or, indeed, if there is an expectation of that type of weather, automatically. Moreover, there will be flexibility to allow other schools that suffer to benefit, because we cannot be certain, geographically, where adverse weather will impact. Therefore, if the need arises, other schools can be brought on board. To ensure that schools are treated, we will create a line of communication between rural schools and local Roads Service managers.

12.15 pm

Providing schools with salting facilities will also help the situation. Not every road across the region can be salted, and the Member knows the costs associated with such a policy. However, this is an attempt to try to resolve the particular issue for rural schools. Should conditions this winter or next reveal that this type of approach is not achieving satisfactory results, I will, if I am still in office, initiate a further review, cost it and bring it forward during future discussions on the Budget.

Mr Speaker: I remind the whole House that the questions on a ministerial statement are intended to facilitate holding the Minister and the Executive to account. It is not the time for making statements or for asking questions with long introductions.

A large number of Members want to ask questions on the statement, so I ask Members to keep to the convention of asking one question on the statement and to ensure that it relates to the statement. If we adhere to those conventions, we will have time for all the questions.

Miss McIlveen: I welcome the Minister's statement. He selected option 2. Was his decision based purely on considerations of cost? The report identified the 44 schools most affected by weather conditions in the winter of 2008-09. Will the Minister tell us the areas in which those schools are located?

I beg the Speaker's indulgence. The Minister stated that the provision of grit piles and salt bins would be changed. Will he elaborate on that?

The Minister for Regional Development: Option 2 was more expensive than option 1. My decision was not, therefore, made strictly on the basis of cost. Rather, I was trying to find the most flexible and effective option. If we encounter similar weather conditions this winter, that will test whether this approach works.

I do not have the list to hand, but I will ensure that the Member is provided with a list of the 44 schools that suffered particular problems and expressed a desire for particular treatment.

Formerly, criteria had to be met for the provision of salt boxes. However, we have adopted a more flexible approach. If a school requests provision of salt boxes, the request will be met.

Mr Boylan: Go raibh maith agat, a Cheann Comhairle. I welcome the Minister's statement. Obviously, he has been much lobbied, especially in the constituency that we both represent. He has been lobbied, in particular, by Clady Primary School, which faced adverse conditions last year.

During his review, did the Minister consider speaking with rural companies, farmers or the Minister of Agriculture and Rural Development about the possibility of them providing additional support to Roads Service's gritting procedures?

The Minister for Regional Development: I discussed the matter with Michelle Gildernew, the Minister of Agriculture and Rural Development.

The Member knows that farmers are already involved, through contracts, to clear snow from roads. We examined whether that work could be built on to include salting and gritting. However, the matter was not pursued for a number of reasons. First, it would significantly increase the amount of salting and, therefore, the cost of the operation. Salting done in a piecemeal way is less efficient and more expensive than using large-capacity gritters. Secondly, there are problems of command and control, of contacting all the farmers and telling them when to grit. There is also the likelihood of discontinuous treatment, with roads being salted for several miles but the treatment discontinued without any warning to the motorist. We would have to rely on people contracted to come out and to be available.

All those factors led us to conclude that the work is better done by Roads Service. Farmers will continue to be involved in snow-clearance operations wherever such conditions pertain. As I have said, we explored the option with the Department of Agriculture and Rural Development (DARD).

Mr Gallagher: I welcome the Minister's news. It is some help that the statement recognises that there are problems for some primary schools in rural and isolated areas.

My question is when those schools will know? Identifying schools with difficulties is one thing, but there are some problem areas. Does the Minister recognise the difficulties of Boa in County Fermanagh, where children from that area attend three or four different schools, yet it is the area in Fermanagh that is most affected by severe weather?

The Minister for Regional Development: Through contact and discussion with schools, the examination was targeted at schools that had had difficulty opening or had lost days last winter to ensure that they did not suffer the same problems this year. There is a communication system through which schools can make contact, and local Roads Service operators will know whether there is a problem in the vicinity of those schools that should be treated. It is two-way: schools can make contact to say that they have a problem, and they will then receive secondary treatment; or, under the general secondary treatment schedule, operators will know about the situation in certain areas.

The Member made a point about specific areas. If roads in his locality have a heavy volume of traffic, the local divisional office will be happy to carry out an assessment. Roads come onto the schedule every year as traffic volumes increase, which is why the cost of winter gritting is increasing. Traffic volume is increasing, which brings certain roads above the criteria and allows them to be included. If the Member feels that specific roads in Fermanagh merit consideration, I invite him to bring them to the attention of the local divisional office.

Mr McCarthy: I welcome the document. Will the Minister furnish me with a list of the 44 schools mentioned? I am sure that other Members want to know the locations of the 44 schools.

In the proposal to enhance option 2, for which the Minister has gone, Roads Service staff would become aware of ice that is adjacent to targeted schools. Is the Minister confident that, when local Roads Service personnel are informed of this fact, they will carry out their functions and will not say, with reluctance, that they can do so only by removing the service from elsewhere?

The Minister for Regional Development: The review was carried out with Roads Service and with people who are involved in the winter gritting service across every division. The options were discussed with them and with the schools. The 44 schools to which I referred — I will get the list for the Member — are those that reported having problems last year. That is how the list was drawn up: contact was made with all rural schools, and those 44 schools reported problems. Those schools will be added to the general list of secondary treatment for certain areas, either through schools contacting Roads Service to make it aware of a

problem and asking it to come out, or, if the general area is being treated, Roads Service will know to do that, and that area will be added onto its schedules.

Mr Bresland: How much legal responsibility do school staff have for gritting the roads around the schools?

The Minister for Regional Development: It is not down to a question of legal responsibility. A number of schools will have salt boxes provided to them, or there will be grit piles on some of the rural routes, which people can use if they feel it necessary; I do not think that there is a legal obligation on them to do that.

The amendment to the policy is that, where previously schools were automatically given salt boxes only if they passed a certain threshold, it is now the case that, if schools request them, they will receive them. The schools must spread the salt, but I do not think that that brings a legal responsibility.

Mr McCartney: Gabhaim buíochas leis an Aire as a ráiteas ar maidin. I welcome the Minister's statement and his answers to date.

Will the Minister outline how he intends to bring the new proposals to the attention of the schools and the local communities that they undoubtedly affect?

The Minister for Regional Development: Roads Service has been in contact with all rural schools, and those communications ought to continue. Although the policy will examine the 44 schools that were affected last year, flexibility is built in should other schools experience problems. Roads Service will want to maintain that level of direct communication with the schools.

As regards making the change in policy more widely known in general, the first intention was to deliver the statement to the Assembly. The Member will know that the report, including the options that we considered and the choice that we made, has been delivered to the Committee for Regional Development. Roads Service officials will brief the Committee and take questions this week. I will talk to the Department about making the change to the winter service operation more widely known.

Mr G Robinson: Although the provision of grit piles and salt boxes is welcome, does the Minister agree that, particularly on footpaths leading to schools, it is unfair to depend on the goodwill of a member of the public or school staff? Roads Service staff have the knowledge that is required, so they would be the most cost-effective way of deploying the resources in grit piles and salt boxes.

The Minister for Regional Development: From his time in the Regional Development Committee, the Member will know that there is a finite resource available for doing all this, and we are trying to find the most cost-effective way of achieving a good result for rural schools. People are relied on to use grit piles

and salt boxes, and they usually request that the piles or boxes are situated on routes along the road or in and around schools for that express purpose.

The Member will be aware that Roads Service made an attempt to reach an agreement with local councils in respect of footpath gritting. Only one of the 26 councils expressed an interest in becoming involved in footpath-gritting arrangements with Roads Service. Roads Service's road-gritting schedule covers roads that are used by 80% of daily traffic, and to expand that to cover footpaths would involve substantial resources, which Roads Service does not have. The purpose of the chosen option is to try to make an improvement, having learned the lessons from last year. If this winter is as severe as last, the operation of the new policy will be tested and we will see whether more substantial resources are required to deal with it in the future. If that is the case, it will be a matter for discussion at Budget time.

Mr Kinahan: I thank the Minister for his statement. In particular, I welcome his choice of option 2 and the flexibility that it provides. However, what action will be taken to ensure that he will have flexibility and the chance to make an urgent response? Given that cold periods tend to happen everywhere on the same day and that more than 44 schools will be affected, what action will he take to ensure that the phone lines do not jam and that things are dealt with urgently?

The Minister for Regional Development: Even last year's cold weather, when there was a prolonged period of icy weather in December and a period of snow in January and into February, was localised. In discussions with the Met Office, we were told that it is expected that such conditions will occur once every 12 years. The scenario that the Member outlined, in which an entire region is beset with that type of severe weather, is rare. Under such circumstances, Roads Service would certainly struggle to get that type of response.

The purpose of the examination was to try to focus on some of the schools to which for a variety of reasons, such as their locality or surrounding terrain, approach was more difficult than other rural schools. Representatives from 250 rural schools were spoken to and 44 had had problems. That showed that the majority can continue to operate, even in severe winter weather. We have to focus in and around the schools that need assistance. The type of scenario suggested by the Member would overwhelm the entire network, probably, but we do not expect that to occur.

Flexibility is built into the option, as the Member acknowledges, and it will be tested over the next number of winters. If it is found not to be sufficient to do the job that we have set out to do, we will need more resources, and that will be discussed when the Budget is being agreed.

Mr O'Loan: I would also like to receive a list of the 44 schools, as, I am sure, would all Members. The wording of option 2 seems to place a lot of the initiative on the schools. In many cases, that might be too late in the day. Will the Minister ensure that Roads Service takes a proactive approach and that the primary responsibility to identify the necessary action, and take that action, rests with Roads Service?

As the Minister knows, extreme conditions on rural roads can occur on a random basis but can cause immense local difficulty. Will he write to Roads Service and say that he actively encourages it to use its discretion, within its resources, to take action to deal with local problems when they emerge, which cause, as he knows, immense local hardship?

12.30 pm

The Minister for Regional Development: With respect to the Member's question about communication, the Department added that to option 2 because the onus was on schools to make contact with Roads Service, and, depending on the circumstances, that may have been difficult for some schools to do.

The first salting run is usually completed by 7.00 am, meaning that the gritting lorries are generally back at the depot at that time and are ready to begin working on secondary routes. That allows time for those who arrive early at the schools, such as the principals or the people who open the schools, to contact Roads Service if there is a problem with the area around a school. However, built into the gritting schedule is the mechanism for Roads Service to treat the roads around any of the 44 identified schools if a general problem is discovered in an area.

With respect to the Member's question about localised problems; I live in a rural area and on a C-class road, and I am very aware that small, localised problems can occur. However, a certain volume of traffic is required to travel over the salt in order for the solution that treats the ice and frost to be activated. Salt is ineffective if it is put down on roads that are very lightly used. I have always encouraged, and will continue to encourage, Roads Service to be as flexible as it can, within its limited resources, to ensure that particular problems in local areas are dealt with.

Mr W Clarke: Go raibh maith agat, a Cheann Comhairle. I also thank the Minister for his statement and for his proposals. I raised the issue at a meeting of the Committee for Regional Development after receiving a considerable number of calls from constituents. I am, therefore, pleased that the Minister has taken action.

Another major issue, which is perhaps outside the scope of today's announcement, is that rural businesses are affected by adverse weather conditions. It is a particular problem in my constituency where a number of restaurants and hotels lost bookings in the run-up to

Christmas last year, which severely impacted on their businesses. Will the Minister examine those issues too?

The Minister for Regional Development: The focus of the review I have announced today concerns the gritting of roads around rural schools. As I said, the issue not only raises concerns about children's safety as they travel to school, it has an impact on the economy, as parents are forced to take the day off work to look after their children when the schools close.

In an answer to a previous question, I made it clear that the gritting schedule has changed, over time, and that more roads have been added to the schedule each year because of increasing volumes of traffic. However, if the Member feels that there are businesses in his area that are attracting a substantial volume of traffic, he should ask his local Roads Service office to reassess the roads on which those businesses are situated and determine whether they meet the criteria to be included on the gritting schedule. Indeed, if any other Members feel that particular roads in their area have become more heavily used, because of a rural business or place of entertainment, they should bring that information to the attention of the local Roads Service office and ask for that road to be reassessed.

Mr I McCrea: I thank the Minister for his statement and for his commitment to tackle the problem of gritting roads around rural schools.

Will the Minister inform the House what action is taken against drivers of gritting lorries who have accidents while gritting roads? I am led to believe that formal warnings are issued when that occurs, yet members of staff are putting their lives on the line to tackle difficult roads.

The Minister for Regional Development: If the Member has a specific concern he should raise it directly with me outside the Chamber or with Roads Service. There is a very strong acknowledgement from Roads Service, and the community as a whole, that those who carry out the winter gritting service work in very adverse weather conditions. Society should be very grateful to the people who do that work, because they carry out a much needed service during unsociable hours, and on road conditions that can be quite treacherous.

As Roads Service employs its own drivers, there is an inbuilt understanding with respect to the conditions they face. However, if the Member has specific queries in relation to a specific incident, I will be happy to hear from him and to have Roads Service answer those queries.

Mr McElduff: Go raibh maith agat, a Cheann Comhairle. Gabhaim buíochas leis an Aire as a ráiteas. I welcome the action being taken by the Minister. Where will the responsibility for the gritting of rural roads sit following the implementation of the review of public administration? How many of the 44 schools

are in the Western Education and Library Board area? I hope that Recarson Primary School, Altamuskin Primary School, Tummery Primary School and the Derrybard Road feature prominently on that list.

The Minister for Regional Development: The gritting of roads is not a function that has been considered for transfer under the review of public administration. There are substantial arguments against doing that, as the gritting schedule changes substantially. Some councils, particularly those in the rural west, will have more resources devoted to gritting than other councils will have, and that might create an imbalance in the resources needed by councils for treating roads. The argument for retaining much of Road Service's functions was sound, and the gritting of roads will not be transferred.

I am happy to provide a list of the 44 schools. All rural schools were contacted, and the 44 schools on the list outlined particular problems that they had experienced last year. I am not sure whether they are in the west, east, north or south, but I am happy to provide the Member with the list.

Mr Shannon: I thank the Minister for his response to Members' concerns. We have been told that the options included 23 schools and 44 schools. On occasions last winter, the number of pupils attending schools was reduced because of icy road conditions. The road conditions may not have led to the closure of those schools but, clearly, they reduced the schools' service delivery. The magical list contains 44 schools, and if a school is on that list, it has made it. However, I am perturbed about the schools that are not on that list. I do not know the names of the schools on the list; I will not now list the schools in the Ards Peninsula that need to be on it. Will the Minister confirm that schools that are not on the list but feel that they should be can be included? What criteria will be used to ensure that such schools can be added?

The Minister for Regional Development: Roads Service questioned schools about absenteeism, and I referred to that in my statement. Some schools experience absenteeism of around 20%. We did not only examine whether schools had to close; we looked into their general experience during times of adverse weather conditions. I favoured option two because it has a degree of flexibility built into it. Those 44 schools told Roads Service about particular problems that they had experienced last year, but there is the flexibility that if some of those schools do not experience any problems this year for different reasons, other schools can be included.

I advocate that, before winter sets in, rural schools should get a direct line of communication with their local roads manager, or whoever he appoints to be the liaison between Roads Service and the school. Those schools should ensure that those lines of communication are open so that if they experience any difficulties, they

can be brought to the attention of Roads Service as soon as possible.

Mr Beggs: I thank the Minister for his statement and his proposals, which may bring some improvements to 44 schools. Last winter, two 53-seater buses carrying post-primary schoolchildren from a rural area to the town of Larne crashed. The Minister is focused on rural schools. It is not clear whether instances such as the one that I referred to will be covered. Will he advise whether, even if they have not been considered so far, the bus routes to post-primary schools will be carefully assessed to address the risk factors involved with a large number of children travelling on an icy road in a large vehicle that is difficult to manoeuvre?

The Minister for Regional Development: As I said in response to an early question, this option does not cover all of the routes. It would not be possible to salt all bus routes without a significant increase in resources.

Information garnered from education and library boards tells us that if all school bus routes were to be salted, that would more than double the length of the current salted network. Apart from a capital investment of £15 million, to salt all school bus routes would cost between £4.5 million and £7 million extra each year. Within current resources, that level of expenditure is not feasible. An increased weighting factor for buses has been introduced in the past number of years, so a 40-seater bus is counted as 40 vehicles for the purpose of meeting the traffic-flow criteria on the salted network. That measure has gone some way towards ensuring that some of the school bus routes meet the criteria for salting.

Option 2 is focused particularly on those schools that faced difficulty in staying open last winter. If the weather conditions are such this winter, and perhaps next winter, a trial of option 2 will be targeted at those schools. If it is found not to be sufficient, we will have to examine longer-term options, which will have much more significant resource implications.

Mr Dallat: I also welcome the statement, at least until I discover that St Paul's College in Kilrea has not been included on the list of 44 schools. If it has not been, I will be skidding all over the place. Can the Minister assure us that areas where local people have gone to the ends of the earth to protect their children's safety — even to the extent of their going out on tractors and manure sowers to keep the roads clear — will not be disadvantaged? He stated that the focus will be on schools that had to close last winter. The school that I mentioned, St Paul's, did not close, but that it did not was only as a result of the goodness of people in the local community, who kept the school open in what is a very hilly area.

The Minister for Regional Development: As I said, Roads Service surveyed the schools that had particular

problems, and options were brought to me on the basis of consultation with all rural schools. If the school that the Member refers to did not experience a severe problem that forced it to close, it will not have been targeted for the trial.

A lower criterion of 1,000 vehicles a day for roads on hilly terrain has already been set, and the increased weighting factor for buses in service will help such roads to meet it. Again, if there are particular problems, and if the Member feels that roads are experiencing heavier traffic because of an increase in traffic volumes, he should bring his concerns to the local Roads Service office's attention.

The Member will be aware of all the resource issues involved, because he was a member of the Committee for Regional Development until recently. As I have explained, if we were to salt every single road in the North, first, it would not work on certain roads, because a certain amount of traffic is needed in order to activate the salt. It would be a complete waste of resources to salt roads on which traffic is very light. Secondly, to increase from 80% to 90% the percentage of roads to be salted would double the cost incurred. If Roads Service were provided with money to salt 90% of roads, I am sure that it would be happy to send extra machinery out to do the salting. However, within the resources available, option 2 allows Roads Service to provide a focused response for schools and some rural areas that have experienced particular difficulty.

Mr Molloy: I thank the Minister for his initiative on this issue, and I also congratulate Roads Service, which has been flexible in assisting funerals, weddings and other events in rural areas. Does he consider that secondary salting will be adequate to deal with schools in rural areas? Will the service be available on time so that Roads Service can ensure a safe surface?

The Minister for Regional Development: The general experience is that, after completing primary salting, the vehicles are back in the depots by around 7.00 am. We then want the 44 schools that have been identified to be put at the top of the list for secondary salting. Few people will be going to school before 8.00 am, so the secondary salting schedules should provide an opportunity for roads approaching those schools to be salted. I expect option 2 to operate favourably for those schools for which a particular problem has been identified. It is a new option that will be trialled over the next year or two, and I certainly hope that it will provoke the sort of response that we would like it to.

Mr Lunn: I also welcome the Minister's constructive statement. In his reply to Mr Cobain, he mentioned the possibility of further reviews. On several occasions, he mentioned giving local Roads Service offices a level of flexibility. In my experience, that level of flexibility has been absent so far, but we hope for better times. If

there is to be flexibility, as well as taking into account traffic volumes, which I appreciate must be the main criterion for deciding to salt any road, is there a possibility of considering a particular road's accident history? Members of the local community will know how many accidents there have been on particular roads — even those of which the police are not notified — so they could also have some input.

12.45 pm

The Minister for Regional Development: The local offices have a degree of flexibility within the resources that are available to them. People who contacted their local office over the winter about a particular road and were told that it did not have the resources must understand that that may have been the case. Criteria are applied, and a particular focus is placed on the schools that had problems last year.

The Member may be interested to know that police statistics show that frost, ice and snow are factors in only 1·2% of all road injury accidents and that less than 1% of accidents occur on roads that are outside the normal salted network. Although I am sure that accident history is taken into account, a very small percentage of road accidents are attributed to frost, ice and snow.

COMMITTEE BUSINESS

Local Government (Miscellaneous Provisions) Bill

Extension of Committee Stage

The Chairperson of the Committee for the Environment (Mrs D Kelly): I beg to move

That, in accordance with Standing Order 33(4), the period referred to in Standing Order 33(2) be extended to 26 October 2009, in relation to the Committee Stage of the Local Government (Miscellaneous Provisions) Bill [NIA Bill 10/08].

The Local Government (Miscellaneous Provisions) Bill had its Second Stage on 30 June 2009 and was referred to the Committee for the Environment on 1 July 2009.

The Bill has 23 clauses, and it aims to clarify the powers of district councils to enter into long-term service contracts with the private sector, to enable councils to acquire land otherwise than by agreement for waste-management purposes, to make preliminary arrangements for the reorganisation of local government, to establish statutory transition committees for the purpose of preparing for and giving full effect to the reorganisation of local government, and to enable the Department to make regulations to provide for severance payments to be made to councillors who resign during a specified period.

The Committee has taken oral evidence from local councils, the Northern Ireland Local Government Association and Arc21, and it will soon begin its clause-by-clause consideration of the Bill. At its meeting on 17 September 2009, the Committee agreed that it would be prudent to seek this short extension as a contingency plan in the event of an emergency, such as an outbreak of swine flu.

The Committee is aware of the Bill's importance for local government reform, and it is aware of the tight timescale that is involved in order that the Bill may receive Royal Assent by the end of the year. It should be noted, however, that the Bill has been delayed significantly in coming to the Committee since members made a commitment to the Department over a year ago that they would agree to a shortened Committee Stage. The Department indicated recently that, as a result of discussions with the Committee, it is now liaising with the Office of the Legislative Counsel on the preparation of possible amendments to the Local Government (Miscellaneous Provisions) Bill that will require further Committee scrutiny.

I assure the House that the extension will not be used unless it is absolutely necessary. The Committee has assured the Department that it will work with it to ensure the smooth passage of a raft of legislation,

particularly on local government, in the coming season. I ask Members for their support.

Question put and agreed to.

Resolved:

That, in accordance with Standing Order 33(4), the period referred to in Standing Order 33(2) be extended to 26 October 2009, in relation to the Committee Stage of the Local Government (Miscellaneous Provisions) Bill [NIA Bill 10/08].

PRIVATE MEMBERS' BUSINESS

National Asset Management Agency

Mr Speaker: The Business Committee has agreed to allow up to one hour and 30 minutes for the debate. The proposer will have 10 minutes in which to propose the motion and 10 minutes in which to make a winding-up speech. All other Members who wish to speak will have five minutes. One amendment has been selected and published on the Marshalled List. The proposer of the amendment will have 10 minutes in which to propose and five minutes in which to make a winding-up speech. All other Members who wish to speak will have five minutes.

Ms J McCann: Go raibh maith agat, a Cheann Comhairle. I beg to move

That this Assembly expresses deep concern at the possible negative economic consequences for the island of Ireland if the National Asset Management Agency legislation currently under consideration by Dáil Éireann is passed; and calls on the First Minister and deputy First Minister to raise the issue at the North/South Ministerial Council to agree a way forward regarding these assets which will ensure the economic stability of the island of Ireland and movement towards economic growth.

This motion highlights a number of concerns for both the North and the South that would be realised should the legislation for the national asset management agency (NAMA) be passed, and it calls for an all-island approach to be taken on the issue.

In legislative terms, the Irish Government's proposal is seriously flawed. It plans to pay the banks' long-term economic valuations for bad loans, as opposed to the current market value. That is a bad deal for taxpayers. The additional recapitalisation that would be needed subsequent to the establishment of NAMA means that taxpayers would pay twice for the bank crisis and would still have no real control over the sector.

Even when bad loans are taken off banks' books, there is no guarantee that banks will provide normal lending in an economy that is starved of credit. Historically, banks are quick to lend during a boom, but slow to lend during a recession. Therefore, it is irresponsible to take losses for banks without ensuring an element of control of banking practice.

The main reason to oppose NAMA is the fact that it is a plan to rescue banks and developers. It does not help ordinary homeowners and businesses who face repossession and economic hardship throughout the length and breadth of the island. They must continue to pay their debts, while developers' bad loans are put on ice indefinitely.

The legislation will also have an impact on the North. As I have said, it affects people throughout the island of Ireland. Although taxpayers in the South will

be hit hardest as banks sell off their bad loans to the Government, €5 billion-worth of those assets are located in the North. When they are sold off, that will affect the value of property and land here.

The Irish Government will have to recoup their expenditure in some way. With no definite time frame for the sale of those assets being built into the proposals, the release of that property into the market at discount prices over a period will have an adverse effect on the recovery of the economy here. Minister Wilson has said that he has been given assurances by the South's Finance Minister; we in Sinn Féin want to know the details of those assurances. If the economy in the South goes further into free fall, nothing will stop the quick release of those assets into the market.

There is a strong argument for NAMA to be put before the people, and my party believes that that should be done by way of a referendum. The focus for many people has been the price that NAMA will pay for toxic loans that it will transfer from the banks onto the taxpayer's balance sheet. That long-term economic value benefits only the banks' shareholders, as the long-term viability of those loans is seriously in doubt due to the oversupply of property and the overinflated value of loans.

NAMA is incapable of meeting the twin objectives of achieving the best value for taxpayers and exposing them to the least possible risk. The debt to which NAMA will expose taxpayers could be in excess of €70 billion. As I have said, €5 billion-worth of that property and related assets are located in the North.

The legislation contains numerous problems, not least of which are the reliance on banks to act in good faith by giving all information on loans to NAMA and the reliance on the ability of NAMA to work with developers to finish projects, potentially lending them taxpayers' money to do so. There are also operational concerns that NAMA will not have the expertise to reclaim debt as it is not used to working in that sphere and the staff that it recruits may still be loyal to their former bank employers.

NAMA will have a huge government cost — the staffing requirement of 50 may well be an underestimate — at a time when other organisations of significant public importance are being amalgamated and rationalised. As regards the notion that a levy will be introduced on banks if NAMA makes a shortfall, we do not know how a shortfall will even be defined, much less what the levy would be.

The Government also says that cleaning out banks via NAMA will bring a return to normal bank practice and lending. However, that rests on the assumption that private banking practice is interested in restoring the economy through providing credit, rather than being concerned only with the interests of shareholders.

We must ask whether banks will lend when they have managed to get their hands on cash via NAMA-issued transfer bonds.

Banks do not tend to lend to businesses that they consider to be risky. We have also seen that problem here, with banks that sometimes do not lend to small and medium-sized businesses because doing so might create another set of dubious assets that would impair their loan books. That is what NAMA is trying to rectify. As I have said, historically, banks lend too much money, too easily, during booms, and too little money, too cautiously, during recessions.

The creation of NAMA will not provide any positives that could not be delivered through nationalisation. If it was used as a state property management company, NAMA would have potential. If it was used as a property management company, the state could utilise land seized on defaulted loans for vital infrastructure, social housing provision or tourism development. We now have a situation in which people throughout the country are sitting in their homes and business premises in negative equity, or, worse, are being evicted because their property is being repossessed.

The property managed by NAMA should be available to local authorities to house people who are evicted as a result of banks moving against them. However, the NAMA-owned property, paid for by taxpayers, is to be managed by private development companies, and tenders have already been put out to attract such companies. That measure is designed to keep party members on board rather than improve the legislation.

NAMA has nothing to do with improving Irish society. The ultimate point of it is to socialise debt and privatise profit. There needs to be an agreed way forward based on an all-island approach. If the NAMA legislation is passed in its current form, there will be serious implications for the economy of the island as a whole. The nationalisation of banks is a much more viable alternative, which would protect the interests of the taxpayer and create a working system of banking.

All of that illustrates the weakness of not having joined-up economic planning across the island. An all-Ireland economic summit is required to address the urgent need for a joined-up economic approach. Go raibh maith agat.

Dr Farry: I beg to move the following amendment: Leave out all after “consequences” and insert

“for Northern Ireland arising from the potential National Asset Management Agency legislation currently under consideration in the Oireachtas; and, while respecting the right of the Irish Government and Parliament to determine their own response to the banking crisis within their jurisdiction, calls on the First Minister and deputy First Minister, alongside the Ministers of Finance and Personnel and Enterprise, Trade and Investment, to use all opportunities, including the North South Ministerial Council, to ensure that the potential

implications for the economy in Northern Ireland are fully taken into account within any legislation and subsequent action.”

I welcome the debate. The legislation in the Republic of Ireland is significant and comes at a very interesting time for politics as a whole in the Republic of Ireland. Given that there are implications for Northern Ireland, it is only right that the Assembly discusses it.

We tabled our amendment to focus the debate on the real interests of Northern Ireland and to avoid an inappropriate widening of the discussion. We have to respect the right of the Irish Government and the Oireachtas to determine their own internal economic policies. We may all have personal viewpoints on NAMA, but the primary response to the banking crisis in the Republic of Ireland is for Irish elected representatives to determine. That does not mean that the Assembly should look inward: on the contrary, it is important that we are outward-looking as far as possible and that we are prepared to comment on national, all-island, European and international affairs, particularly, but not exclusively, when they impact on Northern Ireland.

In doing that, it is important that we recognise and respect our own competencies as an Assembly and, more importantly, that we recognise the competencies and responsibilities of other Assemblies and Parliaments. That also applies to electorates. For example, I would love to be in a position to call for a “Yes” vote in Friday’s referendum on the Lisbon Treaty. However, as an elected representative in Northern Ireland who sits in a Northern Irish Assembly, I know that that would not be appropriate.

In particular, we need to be very careful that the Assembly does not become a surrogate for fighting battles that should really be taking place on the Floor of the Dáil Éireann. Therefore, our focus should be on trying to influence the legislation in a manner that addresses and contains any of the potential implications for Northern Ireland and our economy.

The NAMA approach, or something similar, may be the least worst of all the options facing the Irish Government. I respect the views of others, including those expressed by Sinn Féin today and those expressed within my own group that are different to my own, but that is not the issue for us today. We can all be populist and want to give the bankers a good kicking, which they richly deserve, no doubt. However, being responsible, we cannot escape acknowledging that a healthy and functioning banking system is fundamental to any economy. Like many other countries around the world, and perhaps particularly so given the scale of the problem, Ireland has to get its banking system moving again. We can point to examples of rescue schemes around the world, which have variable shapes and outcomes, such as the TARP scheme in the United States, our own national scheme and the one in Germany.

In order to address their banking and financial crisis, the Irish Government have to address the so-called toxic loans that are in the system. They are proposing to use €54 billion to prop up related loans that have a nominal book value of €77 billion. Those loans are currently valued at €47 billion. Is that the right balance of pain between shareholders and taxpayers? With the discount, will the assumption of a rise in value of those assets be sustainable? Have the right underlying calculations been made? Will the banks, as Jennifer McCann said, follow through and begin to lend again? Will the gamble work?

Those are interesting questions, but, again, our concern must be the impact of NAMA on Northern Ireland. We have to assume that that legislation will be introduced, and then ensure that we mitigate any effect that it might have on Northern Ireland.

1.00 pm

From our perspective, we have to recognise the cross-border effects of that legislation. We do not live in a world of closed economies. Rather, we live in an open, integrated and globalised economy, and what happens in one economy can have knock-on effects elsewhere. Decisions taken by national governments have much wider implications and effects. The Irish Government's act of economic nationalism in guaranteeing deposits in their own national banks last year had implications across Europe and a ripple effect on the security of deposits elsewhere.

This issue indicates the realities of a growing all-island economy. I would not overstate it to the same extent as Jennifer McCann, given that we are clearly very fiscally dependent on the UK Exchequer — and, indeed, more so today — but there is clear evidence of growing integration on the island of Ireland, and it is important that we discuss economic interests of mutual concern and avoid negative impacts on each other's economies.

Our big concern is about the impact of a fire sale of NAMA-backed assets in Northern Ireland, and the impact that that would have on our economy. It is estimated that 6% of the assets that would fall under NAMA are in Northern Ireland. Other NAMA assets are also internationalised, with about 21% in GB, 3% in the United States and about 4% in the rest of Europe. However, the impact if things went wrong would be much greater here given the relative size of our economy compared with those other, much bigger economies. The level of our exposure equates to a notional value of about £4.6 billion. However, we are still uncertain about what the impact on Northern Ireland will be. It is important that we do not over-react or panic at this stage. Although a fire sale would be extremely damaging to our property market and wider economy, there is no suggestion at this stage that that is what NAMA would seek to do.

We must do a number of things. First, we must remain vigilant to the risks, but not overplay them; secondly, we must seek to influence the legislation as best we can; and, thirdly, we must appreciate that there are individuals in Northern Ireland who will be mixed up in this, whether property owners or people who work in the related banks.

I note that our Finance Minister has already had discussions with Brian Lenihan, his counterpart in the Republic of Ireland. I also believe that the matter was discussed by the North/South Ministerial Council. It is right that those discussions continue. I would encourage a place being made available for a representative of Northern Ireland, or for someone who has an intimate knowledge of the Northern Ireland economy, on a NAMA advisory board. That would be a good way to protect our interests.

This debate is critical. We must recognise our role as an Assembly and make our points while respecting the rights of others to take decisions about their own economy. In turn, however, we must take this issue seriously but not over-react. There is a lot of work to be done in the coming months. I look forward to hearing the comments of our own Finance Minister, and I wish him and his Executive colleagues every success in trying to ensure that the effects of the legislation on Northern Ireland are minimised as far as possible.

Mr Weir: I welcome the debate. As a politician, it is, in part, always good to talk about bankers, because in recent days, they are, perhaps, the one group of professionals that tend to be held in lower esteem than politicians. Consequently, the opportunity to distract from our bad press is always welcome.

Although I disagree with the wording of the amendment, Dr Farry hit the nail on the head. We need to focus on what the Assembly can do and determine our appropriate role. In that respect, I fundamentally disagree with the motion's approach, because I do not believe that it is appropriate for the Assembly to interfere in what is essentially a turf war down South between Fianna Fáil and Sinn Féin and in legislation in another jurisdiction.

Some people would criticise the Assembly for not giving sufficient scrutiny to its own legislation. Therefore, it is a somewhat expansionist approach to suggest that we should interfere in legislation in the Irish Republic. To that end, some colleagues and I find ourselves in the unusual position of being defenders of Irish sovereignty today. We are a different jurisdiction, and it is not our role to interfere in the internal affairs of another country.

When I read the criticisms of NAMA in the motion, I wondered whether Sinn Féin had become nervous about the link-up between the Ulster Unionists and the Conservatives and had sought to reposition itself on

the right of the Ulster Unionist Party by saying that the level of state interference in the banking sector is terrible and by proposing a free market solution. However, when I read the detail, I understood, less surprisingly, that Sinn Féin's position is to nationalise banks. Indeed, I suspect that it is keen to nationalise everything. At least one Member on the Sinn Féin Benches seems to be giving a level of tacit support to that assertion.

The nationalisation of banks is similar to the situation in Russia in the first part of the twentieth century, whereby lands were nationalised, and the kulak class was eventually eliminated. That shows the retrograde thinking of Sinn Féin on that issue. The evil corporatists have to be faced down.

Mr Cobain: Are banks, in effect, not nationalised?

Mr Weir: I will wait to see how that —

Mr Cobain: What percentage of the banking system do the Government own?

Mr Weir: There is a fundamental difference between nationalisation of banks and an asset management system. I appreciate that the Member would be keen to go further, and I expect that to be reflected in the Conservative and Ulster Unionist manifesto.

We should focus on the implications for Northern Ireland and what the Assembly should do about them. Not surprisingly, I take exception with the proposers of the motion, who consider an all-Ireland economy as the solution to all problems, particularly down South. If we can learn one lesson from the financial position down South, it is that we were wise to steer clear of the charm offensive that was thrust in our direction, from the public and from some nationalist parties, which consistently wanted Northern Ireland to have much closer economic ties with the Republic of Ireland. It is clear that the Celtic tiger that once pranced about this island with great pride and no degree of smugness has been shown to be drinking at the pool of toxic loans. Indeed, a closer alignment with the Republic of Ireland would have left us shouldering a large amount of the debt.

The proposer of the amendment reflected fairly accurately that there has been some wild speculation about the amount of money that is involved in assets in Northern Ireland. It totals just under €5 billion of NAMA's overall base of €77 billion. As has been mentioned, that must be put in perspective. It is clear that the scale could have huge implications for the Northern Ireland economy. However, we must also be sure that we do not overreact. We must take a co-operative approach and keep a close eye on the level of direct discussions about any implications for Northern Ireland. I would not go as far as the proposer of the amendment, who wants an economic expert for Northern Ireland to be part of the panel.

Mr McNarry's name was suggested in that regard; we had a brief discussion beforehand, and I think that he would be willing to sacrifice himself to serve such a purpose. Whether the Assembly can spare him is another matter, but his expertise should be shared with the Republic of Ireland.

In practical terms, however, we do not believe that this is best done through high-level summitry, or, indeed, the North/South Ministerial Council. It is better that the Finance Minister work on the detail of the implications of the situation with his opposite number and with officials on a bilateral basis. It is clear that a fire sale is in no one's interests; that is the main concern for many of us. That work has started and is ongoing; that is the route that we should be taking, rather than trying to set up structures.

Mr McNarry: I want to make it clear that I am not taking part in a job interview.

It is estimated that approximately 15% of the toxic assets held by Irish banks, which will come within the scope of NAMA, reside in Northern Ireland. There is no need for an all-Ireland summit, as was suggested by the proposer of the motion. However, that statistic alone is sufficient reason for the First Minister and the deputy First Minister —

Mr Weir: We can bandy figures about, but my understanding is that the figure is a lot less than 15%. Indeed, as the proposer of the amendment indicated, it is somewhere in the region of €5 billion out of the €70 billion, which makes it 6% or 7% rather than 15%.

Mr Speaker: The Member will have a minute added on to his time.

Mr McNarry: There are various figures; one can take them one way or another, and I will stick with the 15% that I suggest for the toxic assets held by Irish banks in Northern Ireland.

The debate is all about getting information, and the best way to get it is through what I hope the Finance Minister will be doing on this matter. That 15% is sufficient reason for the First Minister, the deputy First Minister, the Finance Minister and the Minister of Enterprise, Trade and Investment to be proactively engaged with the Irish Government looking after Northern Ireland's interests in the context of any solution that the Irish Government might find for their banking loan and asset situation. That is quite simple.

The national assets management agency will obviously have an impact on the potential disposal of significant assets located in Northern Ireland — most notably, land and building development assets. That is where we come in. That point was made in the debate on the Second Stage of the National Asset Management Agency Bill 2009 by Brian Lenihan, the Republic's Finance Minister. He said:

“40% of these loans are cash flow producing.”

They are not totally no-hope loans. Over the 10-year time frame envisaged, he continued:

“The cash flow produced will be sufficient to cover interest payments on the NAMA bonds and operating costs.”

I am glad that our Finance Minister is here. He needs to establish how many Northern Ireland asset-backed bad loans are in that 40% cash-flow-producing category, and how many are in the 60% “no-hope loan” category. Establishing that would go a long way to determining how NAMA would handle those Northern Ireland asset-based loans. Indeed, I say to the Minister that that would be no bad thing. In fact, it would be beneficial for us to know the extent of the bad loans that are floating in Northern Ireland and held in toxic banks other than those covered by NAMA. Perhaps the Minister can tell us what he knows about that situation.

That information will be critical in formulating the approach that we should take to the Government of the Irish Republic over the disposal or management of those assets, and to banks operating here that are outside the scope of NAMA. There is a question mark over what happens outside NAMA. We do not have an inside track on that. Therefore, if NAMA were to find that a substantial proportion of Northern Ireland assets were in the cash-flow-producing category, its attitude would be very different, because that would relieve the situation substantially, and this would become an asset management issue rather than the fire sale that Mr Farry talked about.

1.15 pm

I would welcome comment from the Finance Minister as to the precise nature of the Northern Ireland assets that NAMA is likely to take into management. Will he confirm what proportion of Northern Ireland-based assets is cash-flow producing and what is not? I presume that he has done some homework on the matter before he enters into negotiations with the Republic, because information is everything in such a situation. Even if it only talks that he enters into, rather than negotiations, it is necessary to establish that information.

We in Northern Ireland also need to establish where our property assets are likely to be over the next two years. I would welcome informed comment from the Finance Minister on that matter, because it will have a direct impact on the cash-flow potential of property assets in Northern Ireland that are about to come into the ownership of NAMA. The other side of that coin is that NAMA-owned assets here will have a direct impact on the recovery potential of our property market, both domestic and commercial.

I appeal to the Minister to look again at, or at least to confirm the possibility of, unlocking the value of Government property assets, so that we can invest to protect and create jobs. I remind the Minister, who

may say that it is not all his fault, that both he and his predecessor have presided over a doubling of unemployment on their watch, and we do not need any more.

Mr O’Loan: Like Stephen Farry, I welcome the debate on NAMA. We need to be better informed about it, and the debate is helping us to do that.

I am surprised that Sinn Féin has tabled a motion on the economy. Its reputation on economics is not good and has been soundly rejected at the polls in the South. Gerry Adams, the president of Sinn Féin, recently said that his party is not interested in managing the economy. It strikes me that, perhaps not for the first time, Sinn Féin has come to the point where the extreme left meets the extreme right and they share the same position.

The extreme left has moved to an anarchist position. Jennifer McCann is up for seizing property; a fairly Stalinist approach, I thought. The extreme right has a total belief in market forces and would let the banks collapse irrespective of the consequences. The message to the people is the same from either stance. The extreme right would say “let them eat cake”; the extreme left would simply say “let them not eat at all”. That is where Sinn Féin finds itself; it is not engaging in serious debate on the issue.

Martin Ferris accused the Irish Government of the robbery of €12,000 from every man, woman and child. Martin Ferris is a man who would know about robbing from the banks, but I think on this —

Mr O’Dowd: On a point of order, Mr Speaker. How appropriate is it for the Member to make criminal accusations against another Member of a legislative body on this island, never mind an ordinary member of the public?

Mr O’Loan: I am happy to clarify: I make no suggestion whatsoever of any criminal imputation. One can know about a thing without any direct involvement.

Mr O’Dowd: Mr Speaker, I was of the view that you responded to points of order, not the person who is involved in the debate.

Mr Speaker: Order. I have heard the Member’s point of order, and I say to all Members on all sides of the House that privilege is not absolute. Let us be very careful of what we say in this House. I know that sometimes, in the cut and thrust of debate, Members can easily get carried away. I remind Members to be of good temper when they speak in this House in any debate.

Mr O’Loan: There were others who were involved in robbery, and Mr Ferris showed considerable adulation towards them quite recently.

It is clear that the people have already moved beyond the Sinn Féin position. Sinn Féin was involved, with others, in organising a protest against NAMA in Dublin a week ago, and only 1,500 people showed up.

There is no national movement against NAMA any more, if there ever was.

Unfortunately, I am uncomfortable with the amendment proposed by the Alliance Party. Indeed, I was not terribly comfortable with some of Stephen Farry's remarks, which were, in parts, indicative of a unionist, partitionist mindset. Stephen Farry should think about the fact that politicians need to state the direction in which they want to travel rather than to simply comment on the situation.

It is regrettable that the amendment proposed by the SDLP was not accepted. It recognised possible implications for the future conduct of banking, the property market and the wider economy of the region that arise from the NAMA legislation. That would have been a better stance for the Assembly to take.

Lord Morrow: On a point of order, Mr Speaker. Is it in order for a Member to virtually read out an amendment that has been ruled out of order and that has not been accepted for inclusion on the Order Paper? What are we at?

Mr Speaker: No; that is not in order. I say to the Member, and to all sides of the House, that the decision not to accept an amendment should not be challenged on the Floor of the Assembly. I wish to make that absolutely clear, and I warn the Member on that issue.

Mr O'Loan: I am only saying that it would have been better for the Assembly to adopt the position that was outlined in the amendment proposed by the SDLP.

We all agree that there is a need for the banking system to be fixed and for credit to be available. The banks must be in a position to borrow in the international markets, but we know that that is not possible because of the high volume of high-risk property debts. That can be dealt with in three broad ways: recapitalisation, which could ultimately lead to nationalisation; asset guarantee schemes; and asset management schemes such as NAMA. All three methods have been used in different situations in different countries. However, NAMA was not chosen by chance. A sound evidence-based approach led to its selection, and it has been approved by the International Monetary Fund (IMF) and the European Central Bank (ECB).

Although it is certainly not risk free, the NAMA scheme contains important protections. The banks take a considerable hit at the outset. They receive €54 billion against a book value of €77 billion and are, therefore, €23 billion down straight away. The current value of those assets is €47 billion, and the Government hope to make up the €7 billion gap as the assets increase in value. We should note that €2.7 billion is in the form of subordinated bonds, and those are payable only if the Government go into profit.

The legislation also contains provision for a further levy if the Government are still making a loss, so

significant protections are available. The rise in value to make a profit is quite modest: 10% over a 10-year period. If the scheme works, the banks will be able to raise capital as private finance. If not, the Government will capitalise the banks and take an equity share.

Most advice says that it is in the best interests of the Irish economy to keep the banks in the private sector and to have at least three competing banks. There is understandable anger in the community against the banks and property developers. There has been regulatory failure and dubious practice. Developers will not profit from the NAMA scheme, and I welcome its commitment to include a windfall tax on rezoned land.

Mr Speaker: I ask the Member to draw his remarks to a close.

Mr O'Loan: The Irish Government have offered to consider that at its Committee Stage, and it is important that they consider other reasoned amendments.

Mr Hamilton: I am not really interested in getting into a debate on the merits, or otherwise, of legislation that is before the Irish Parliament. It is up to the Members of that elected institution to debate and discuss that legislation. However, I concur with some of the comments of a Member who spoke previously. A Sinn Féin spokesman described the NAMA legislation as "the crime of the century." It is a bit rich for anyone in the republican movement, given its history of major crimes against banks across Ireland, to describe NAMA as "the crime of the century."

Mr Weir: Given the republican movement's past, it would be in the best position to judge.

Mr Speaker: A minute will be added to the Member's speaking time.

Mr Hamilton: The Member is right, because €70-odd billion is much more than £25 million.

I do not want to get into the whys, wherefores or merits of NAMA. I accept the point that several Members made that a fire sale should be avoided, even though the €4.8 billion of assets in Northern Ireland is significantly less than the €20 billion that was mooted at one time.

There are still potential negative consequences for Northern Ireland in the deflation of an already depressed property market, and there may be an impact on the public sector in Northern Ireland as we try to realise best value for unused, unwanted assets in the public sector portfolio.

I support the line of action that the Minister has already engaged in through bilateral discussions with his counterpart in the Irish Republic. He intends to have more such talks in the future. As we move forward, any direct line of communication from any advisory panel or board to the Department of Finance and Personnel is to be welcomed in order to avoid

some of the serious consequences that might result from NAMA not dealing appropriately with assets in Northern Ireland.

I wish to touch upon the more important conclusion that we in Northern Ireland can draw from the fact that the Irish Parliament has to pass that legislation, or, if not that legislation, something else, and it is the picture that it paints of the current Irish economy and the explosion of the economic argument for Irish unity. Today, that argument is as busted as the Irish banks themselves.

For years, we were told that the unionist argument against Irish unity that was based on economic reasons was disappearing and that the Irish economy was becoming the most vibrant, dynamic and innovative economy, not only in Europe, but in the world, and deserved to be called the Celtic tiger economy. That Celtic tiger has well and truly turned into a pussycat. We now have very clear evidence, as shown by the introduction of the legislation in the Irish Parliament, that that so-called strong economy was not built on solid foundations but on severely shifting sands, which have now collapsed under the Irish people.

Mr O'Loan: Will the Member give way?

Mr Hamilton: Hold on.

We have heard the International Monetary Fund say that the Irish economy's contraction will be the most severe of any advanced economy in the Western World. I will now give way to the Member.

Mr O'Loan: Does the Member not admire the position of the Irish Government? Yes, they have got into difficult circumstances, but they are finding their way out of it. I have seen economists' prognostications to the effect that, in a short time, the Irish growth rate is expected to rise again to 4%. I admire the Irish Government's independence of action. They have a problem; they are dealing with it, and they will get out of that situation. I wish that I could say the same about our economy and the solutions that have been offered.

Mr Hamilton: The days of 4% growth or, indeed, any percentage of growth in the Irish economy are a long way off. The heady days of near-double-digit growth in the Irish economy have long since passed, probably never to return. Again, that underscores the argument that such growth was temporary, and it is now going back to more appropriate levels.

One only has to look at all the evidence: the contraction of the economy by 13.5% between 2008 and 2010; the jobless figures have gone from being the second lowest to the second highest in Europe; the Budget deficit has grown to four times the limit allowed by the EU institutions; the Irish Republic's credit rating was, embarrassingly, lowered by Standard and Poor's, and that was a real slap in the face for the

Irish economy; and so on and so forth to the collapse in the construction industry and the cuts worth billions of euro that the public sector faces as a result of the McCarthy report.

No matter what anyone says, Northern Ireland has been well cushioned by the UK economy. There are longer-term benefits in remaining part of the fourth largest economy in the world. This is a global problem; it is not one for independent action. It will be sorted out on a global basis.

While the Northern Ireland economy, small as it is, is represented in the room, at the table, at the G8 or G20 summits, or wherever big decisions on financial futures are being taken, who is outside with his face pressed to the window looking in? It is the Taoiseach of the Irish Republic. He has always been, and always will remain, on the outside. Whatever legislation is passed in the Irish Republic —

Mr Speaker: The Member's time is up.

Mr Hamilton: — the economic argument has well and truly gone.

1.30 pm

Mr Butler: Go raibh maith agat, a Cheann Comhairle. Tá mé sásta labhairt ar son na tairisceana seo, ach ní dóigh liom go mbeidh mé ábalta tacú leis an leasú..

I am grateful to be allowed to speak in the debate. I should point out that some of the debate, particularly the contributions from the DUP and the SDLP, focused on attacking Sinn Féin and negative politics, and Declan O'Loan attacked members who sit in Leinster House. The DUP said that the banks should not be nationalised, but it talked about that option as though it were the product of far-left loony thinking. However, one of the banks involved in the crisis, the Anglo Irish Bank, has already been nationalised, and the Irish Government heavily subsidise the Allied Irish Bank. Those who state that Sinn Féin's economic policy is illiterate and that the banks must not be nationalised should look at what is happening in other parts of the world: Sweden had to do exactly that to get out of the economic crisis.

NAMA has been described as one of the biggest gambles on the property market by any Government in western Europe. It has been likened to placing €60 billion of taxpayers' money on the roulette wheel in the local casino. The problem for the North is that the toxic assets of approximately €5 billion will affect the economy here.

I welcome the recent statement by the Minister of Finance and Personnel, Sammy Wilson, that he wanted to have a formal role in how NAMA affects the North, particularly its property prices. However, it is not good enough simply to have a formal role. Sinn Féin's motion advocates that the matter be dealt with through

the institutions. I acknowledge that the Assembly is one of the North's institutions but what about the interlocking bodies, such as the North/South Ministerial Council? It is not enough to receive assurances from Brian Lenihan and the Taoiseach that they will sort out the problem. Fianna Fáil, the banks and the developers got us into this mess, and NAMA is being set up to deal with the toxic debt here and in the South of Ireland. We must have a more formalised role because, when NAMA is established by the legislation, its role will be subject to little public scrutiny. It will deal with toxic debts relating to land and developments here in the North, and the Assembly will have little or no say in that. We must, therefore, do more than seek assurances from Brian Cowen and Brian Lenihan about NAMA's impact on the North.

The long-term impact must also be considered. People have been talking as though establishing NAMA will deal quickly with the entire issue, but that will not be the case. The North could be lumbered with the effects on the economy here and on the island of Ireland for the next 10 to 15 years.

The amendment, which attempts to water down the Sinn Féin motion, is unnecessary and, in some ways, partitionist. We must address the issue on an all-Ireland basis because it will impact on the economies of both jurisdictions. I welcome the Minister's statement that he wants to play a formal role. However, through the North/South Ministerial Council, of which the Minister of Finance and Personnel is a member, we must take a direct hands-on approach as to how NAMA will affect the North's economy and ensure that we are kept up to speed. Go raibh maith agat.

Dr McDonnell: I am glad that the debate is taking place today, because it highlights that, whatever our political persuasion or party, a close working relationship exists between the financial structures, North and South. I am not wildly excited about NAMA; equally, I am not wildly excited about anything to do with the banking and liquidity crises.

To me, NAMA represents the least-worst option. Nationalisation would be the worst possible option: it would weigh us down, because the banks involved have assets not just in Northern Ireland but in the US and across Europe, thus creating very difficult circumstances for a nationalised bank to unravel.

As others have said, there are serious implications for the economy of the island as a whole. There are also serious implications for downstream financial jobs and for the construction industry. I think that the proposer of the motion, Jennifer McCann, said that we need a joined-up economic approach. I agree. However, the motion deals only with banks that are based in the Irish Republic. Effectively, we have no local banks. In addition to those that are based in the Irish Republic, at

least 70% of Ulster Bank's parent company is nationalised and the Northern Bank is owned by Danske Bank.

Many aspects of regulatory failure come from a global and a local perspective. I apologise to Mr McNarry, but I will pick up on a point about which there was some debate and discussion. All my figures suggest that some 6% of the Irish banks — assets that are proposed for NAMA — which is a figure of some £5 billion, are based in Northern Ireland. The figure of 15% probably arises from the fact that considerably more of those banks' assets are based in the UK.

To be honest, I am somewhat confused, because the motion contains serious contradictions. I will not go into the details, but it is very worrying for those of us who have an interest in jobs and the economy. The president of Sinn Féin recently said that the party was:

“not interested in managing the economy.”

If I have got that quotation wrong, it needs to be corrected.

Mr O'Dowd: It is clear that the SDLP has hired a group of individuals to read through Sinn Féin's speeches and pick out half sentences, half quotations and half remarks, and then its Members come into the Chamber like excited children and read them out. If SDLP MLAs quote the president of Sinn Féin or any other politician, they should read out the entire content of the speech from which the quotation came.

Mr Speaker: The Member has an extra minute in which to speak.

Dr McDonnell: I have no difficulty with that if it is standard practice, but the problem is that Sinn Féin, from its president down, has misquoted and misunderstood everybody else for years. If that is a misquotation, I am glad for it to be corrected, because I am keen for Sinn Féin to take an interest in the economy.

I am bewildered by the thrust of the motion. It gives us the sense that Sinn Féin is out of touch and may not be up to speed on the economy, because it backed the bank guarantee system that was introduced in the Irish Republic some time ago. That scheme was the precursor to, and the necessary foundation for, NAMA. Those of us who try to observe these matters, and who read newspaper stories on what is going on, are confused, because we are shuffling from pillar to post. It is important that there be consistency, because we will get out of this financial crisis only if we are consistent and responsible.

NAMA is by no means perfect. It has many faults, and I have a degree of scepticism about much of it. However, as I said earlier, the Government's intervention is the least-worst option. Our banking system, North and South, cannot be unravelled or separated. It is completely interconnected. Many of the banks, such as the Bank

of Ireland and the Allied Irish Bank, operate on an all-island basis.

If the Irish Government were not to step in now to reduce some of the risk and increase the flow of credit to those banks, we in the North — homeowners, business owners and everybody else — would suffer severely from the lack of liquidity. Ordinary, decent hard-working people have suffered enough.

I could stand here all day condemning the stupidity and mistakes of the banks, but I will not do that. They have made major mistakes; setting up NAMA is not bailing out the banks, it is an attempt to ensure that there is liquidity.

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

Dr McDonnell: Mr Speaker, I am preparing a dossier which I intend to take not just to the Prime Minister, but to the Irish Minister for Finance to resolve some of those issues.

Mr Speaker: The Member's time is up.

Dr McDonnell: I am doing that because our people need help and support with the lack of liquidity.

Mr A Maginness: The issues raised by the motion highlight the interdependence between the North and the South, whether or not people like that from their different political points of view. However, I say that in a non-partisan way, because we must be sensible about the economic and financial crisis that we are in. It is important that the North and the South co-operate to achieve a beneficial end to that crisis for all our people.

There is no value in adopting a partisan political stance, and I think that the Minister of Finance has shown the way by adopting a sensible and pragmatic approach to the problem. I believe, Mr Speaker, that the Minister is blushing with embarrassment. However, his first important step was to meet the Minister for Finance, Brian Lenihan, in Dublin.

The Minister indicated on radio this morning, as I am sure he will tell the House, that he is prepared to engage with any Committee that is set up to liaise between North and South, to monitor what is going on and, quite sensibly, to address problems in our own economy. I warmly welcome that. It is important that all of us in the House endorse that point of view. We should continue to monitor the situation closely.

One thing on which we all agree is that there cannot be any fire sale, because that would simply worsen our economic and financial crisis. That must be avoided. However, there must be a measured, managed way of dealing with the assets in Northern Ireland that NAMA will take over from the banks. Those assets are apparently in the order of €4.6 billion, which is a very substantial amount of money. For the welfare of all our

people, it is important that we get this right: no fire sale. Those assets must be properly managed.

Of course, as Mr McNarry pointed out, not all the loans involved are impaired. There are assets that can produce an income, and, helpfully for all of us, generate wealth in our society. We have to get those assets working. Given a common purpose and North/South solidarity, I am reasonably confident that we can work through the economic problem: we have to, otherwise we will all go down the tubes. Therefore, it is important that all of us in the House welcome whatever efforts are made.

I understand that there are different ways to approach the situation, of which NAMA is just one. Nationalisation is one way, and asset guarantee schemes are another. However, this is the way that the Irish Government have chosen to do it, so we must work with that system. Let us get on with the job, because there is no merit in raking over the ashes. We must be optimistic about the future, work through things and create a better situation for all of us.

1.45 pm

Mr Speaker: The Member should bring his remarks to a close.

Mr A Maginness: I ask Members to support all efforts to manage the system.

The Minister of Finance and Personnel (Mr S Wilson): The debate has been useful in showing the concerns that exist about the issue in Northern Ireland. It has also been useful because it demonstrates some Members' economic illiteracy, which we will have to do something to correct over the next number of months.

Taking up from where the previous Member finished, co-operation between Northern Ireland and the Irish Republic on this issue can be beneficial to both jurisdictions. Although I and my party are not happy with the political trappings of co-operation, which sometimes only occurs for political reasons, when there are good, solid reasons for the Government in Northern Ireland to work with the Government in the Republic, my party will play its part, and I, as the Minister of Finance and Personnel, will play my part individually.

Although some people, as they pointed out during the debate, recognise that the Celtic tiger, to use the term that Mr Hamilton used, has become a pussycat, it is in none of our interests for the economies of the Republic and here to be in a weak state, because an element of cross-fertilisation and cross-trade benefits both sides. The Member made an observation that, although correct, is not something that we wish to see happen.

I shall deal with a number of points made during the debate. I do not wish to get into a debate about the rights and wrongs of NAMA. The Irish Government

have taken a decision about the way in which they will manage the difficulties that banks based in their jurisdiction got into as a result of sometimes lending unwisely on assets that should not have been lent on in the first place. That is a decision for the Irish Government. As far as I am concerned, the only input that I wish to have is that if they set up that system, I want to ensure that issues affecting Northern Ireland are protected through the Government-to-Government or Minister-to-Minister co-operation that we have.

I do not accept that NAMA should fall within the remit of the North/South Ministerial Council, and that is one of the reasons why I am not happy with the motion or the amendment. Indeed, that point was accepted by the Council. Given that a joint communiqué was issued, I assume that the deputy First Minister took the same view. The North/South Ministerial Council agreed that the two Finance Ministers will deal with the issue. We do not believe in widening the North/South Ministerial Council's remit, and I believe that if and when co-operation is needed, there are other ways to achieve it.

Sinn Féin has got its economic analysis of NAMA wrong; it is not the crime of the century, and it is not privatised profit and socialised debt. If the Member who had made the comment had looked at how NAMA is to work, she would know that the burden of risk falls on the banks, not on the Government.

Ms J McCann: Is it not the case that the burden of risk and the financial implications of NAMA fall on the taxpayer, rather than on the banks?

The Minister of Finance and Personnel: As I said, I do not want to get into the detail of NAMA. The assets have been discounted already by 30%. If there is a profit on the eventual sale of the assets, it goes to the taxpayer, not the banks. If there is a loss, a levy is imposed. I do not know where the Member sees any risk to the taxpayer.

However, I do not want to get into a debate about the rights or wrongs of NAMA. That is a decision that the Irish Government are taking and it is one that we will work with, doing our best to safeguard Northern Ireland's interests.

The second point that has come out of this debate is the extent of Northern Ireland's exposure to all those debts. When he gets a black picture, Mr McNarry's usual style is to try to paint it blacker. Even if he does not have the figures to paint it blacker, he will make an *eejit* of himself to produce a blacker picture. He was not happy at the figures that were given and that seemed to be available to every other Member, which stated that 6% of the debts that the banks hold are based here in Northern Ireland. He was even given the figures: €4.8 billion out of a total of €77 billion. So, if he did not believe the percentages, he could have

worked it out for himself. If he does not know how to do it, it is done by putting one over the other and multiplying by 100. That is approximately one fifteenth. A common mistake made by very poor GCSE students is to think of a fraction as a percentage; perhaps that is where Mr McNarry got 15%. However, one fifteenth is 6%; it is reached by multiplying one fifteenth by 100.

Mr McNarry wanted to paint the picture blacker. He claims that it is 15%, but it is not; it is 6%. However, as Mr Farry has pointed out, that is still a significant figure for the Northern Ireland economy.

Mr McNarry then asked me whether I had done my homework and found out the nature of those debts, including how many of them could produce a cash flow and would, at the end of the day, be worth something. They are all assets, so they are always worth something. The mistake would be to try to get rid of them quickly because, in current circumstances, they will be worth less. The whole idea of having 15-year bonds is to allow for their release over a period of time, so that the assets could be sold when the best value could be obtained.

Mr McNarry shows his ignorance, not this time with figures, but with his understanding of the nature of assets. An asset is bound to have intrinsic value. Its intrinsic value will change over time. The Irish Government are trying to allow as long a period as possible during which those assets can be turned back into cash to safeguard against the diminution of their value in the way that some have suggested. I noticed that Mr Butler wanted them sold quickly. That would be an absolute disaster, given the current state of the market.

I asked about the division of the assets, but the Irish Government are not in a position to answer at present. However, we know that about 40% of them are in the form of development land and the rest are in the form of commercial loans or in property. I assume that commercial loans and property will produce some return.

The third question that was asked was: how can we avoid a fire sale? A number of Members asked that question. It was one of the concerns that we had when we went to see the Irish Minister. I put it to him bluntly that there was a cynical view in Northern Ireland that because the political implications of selling assets and their value falling would be less in Northern Ireland than in the Republic, the fear was that, if money had to be realised quickly, Northern Ireland would be the place where the assets would be sold. He talked straight to me and I talked straight to him on the issue. The point that he made — sensibly, if one thinks of it — was why would the Irish Government wish to sell off assets quickly, make a loss on them and not realise their full value.

Do not forget that — Mr O'Loan gave the figures very accurately — the rate of discount is 30%. The

Irish Government have paid €54 billion for assets that are currently valued at €47 billion. An uplift of 10% over 10 years would still leave them about 45% below the 2006 peak level and with a fairly low value attached to them. Why would the Irish Government sell those assets off quickly because, once they get to the break-even point, the profit goes to the taxpayer? There is no incentive for them to sell the assets off quickly. The mechanism —

Mr O'Dowd: The Minister may be aware of the recent case in which the ACC brought a major Irish business developer, Liam Carroll, to court. When challenged about the value of his property, he admitted that it was worth not 70% but 25% of what was expected originally. If that is spread across the economy, the Irish Government may have no choice but to sell off even failed assets to recoup some money. They will not recoup all their money, but they may have to recoup some of it.

The Minister of Finance and Personnel: The 30% discount rate that has been given is, of course, an average figure. The Irish Government have been quite upfront about the fact that it is an average figure, which means that some assets will have a discount of less than 30% and some more than 30%. The whole point of buying time by having 15-year bonds is to deal with the particular problem that the Member has raised. There will not be a tendency to go for a fire sale.

However, the third point that has been made is that we have assurances, but what guarantee do we have and what input do we in Northern Ireland have to the operation of NAMA? My preference would have been — again, I will be blunt — to have had someone on the board of NAMA. That was not possible. The Irish Minister and I then looked at what other mechanism might be available. He suggested that there could be direct input through the advisory committee.

Mr McNarry: I am sure that the Minister will indulge someone who he has referred to as an eejit and ignorant. If that is the way that he wants to contribute to debates in the Chamber, so be it; there will be another day.

The Minister talks about his preference to have someone on the board of NAMA, and presumably that is to gain information. Can he illustrate to the House whether such information is being sought from those banks outside NAMA in Northern Ireland that have toxic debts? What is he doing to secure that information? Is he looking to put someone onto the boards of the banks, the Treasury and any outfits that there are that are concerned about what we do not know? The Minister may, of course, know more than us, which is why we are having this debate.

The Minister of Finance and Personnel: When I spoke about the Member's figures and his ability to manipulate or work them —

Mr McNarry: It is nothing to do with figures: just answer the question.

The Minister of Finance and Personnel: Mr Speaker, I will decide how I respond to the points that the Member has made.

I indicated not that I thought that the Member was an idiot, but that, when he sought ways of painting as black a picture as possible, he was prepared to make himself an idiot by ignoring what the figures said. The Member knows full well that the Assembly, and I as Finance Minister, do not have the ability to put anyone on the board of a privately owned bank in Northern Ireland: he knows that.

2.00 pm

Mr McNarry: What about the information?

Mr Speaker: Order.

The Minister of Finance and Personnel: The information about the assets, which NAMA will take over, will be known to the Irish Government once all those assets have been taken into NAMA, and I will seek the detail of that information.

Mr Speaker: The Minister's time is up.

The Minister of Finance and Personnel: I thank Members for taking part in the debate. I hope that we have given an indication, at least, that we are trying to deal with the issue in a constructive manner. I will continue to work with the Minister for Finance in the Republic to make sure that Northern Ireland is not placed at a disadvantage.

Mr Speaker: I call Sean Neeson to make a winding-up speech on the amendment. He has five minutes in which to do so.

Mr Neeson: I welcome the debate, and it has shown that the issue is controversial. NAMA has caused deep divisions in the Republic of Ireland, even among academics. However, this debate is not about the pros and cons of NAMA. Although it will impact on Northern Ireland, the issue is one for the Government in the Republic of Ireland. However, our Ministers have an important role to play in safeguarding the interests of the people in Northern Ireland who will be affected by NAMA.

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

I know that the Minister of Finance and Personnel has met Brian Lenihan and has reported back to the Assembly, and I know that junior Minister Gerry Kelly has met representatives from the Republic's Government. If the legislation goes through, assets in the region of €5 billion in Northern Ireland will be affected, as other

Members have said. It is worth remembering that there was considerable investment in Northern Ireland by Republic of Ireland developers when the boom in the Republic was forging ahead.

I was struck by a recent article by John Simpson in the 'Belfast Telegraph', and I agree with the comments that he made. He said:

"There are two governments, north and south; two monetary systems; two inter-dependent economies, there are more than two monetary authorities to supervise the banking system. Financial and business issues do not segregate."

He went on to say:

"setting up NAMA contrasts sharply with the methods developed by the UK Government to support the clearing banks. NAMA will take responsibility for non-performing bank loans. It will 'buy' the loans not at knock down prices, reflecting the present state of the property market, but at fair values."

We must address what is meant by "fair values", and I know that that is being considered in the Republic of Ireland.

It is also hoped, not least by me, that NAMA will encourage banks to resume lending. Members, including Jennifer McCann, who spoke in the debate, said that banks must be prepared to help small businesses. The Committee for Enterprise, Trade and Investment dealt with the issue, and I welcome that.

Stephen Farry said that the focus of the debate is on the real interests of Northern Ireland, and he went on to say that, fiscally, we are dependent on the UK Exchequer. He also said that a fire sale would be damaging to our economy.

Mr O'Loan: The Member said that we are not debating the principle of NAMA. However, if the amendment were agreed, the first part of the motion would read:

"That this Assembly expresses deep concern at the possible negative economic consequences for Northern Ireland arising from the potential National Asset Management Agency legislation currently under consideration in the Oireachtas".

Does the Member not agree that, if the amendment were carried and became the view of the Assembly, when TDs debate the NAMA legislation in the Dáil, they would think that the Northern Ireland Assembly was, in principle, opposed to that legislation?

Mr Neeson: I made it clear at the outset that the important issue is how we deal with NAMA itself, and the fact that that proposed legislation is being debated in the Dáil demonstrates that it has not yet been enacted. However, it is important that the Assembly and the Executive are prepared to address the interests of the people in Northern Ireland; essentially, that is what the debate is about.

I am disappointed that Declan O'Loan ruled out support for the amendment. The Alliance Party is trying to convey the fact that NAMA will have an

impact on the people of Northern Ireland and on the Assembly. Therefore, I am disappointed that the Member will not support the amendment.

Paul Butler said that NAMA represents one of the biggest gambles taken by any Government. However, we must accept that we are in the midst of one of the worst financial situations for many years, and it is important that the Government in the Republic of Ireland make some plans to deal with that problem.

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

Mr Neeson: I ask Members to support the amendment.

Mr O'Dowd: Go raibh maith agat, a LeasCheann Comhairle. Reflecting on the importance of today's debate, I think that it is clear that it is not divorced from conversations in the media and elsewhere last week on how the Executive will ensure that their Budget will deliver for the people on this part of the island. At heart, this is an economic debate, and, although last week's debate centred on how to divide up the block grant, it should instead have concentrated on how to stimulate our economy to ensure that we have the resources to deliver for the people on this part of the island. In Sinn Féin's view, that cannot be done separately from our neighbours in the Twenty-six Counties, and an all-Ireland approach to the economy is the only way forward.

I listened carefully to the Minister of Finance and Personnel's comments on Mr Hamilton's remark about the economic downturn across the border. I will paraphrase him: we should not look across the border and say ah well, up yours, your economy is in bad shape.

If the South's economy is in bad shape, the North's economy is also in bad shape. We cannot ignore that fact, and we must examine the issue with respect to all-Ireland economic growth.

DUP contributions to the debate, although predictable, were disappointing, even from its own electorate's perspective —

Mr K Robinson: On a point of order, Mr Deputy Speaker. I am not sure whether the acoustics in the Chamber are better than I thought they were, but will the Member clarify whether he used parliamentary language in his description of the state of the adjoining economy?

Mr Deputy Speaker: The Speaker will examine the Hansard report and make a decision on that.

Mr O'Dowd: I look forward to the Speaker's ruling.

In relation to DUP comments on the NAMA proposals, people cannot close their eyes and ears and hope that NAMA will go away, and people cannot adopt a unionist mindset. Even from a unionist perspective, the

implications of NAMA must be understood with regard to what it will do to the economy here, with €4.8 billion to €5 billion worth of assets under the ownership of the National Asset Management Agency —

Mr A Maginness: Will the Member give way?

Mr O'Dowd: I will in just one second.

In his closing remarks, a DUP Member said that rather than set up structures around it, we should continue as we are. I am sorry, but if €5 billion worth of assets in this part of Ireland will fall under NAMA, we must set up structures around that and manage it.

Kind words from the Fianna Fáil Finance Minister will not reassure me. I am surprised that they reassure Sammy Wilson. We are looking at a Government that will, more than likely, go from power if a general election is called. As a republican, reassurances from a Fianna Fáil Minister do not go too far. We must ensure that we have structures around the NAMA proposals if they are passed by the Dáil, and there is no guarantee that they will be passed.

Contrary to what our SDLP friends tell us, Sinn Féin is not the only party opposed to NAMA. The Labour Party, the SDLP's colleagues or sister party, is opposed to it. Fine Gael, another sister party, is opposed to it. The only party that supports the legislation in the Dáil is Fianna Fáil. The Green Party is calling an all-party delegate conference to decide its final approach. I know that it is embarrassing for the SDLP, as Fianna Fáil may be the party that it is involved with after it takes on a new leader. Fianna Fáil is the party that brought the economy to its present position, lectured Sinn Féin on being economically illiterate, led us down this path and left the economy of the Twenty-six Counties in a mess.

The legislators on this island have the responsibility to ensure that we bring forward sensible legislation and find a sensible way forward to ensure that we bring ourselves out of the economic downturn. The contributions from the SDLP concentrated mainly on insulting Sinn Féin, and the reason for that was to hide their embarrassment that Fianna Fáil, its sister party, created and governed over the current mess and is now trying to ensure that the developers and the landlords, of which the SDLP has many, will continue to make money on the backs of the taxpayers across the island of Ireland, not just across the line on the map. All the people in Ireland will end up paying for NAMA for many years to come. The figures do not stack up. As I said to the Finance Minister, the Dublin Government may have assessed that they will give 70% for the loans, but they do not know how much the loans — the bad assets — are worth.

The Carroll case — the first tested case in relation to the financial viability of a major developer — has been back and forth before the Dublin courts for several

weeks. When Carroll was challenged over the value of his assets, he said that they were probably worth 25% of what they were a year ago. Nevertheless, the Dublin Government are assuring our Finance Minister that they will pay 70% of what they were worth. If one looks at the Carroll case, the Dublin Government will be paying 50% more than the assets are worth.

The Minister of Finance and Personnel: The figures are not based on assurances; they are based on the discount that the Irish Government are giving the banks for those loans. Do not put words into my mouth. I was not given an assurance; I was given the hard facts of the discounts. The Government are paying €54 billion for assets that are worth €77 billion.

Mr O'Dowd: With respect, my point proves that they may not be. The Carroll case proves that the Dublin Government do not know how much those assets are worth. They are paying €54 billion of taxpayers' money for assets that they do not know the value of.

That brings me to the point of the fire sale. World politics may dictate that the economy will get worse, with growing tensions between the Western World and Iran and the continued instability of the Middle East. All those factors lead into the economy. If those matters get worse and property prices fall again, where does that leave us? We will be left with even worse assets than we had in the first place, and that will force not only the Dublin Government, but the European Central Bank, to start recouping some of their moneys. Will they take a loss? They may well have to. They will be in such a dire situation with regard to their cash flow and credit that they may have to start a fire sale. What have we got to ensure that a fire sale does not start here? We have assurances from a Fianna Fáil Finance Minister to our Finance Minister.

Sinn Féin is saying that we should forget about the assurances and ensure that the matter is dealt with through the North/South Ministerial Council and that, as our Finance Minister has proposed, if the NAMA Bill does pass through the Dáil and becomes legislation, we have places by right on the board, not by request. We were informed today that when the request was made that we have places on NAMA, we were told that that cannot be done. Why can it not be done? If the NAMA Bill becomes legislation, why does this House not insist, through the North/South Ministerial Council, that we have places on NAMA and that our views are represented there?

2.15 pm

Mr O'Loan: Does the Member not realise that when he suggests that the Irish Government have simply snatched a figure out of thin air to offer to the banks for the loans, he is simply wrong? It has to be approved by the IMF and the European Central Bank

and is subject to EU state-aid rules. The concept of the long-term economic value is the price that has to be paid under the rules, and the best estimates of that that can be made have been made. That is why the figure of €54 billion against the book value of €77 billion has been created.

Mr O'Dowd: The Member refers to several organisations that we should be reassured by. They are the wonderful people — the European Central Bank and the IMF, which have reigned over the collapse of the world economy — who have declared that the figures are correct. Those are hardly organisations to be reassured by. Even if those figures were based on reality, new information has come to light. One of the biggest developers in the Twenty-six Counties — indeed, he has developments across the world — stood in front of a court to say that his assets are worth only 25% of what they were worth last year. That is evidence. Surely there is an onus on the Fianna Fáil-led Government to reassess their current valuations of NAMA. The SDLP's blind support of Fianna Fáil is a disservice, not only to people here but in the Twenty-six Counties. That party needs to stand up to Fianna Fáil and say that it has got it wrong and that it is time to reassess.

The Minister of Finance and Personnel: The Member has just written off the valuation carried out by the Irish Government, the IMF and the European Central Bank, but believes somehow that if the matter were to go to the North/South Ministerial Council, we would get all the assurance we need. That stretches his credibility a bit.

Mr O'Dowd: The Minister has challenged every environmentalist and expert on planet earth in his day, so it is not uncommon for politicians here to —

The Minister of Finance and Personnel: At least I had people backing me.

Mr O'Dowd: We have people backing us on this issue. Regardless of the valuations, the North/South Ministerial Council must be involved in the process.

Mr Deputy Speaker: Order. As I have some sense that there may be a Division on the issue, I will not put the Question now but will do so after Question Time. I, therefore, suggest that Members take their ease until Question Time begins at 2.30 pm.

The debate stood suspended.

2.30 pm

Oral Answers to Questions

EDUCATION

Preschool Provision: South Belfast

1. **Mr Spratt** asked the Minister of Education how many children failed to obtain a preschool place in the South Belfast constituency in each of the past 3 years.
(AQO 90/10)

The Minister of Education (Ms Ruane): The Belfast Education and Library Board (BELB) is not able to tell me how many children have not obtained a preschool place in the South Belfast constituency after the relevant process has been completed.

In the initial phase of admissions, parents are asked to nominate up to four places, and the boards then seek to place children in the provision chosen by parents. It is inevitable that some provision is oversubscribed and, even with four choices, some children will not secure a place. In May, parents of children who have not secured a place are advised of alternative provision, which may be able to facilitate them. It is up to the parents to apply to those providers, and the BELB has informed me that it does not update its records on whether children are placed successfully.

The situation is complicated in that parents may subsequently find provision in other areas. Obviously, this is one of the issues that I will bring to the education and skills authority (ESA) when it comes on board. If education and library boards identify an overall shortage of provision in their areas, my Department seeks to provide additional resources. This year, the five boards requested additional finance for a shortfall of 88 places, which my Department provided. The Department attaches a very high priority to early-years provision and will continue to work with the education and library boards and ESA to ensure that as many children as possible are able to benefit from the preschool year.

Mr Spratt: I thank the Minister for her answer. There are many areas in which provision is lacking: Belvoir Park Nursery School and Fane Street Primary School require many more places, and provision at Blythefield Primary School has been closed. I am disturbed to hear that the BELB has not provided the Minister with details. I ask her to examine the serious lack of places in South Belfast. There are many children from ethnic backgrounds who have been unable to get preschool places. Will she give me an assurance that she will

look into the matter and ask the Department to do the same?

The Minister of Education: I will look into that matter, because early years are very important in a child's life. The Member will know that we give priority to socially deprived children and those with birthdays in July and August. Some children from ethnic minorities will fall into those categories, but some will not. Once that requirement is satisfied, additional criteria for admission to particular preschool settings are the responsibility of each setting.

I will look into the issue, but the Member should note that the Department has funded the number of places that the five education and library boards requested.

Ms Lo: Botanic Primary School and Stranmillis Primary School are oversubscribed. Eighteen children are on the waiting list for Botanic Primary School, and Stranmillis Primary School has to divide into two part-time schools to provide two hours provision a day for each child.

Given that health visitors have contact with children and their families years before they enter preschool nurseries and primary schools, would it not be better for the Department and each of the education and library boards to hold discussions with health visitors so that we know roughly how many children will be going into preschool nursery schools and how many will need special help? Early intervention is crucial.

The Minister of Education: Go raibh maith agat as an cheist sin. It is very important that the Department of Health, Social Services and Public Safety and the Department of Education work closely together, and my Department is working very closely with the Health Department. The education and library boards and ESA will also be working very closely together so we can have planned provision for all our young people.

We provide preschool places for 93% of our young people, and we need to increase that percentage. The Member will accept that there has been a significant increase in provision over the past few years. I welcome that increase, but there is no room for complacency, because preschool provision is very important for all children.

Mr D Bradley: Go raibh míle maith agat, a LeasCheann Comhairle. Gabhaim buíochas leis an Aire as an méid eolais a thug sí dúinn go dtí seo. Tá ceist agam uirthi maidir le ról na Gaelscolaíochta ag an leibhéal réamhscolaíochta.

Will the Minister assure the House that the pre-school education expansion programme provides a level playing field for Irish-medium education?

The Minister of Education: Go raibh maith agat as an cheist sin. Ceapaim, agus tá a fhios agam go gceapann an Comhalta freisin, go bhfuil sé an-tábhachtach go

bhfuil réamhscolaíocht ann do na páistí atá ag dul chuig na bunscoileanna.

It is essential that children who are going to an Irish-medium primary school have preschool education, particularly when they are learning bilingually — dhátheangach. I can assure the Member, therefore, that Irish-medium preschool education is on a level playing field.

Equality is about meeting the needs of the Irish-medium community rather than always comparing it with the English-medium community. The Member will know that in the Irish-medium review, preschool and the naiscoileanna in relation to Irish-medium education is at the top of my agenda. There has, in the past, been discrimination against the Irish-medium sector. Many of the sector's preschools were not on a statutory footing. Thankfully, we are now taking steps to redress that.

Educational Underachievement

2. **Mr Simpson** asked the Minister of Education what steps she has taken to end educational underachievement in working-class Protestant areas. (AQO 91/10)

The Minister of Education: D'fhág thart faoi 11,000 páiste an scoil anuraidh gan cúig GCSE mhaithe, lena n-áirítear an litearthacht agus an mhatamaitic. Theip an córas oideachais anseo orthu. Tá fócas agamsa mar Aire Oideachais ar aghaidh a thabhairt ar an tearcghnóthachtáil do gach duine óg.

Last year, 11,000 children left school without five good GCSEs, including literacy and maths. They were failed in many ways by the system here. As Education Minister, my focus is on addressing underachievement for all young people. I welcome the Member's concern about the deeply unequal system that we have and the changes that we will bring about and are bringing about.

I introduced 'Every School a Good School: A Policy for School Improvement' — 'Gach Scoil Ina Scoil Mhaith' — to raise standards in all schools across the North of Ireland. I will soon bring forward a strategy to raise standards in literacy and numeracy. I commissioned the 'Achieving Belfast' and 'Achieving Derry' initiatives to address the particular problems of underachievement in those cities. I am working through the North/South Ministerial Council to tackle underachievement, and we have set up a taskforce on Traveller education. We have also brought forward the review of special educational needs and inclusion, and transfer 2010 will lay the foundations of a system based on social justice, equality and academic excellence. That will end the disadvantage in post-primary admissions suffered by all children from disadvantaged backgrounds.

How, for example, did the transfer test serve the Member's constituency of Upper Bann in 2008-09? There are four grammar schools and 12 non-selective schools in Upper Bann. In the grammar schools, 3% of children are entitled to free schools meals compared with 20% in the non-selective schools. The grammar schools have an average of three children per school who have special educational needs or have been statemented, compared with 37 children per school in the non-selective schools. The result of such inequality is that 44% of children living in Upper Bann — 700 children — left school without having achieved five good GCSEs, including literacy and maths. That is absolutely unacceptable to me, and I am sure that it is unacceptable to the Member.

Transfer 2010 will be supported by other key reforms aimed at raising standards, including revised curriculum entitlement framework for post-primary pupils, an early years strategy, support for newcomer pupils and the extended schools programme. My reforms focus on tackling underachievement and raising standards. I want to make sure that every young person has the same opportunity to succeed regardless of background, gender, sexual orientation or race, and regardless of how much their parents earn. It is really important that we deal with that legacy of disadvantage and discrimination.

Mr Simpson: I take it that the Minister agrees with her Department's document, which gives eight reasons why underachievement exists. Only one of those eight reasons deals with the transfer to post-primary schools; every other point is about social and economic issues.

The Minister of Education: Thankfully, there is now no transfer test. All educational experts understand clearly and have spoken out on the point that the transfer test divides young people socially. I outlined for the Member the statistics on free school meals and special educational needs. I hope that he is not suggesting that we continue with the two-tier system that disadvantages the 700 people whom our system is failing. I hope that his party understands the importance of ensuring equality for all people. The Member should, perhaps, meet the parents of those 700 people and explain how his party's education policy favours children who are advantaged already.

Mr McElduff: Go raibh maith agat, a LeasCheann Comhairle. How has the transfer test previously served the working-class Protestant community, particularly that on the Shankill Road in Belfast? *[Interruption.]*

Mr Deputy Speaker: Order. The Minister has the Floor.

The Minister of Education: The transfer test has disadvantaged every working-class community. I welcome Barry McElduff's question. The transfer test has discriminated against children in the Shankill, 10 of whom got to a grammar school in 2008-09. It has

discriminated against children in Sandy Row, in Upper Bann and in every constituency across the North. It has also discriminated against working-class Catholic children.

Earlier, I answered a question about minority ethnic communities. The current system discriminates against children from minority ethnic communities in particular. In many cases, English is their second language, yet they are expected to sit two one-hour tests. The curriculum has been distorted. Thankfully, we are now in a new era in which there is no 11-plus, no distortion of the curriculum, and no children sitting at the back of the class in primary schools while some are being taught and others are not.

Mr B McCrea: Does the Minister agree that the seeds of educational underachievement are sown in preschool and that most of the damage is done in primary school? The transfer test is largely irrelevant, because the damage has been done by the time children reach that stage. Will she explain why her party — and her party alone — refuses to sort the matter out, as is suggested in today's 'Belfast Telegraph'?

The Minister of Education: I am glad that the Member accepts that damage is done by the transfer test; I noticed that he used the words "the damage has been done." I am on record as speaking about the importance of preschool; I did so in response to an earlier question. Primary school is a key time in a child's life. In the past, the primary curriculum has been distorted. Primary 5, primary 6 and primary 7 are key years in a child's life. In the rest of Ireland, schools are teaching literacy, numeracy, science and various subjects so that when children enter second-level education, their literacy and numeracy skills are top class and enable them to tackle the wider range of second-level education subjects.

The departmental policy on transfer from primary school to post-primary school is transfer 2010. The Members opposite and their Executive Ministers had many opportunities to discuss that. I introduced proposals on three different occasions, and the Executive refused to discuss the matter.

Mr Storey: Not true.

The Minister of Education: That includes the Ministers from the party opposite, a Member of which has just said "not true". That party refused absolutely to discuss it. Time has moved on, and I introduced transfer 2010, which is the policy of the Department of Education. It will make equality the cornerstone of the education system.

2.45 pm

Mr Deputy Speaker: If the Member has a question I will let him in.

Mr Storey: I have been on my feet two or three times, so I thank you, Mr Deputy Speaker.

Let me correct what the Minister of Education said about bringing the matter to the Executive two or three times.

Mr Deputy Speaker: The Member must ask a question.

Mr Storey: The matter was brought to the Executive, and it was the Minister who would not discuss the paper. If she is so concerned about underachievement in the Protestant working class, when will she deal with the findings of her own report? My colleague referred to that report but she refused to answer his question. When will she deal with the findings of the NIAO and PAC reports, which clearly indicated that there is a problem with working-class Protestants? All she does when she comes to the House is to continually tell us that her priority is a language that represents fewer than 1% of the total population of children educated in Northern Ireland.

The Minister of Education: I was elected having clearly stated my party's position on inequality and academic selection. I am totally opposed to inequality and academic selection. I went to the electorate and I got elected on that basis, as did other members of my party. Perhaps, instead of blustering, the Chairperson of the Education Committee and his colleagues should go to the Shankill, the Waterside and Upper Bann, and all over the North, and explain why they support the retention of academic selection, when all the reports, including those that the Member mentioned, show that working-class Protestant and Catholic children are disadvantaged.

Education and Skills Authority: Community Representation

3. **Mr Hamilton** asked the Minister of Education how she intends to ensure that the proposed education and skills authority board will be representative of the Northern Ireland community. (AQO 92/10)

The Minister of Education: Fógraíodh an iomaíocht do bhallaíocht an údaráis oideachais agus scileanna go forleathan i mí Lúnasa. Tá gliondar orm leis an leibhéal suime a léiríodh: chuir 60 comhairleoir ceantair agus 161 ball den phobal i gcoitinne iarratas isteach le bheith ina mball den údarás.

The competition for membership of the board of the education and skills authority (ESA) was widely advertised in August. I am delighted with the level of interest that has been shown; 60 district councillors and 161 members of the general public submitted applications to be a member of ESA. ESA will play a key role in improving the delivery of education to our

children and young people and in raising standards at all levels. It is vital, therefore, that the best people be appointed to drive ESA forward. Members will be appointed to ESA on the basis of merit, in terms of the skills and expertise that they can bring, in accordance with the rules of the Commissioner for Public Appointments.

ESA's role will be to manage and deliver services according to the policies of the Minister of the day. That should be reflected in a relatively small, skills-based membership. Members are not being appointed to represent any particular interest or sector. I have proposed in the Education Bill that there will be general members and district councillors, with the councillors being the majority. I would like to see different political backgrounds represented in a broadly based councillor membership of the education and skills authority.

Mr Hamilton: Notwithstanding the necessity of merit and that nobody should be in position who is not suitable for the post, does the Minister not agree that, given the diversity of the education sectors in Northern Ireland and the diversity of ethos in those sectors, it is essential that all sectors be represented on the board of ESA, not just a handful that suit her own agenda?

The Minister of Education: Members can be assured that I will follow the procedures of the Commissioner for Public Appointments to the letter.

Mr K Robinson: Given the enormity of the potential power that might be ascribed to the education and skills authority, will the Minister acknowledge that she must take steps to allay the fears across the education sector that the Education Bill will create an enormously over-centralised and bureaucratic super-quango?

The Minister of Education: Currently, we have many different organisations and a lot of bureaucracy. We have five education and library boards, the CCMS and the Youth Council, and the system is incoherent. Mr Spratt asked me about preschool places in South Belfast; it is difficult to monitor whether children were placed in their parents' second-choice school, because the Belfast Education and Library Board borders on other boards.

With ESA in place, we will have a much more cohesive, unified approach, more equality in provision across the board, and more coming together of different groups across the education sector. There has to be strict accountability, and I assure the Member that I will ensure that there will be strict accountability during my term as Minister. ESA and the Department are already working closely together to ensure a cohesive approach and equality for all communities across the Six Counties.

Mr P J Bradley: Does the Minister intend to ensure that the ESA board will fully represent all communities across the North?

The Minister of Education: I answered that question previously. I assure the Member that I will follow the code set out by the Commissioner for Public Appointments to the letter.

School Building Programme: South Antrim

4. **Dr W McCrea** asked the Minister of Education for an update on the current status of the building programme for Ballyclare Primary School, Straid Primary School and Thompson Primary School, in the South Antrim constituency. (AQO 93/10)

The Minister of Education: Le deireannas, bhuaill feidhmeannaigh Roinne le Bord Oideachais agus Leabharlainne an Oirthuaiscirt le cláir tógála a phlé, lena n-áirítear an clár do Bhunscoil Bhealach Cláir.

Departmental officials recently met with the North Eastern Education and Library Board to discuss building programmes, including that of Ballyclare Primary School. Major capital works for Ballyclare, Straid and Thompson primary schools are at revised economic appraisal stage. There is concern regarding the low enrolment at Straid Primary School, and my officials have requested an area-based planning statement from the board.

Dr W McCrea: Does the Minister accept that many children in my South Antrim constituency are being educated in intolerable conditions? When will she remove discrimination against the controlled sector and provide an appropriate, building programme to remove that disadvantage?

The Minister of Education: I accept that many schools across the North, in every sector, are not up to scratch, and that that is simply not good enough. I have brought forward a capital programme. In 2008-09, my Department spent 99% of its capital investment budget. Currently, there are a total of 93 major capital projects ongoing, 25 of which are on site, with the remaining 68 in various stages of planning.

I am sure that the Member is not saying that we should not be taking action where numbers are dropping, because we must ensure that we use our money very wisely. We have to fulfil all the criteria of economic appraisals.

I met the Minister of Finance last week, in his capacity as an MLA, in relation to one of the schools in his constituency. He was the first to agree that we must adhere to our processes, and that we should not be building schools that will be subject to questions from the Public Accounts Committee in three of four years' time, to explain why schools were being built in particular areas.

Dr W McCrea: Why are they not being built?

The Minister of Education: I have already answered that, but I will repeat it; departmental officials recently met with the North Eastern Education and Library Board to discuss a number of building programmes, including that of Ballyclare Primary School. As regards Straid Primary School, my officials have requested an area-based planning statement from the board.

Mr P Maskey: Go raibh maith agat, a LeasCheann Comhairle. Will the Minister tell us when the next capital fund announcement will be made?

The Minister of Education: The next capital funding announcement will be made in due course. My officials are working very hard and, as I said, we spent 99% of our capital investment budget last year. There are 93 major capital projects ongoing. To streamline the capital planning process further, projects will now proceed to design and development stage immediately after the economic appraisal has been approved. There are significant benefits to that revised process, including a significant reduction in the project development timescale. Projects will now proceed to procurement and will be on site very soon after the new starts announcement.

Mr Burns: What steps is the Minister taking to ensure that the procurement of capital programmes will be free from the long delays that they are currently subject to?

The Minister of Education: I have just answered that question, but I will do so again to avoid accusations that I have not answered your question. In order to streamline the capital-planning process further, projects will now proceed to project design and development immediately after the approval of the economic appraisal.

Fraud/Suspected Fraud: BELB

5. **Mr O'Dowd** asked the Minister of Education what action her Department is taking to tackle fraud and suspected fraud, as outlined in the Public Accounts Committee report into suspected contract fraud in the Belfast Education and Library Board. (AQO 94/10)

The Minister of Education: Cuirim fáilte roimh thuarascáil an Choiste, a tharraing aird ar cheisteanna maidir le cleachtais soláthair i mBord Oideachais agus Leabharlainne Bhéal Feirste. Bhí an-ímní orm nuair a léigh mé cinneadh an Choiste ar nósanna imeachta an bhoird le déileáil le calaois amhrasta.

I welcome the Committee's report, which highlights a number of very serious issues relating to procurement practices in the Belfast Education and Library Board. I was very concerned to read the Committee's findings on the board's procedures for dealing with suspected fraud. The case was originally reported to my Department in 2003, and the issues that are raised in

the report are totally unacceptable. I expect only the highest standards of equality and transparency in public procurement.

During the course of the investigation, we have worked to ensure that our education partners' procurement processes are open and transparent and have equality at their core. That has been vital in ensuring that contractors are granted equality when bidding for work. I have insisted that my Department takes all appropriate actions to ensure that this situation does not arise again, because I will not tolerate such activity. I am determined that we display a zero-tolerance approach to fraud across the education service.

As recognised by the Public Accounts Committee, I have overseen many improvements in the Department's anti-fraud framework during my time as Minister. Notable improvements include the introduction of a comprehensive fraud risk analysis that is supported by enhanced fraud management across the education sector and the extension of a comprehensive annual fraud-reporting mechanism to include the education sector. I will also ensure that the education and skills authority examines the PAC report and that the lessons learned from the investigation are taken forward in the ESA's procedures. I want procurement practices to represent best practice right across the sector and the public service.

Mr O'Dowd: Go raibh maith agat, a LeasCheann Comhairle agus a Aire. How will the Minister and the Department ensure that ESA does not make the same fundamental mistakes as the Belfast Board? Indeed, some of the behaviour was deliberate fraud rather than mistakes. How can we ensure that the ESA does not fall into the same traps as the Belfast Board?

The Minister of Education: I have answered part of that important question already. Under my watch, the Department takes a zero-tolerance approach to fraud. I put equality at the cornerstone of every single thing that my Department does, and the anti-fraud framework ensures that we minimise the risk of fraud. Key elements of that include adherence to our statutory duties on equality; the use of fraud risk analysis; an annual fraud report; and my staff's attendance at the Civil Service-wide fraud forum. We also continue to promote our whistle-blowing policy to ensure that any individual can raise concerns of potentially illegal or improper behaviour confidentially, and we regularly survey our staff on their attitudes to fraud-related issues.

Mr Kinahan: The Minister has broadly answered my question but not in detail. In light of the fiscal crisis, what lessons has the Minister learned from the case of the Belfast Board? What steps is she taking to ensure that full value for money is achieved in the proposed education and skills authority?

The Minister of Education: I must make it clear that the suspected fraud happened prior to my time as Minister of Education. From the day and hour that I came into the Department of Education, I have put equality and adherence to statutory duties at its core — that is equality in procurement, access to services and funding. Placing equality and adherence to statutory duties at the core of our work is the best way to ensure that it does not happen again.

The other measures that have been taken include the fraud risk analysis, the annual fraud report, and our participation in ensuring that we spread good practice right across the Civil Service. We also work very closely with the Equality Commission and the Human Rights Commission, both of which are very concerned about many of the procurement issues, and they encourage good practice across the public sector. We also regularly survey staff on attitudes to fraud-related issues.

3.00 pm

EMPLOYMENT AND LEARNING

Apprenticeships: Programme-Led

1. **Mr Lunn** asked the Minister for Employment and Learning for an update on the new programme-led apprenticeships initiative. (AQO 105/10)

The Minister for Employment and Learning (Sir Reg Empey): Between its inception on Monday 7 September and Tuesday 22 September, 2,073 trainees in total have been enrolled on the programme-led apprenticeship programme. That figure comprises 393 females and 1,680 males, and it is likely to remain fluid as training suppliers continue to assess and add young people to the programme. As we are still within the assessment time frame, it is not yet possible to provide more detailed information on the programme, such as uptake by occupational area.

Mr Lunn: I thank the Minister for his answer. Will he assure the House that that programme is only a stopgap initiative during the economic downturn and that employer-led apprenticeships will eventually become the main thrust of the Department for Employment and Learning's initiatives when there is a subsequent upturn? What reaction has the Department had from employers so far? I realise that the programme is in its early days.

The Minister for Employment and Learning: The decision to reintroduce programme-led apprenticeships is my Department's response to the economic circumstances in which we find ourselves. I am personally committed to the employer-led scheme, because it delivers the best possible solution. However, Members must be aware that, had we left it simply as it was,

given the number of employers that has ceased to take on apprentices this year, or has reduced its numbers dramatically, thousands of young people would have had no outlet. Many of them would have joined the ranks of those not in employment, education or training, of which there are already far too many.

I know that Members have concerns about the programme, but I have not changed my view. Young people have voted with their feet, and, in the first couple of weeks, more than 2,000 people signed up to the programme, for which they will be trained in a simulated work environment and receive a recognised qualification. It is not the best possible solution, but it is far better for young people to be in this programme-led scheme than for them simply to be on the dole. I hope that other Members take the same view.

Mr Shannon: I thank the Minister for his response and the encouraging statistic that more than 2,000 people have enrolled in the scheme. I take on board his remarks about that. In the programme-led apprenticeship scheme, does the Minister have anyone from industry to assist him in coming up with initiatives that will also help industry? We are all conscious that, in our communities and the boroughs that we represent, a great many apprentices want not only apprenticeships but jobs at the end of them. I am keen to know the answer to that.

The Minister for Employment and Learning: Under the previous arrangements, an apprentice had to have a contract of employment with an employer. There is no doubt that that is the ideal way in which to conduct apprenticeships, and that is how it used to be done. The way in which our industry, unfortunately, allowed apprenticeships to slip is one of the mistakes that was made in the past 20 years. Some of the larger employers have stopped taking on apprentices completely. Naturally, we have consulted them. I know that one or two representative bodies have written to Members to indicate their concern about that. However, at the end of the day, we must make a choice. If employers will not provide contracts of employment, we cannot get apprentices into employer-led apprenticeships.

We were faced with a dilemma, and we concluded that it was far better at least to have young people in a work environment in which they would have probably only one day a week in a work placement rather than four days, which we would much prefer. As the Member said, the numbers speak for themselves, and I hope that they will grow. We had a target in mind of 2,500, and we are very close to that now. It is not the most ideal solution, but we have been in touch with employers.

In fact, I have spoken to some of the organisations that submitted written responses. When I talked to them privately, they understood the situation and appreciated

that the programme-led scheme is a response to an emergency that is not of the Department's making.

Mr McGlone: What specific action is the Minister's Department taking to ensure that apprentices are placed in longer-term training opportunities that give them some stability and ensure that, in the current downturn, they feel that some sort of future is being presented to them?

The Minister for Employment and Learning: That is our primary concern. The apprentices will attain a recognised qualification at the end of their period in the programme-led scheme. However, if an opportunity arises for an apprentice to become employed, the Department will take a flexible approach so that the apprentice does not lose any of the time spent working towards a qualification. Given the circumstances, we must be flexible, and I have said that I will review the scheme after 12 months to see how it has gone and determine whether the young people are receiving training of the highest quality. The existing quality control mechanisms, which are backed by the Education and Training Inspectorate, will apply to the scheme; it will be subject to the same scrutiny and quality control as every other scheme that the Department operates. I hope that my answer will give Members confidence that standards will be maintained.

WorldSkills

2. **Mr Savage** asked the Minister for Employment and Learning for his assessment of the achievement by the Northern Ireland participant who was successful at the recent WorldSkills event in Calgary. (AQO 106/10)

The Minister for Employment and Learning: The winning of a bronze medal at WorldSkills International in Calgary, where he competed against the most talented young people in the world, was a magnificent achievement for Trevor Woods from County Fermanagh, who was the Northern Ireland competitor on Team UK. Northern Ireland has again shown that its system of skills training is world class and that its talented workforce has the high level of skills required to compete in the global economy. Members will remember that Northern Ireland also won a gold medal in Helsinki four years ago and a bronze medal in Japan two years ago.

Mr Savage: I thank the Minister for his answer. How has participation in the event benefitted the Northern Ireland economy? What is being done to prepare Northern Ireland participants for the next WorldSkills International event, which will be held in London in 2011?

The Minister for Employment and Learning: I am one of four in a ministerial team that has, for the past two years, been preparing for the WorldSkills International event that will take place in London in 2011. The competition generates keen interest, as local

heats and competitions are run in Northern Ireland and other parts of the UK. The Northern Ireland participant, Trevor, was chosen to be the only UK competitor in his particular field.

I attended the event in Calgary, at which more than 900 competitors represented over 50 countries in approximately 40 different trades and professional qualifications. The fact that Northern Ireland consistently wins medals and keeps competing is a great source of encouragement.

I must tell the House that some countries take the event extremely seriously. The South Koreans had a strong team at Calgary. Any member of that team who won a gold medal was given a house, and the reward for a silver medal was a car. In Northern Ireland, a medal winner is lucky to get a walk round the table. That puts in perspective how seriously some countries take the event. At no cost to employers, they are prepared to train their young people for two years and pay them a wage in the process. That is what Northern Ireland is up against.

Apprenticeships

3. **Lord Browne** asked the Minister for Employment and Learning how many people have enrolled in apprenticeships during the past two years, and of those, how many are continuing. (AQO 107/10)

The Minister for Employment and Learning: During the two-year period from September 2007 to August 2009, of the 14,235 people who started new apprenticeships, 8,676 are continuing their training.

For those who do not continue, the reasons are many. Some may have been made redundant, and some change for better opportunities. However, the majority will have acquired skills and qualifications, including national vocational qualifications, technical certificates and/or essential skills.

Lord Browne: It is important that young people can avail themselves of training schemes, especially in the economic climate with which we are faced. In light of the figures that the Minister quoted, does he intend to meet employers so that more schemes can be made available and so that those who commence will finish?

The Minister for Employment and Learning: My Department is working with the Learning and Skills Development Agency Northern Ireland to develop retention strategies, which will be rolled out as best practice early in the new year. I am conscious that many people do not finish training schemes, but there are a variety of reasons for that, some of which are positive. We are already working with the universities on retention strategies, so there is no reason why we should not also work on retention strategies for apprentices.

We commissioned the Learning and Skills Development Agency to help to develop the strategy and to identify good practice. As the Member suggested, that will involve discussions with employers. I hope that the combination of those events and that action will result in a more consistent approach to finishing courses.

Mrs McGill: Go raibh maith agat, a LeasCheann Comhairle. Will the Minister give his assessment of the number of people over the age of 25 who take up apprenticeships and how that scheme has been going recently? Go raibh maith agat.

The Minister for Employment and Learning: I was waiting for the Member to say “in Strabane” at the end of her question. The programme is going well. The Member will be aware that we recently held a jobs fair in her area. I assume that she wants to mention that today, so I have done it for her. It was a successful, well-supported event in Strabane.

All in all, working with young people, and trying to ensure that we get the uptake and a consistent approach, is one way in which we can all make a contribution to ensure that our young people receive the training and support that they need and are able to play an important role in our economy.

Mr P Ramsey: Will the Minister outline what actions his Department is taking to ensure that apprentices are treated fairly and that there is a consistent approach to the training of apprentices across Northern Ireland? The Committee received a report that expressed concerns because there is no model of good practice regarding the training.

The Minister for Employment and Learning: By and large, the reports that we have received from the Education and Training Inspectorate have been reasonably positive because it regards the vast majority of training as being good or better, but there will always be shortfalls. The Member will know that, when such a large number of people is involved, the inevitable result will be some good training and some not so good training. However, we monitor the quality control, and the Education and Training Inspectorate is very rigid.

In my previous answer, I should have stated that some 43% of the apprentices are over 24 years of age, which is a significant figure. We consistently monitor quality control. At this stage, nothing of concern has come to my attention. However, the inspectorate has an ongoing programme of reviews and inspections, which can throw up difficulties from time to time. Indeed, it may be that we will have to take action in the near future because of one or two of the reports.

3.15 pm

However, I assure the Member and the Committee that the inspectorate is rigorous. The Committee has

already met the inspectorate and can call it in to talk to it at any time, so I am confident that our quality control is adequate. The Department took on board comments and criticisms made by the Public Accounts Committee (PAC) about a number of those schemes some years ago. I am sure that the Member is familiar with those comments and criticisms.

Exam Uptake

4. **Mr O'Dowd** asked the Minister for Employment and Learning how many students paid for, but did not take, exams over the last two years. (AQO 108/10)

The Minister for Employment and Learning: Under further education colleges' fees policies, full-time students under the age of 19 do not pay examination fees; that cost is met by colleges. There is also evidence that some students in full-time education in school also enrol in FE night classes to supplement their learning. Other students must pay the examination fees charged by awarding organisations. Most awarding organisations require their examination fees to be paid within a month of learners enrolling on courses leading to their qualifications. Further education colleges simply collect those fees and pass them on to the awarding body.

My Department does not hold information on the number of students from whom fees are collected but who not go on to sit their exams, nor is that information readily available from college records. Colleges advise that collecting that information would require significant manual checking of individual records, primarily because they do not record the sitting of examinations in a way that enables an automated comparison to be made between exam payments and enrolments.

To put that in perspective, checking the possible 150,000 records involved would take considerable time and could only be done at a disproportionate cost. In addition, it is likely that the information collected would be partial in nature. Unfortunately, I am not in a position to provide the information requested.

Mr O'Dowd: Go raibh maith agat, a LeasCheann Comhairle. I thank the Minister for providing what information he has. However, his answer raises further questions. A significant number of people, some of whom are publicly funded, sit exams, yet we are not sure whether once that fee has been paid they sit exams. If I have correctly understood the Minister's answer, that causes me concern.

More importantly, and I know that some of this work has been done, are exit interviews conducted with students who drop out of further education courses? It is important to establish why students do not complete their courses: exams are part of those courses. If we can establish the reasons for people

exiting courses, corrective remedies can be put in place.

The Minister for Employment and Learning: The point is that colleges act as a collecting agency for the awarding bodies. In other words, after a month it is normally the case that colleges have to collect the fees and pass them to an awarding body. There is no guarantee at that point that a candidate goes on to sit an examination. Something could happen in the meantime; for example, a job could come up.

As I said in my answer, the fees are paid by the college, and students under the age of 19 do not pay exam fees at all. Therefore, it is a cocktail of measures. I take the Member's point and I am happy to consider the situation further, but the substantial and labour-intensive nature of finding out whether each individual sits an exam is a problem. At the end of the day, people who get the qualifications have sat the examinations, so one can deduce a certain amount.

As I said in answer to the noble Lord Browne, the fact is that we are looking at retention issues in general, but with regard to apprentices in particular. We are looking at retention consistently in higher education and have policies in place. I am happy to take on board the point that the Member makes about retention in further education.

Dr McDonnell: I thank the Minister for his answers. Will he give Members any indication or has he any assessment of the drop off in the number of students who are applying to universities here as a result of the economic downturn? There is some impression among the public that fewer people are applying to go to university. Will he confirm or contradict that?

The Minister for Employment and Learning: At this stage in the year, I cannot stand up and give accurate information about that. The anecdotal evidence is that dropout rates in our universities have been falling. On average, the two universities are running at about 10%. Policies are in place, and we are actively working with the universities, which, in turn, are working with students. We get the feeling that the figures are going down, but that was the position before the downturn had really bitten. I cannot confirm to the Member what the position is now, because there is a time lag between events occurring and the information becoming available. Much of the information on which we rely is gathered by the Office for National Statistics.

However, this year, the number of applications to universities was significantly up, by about 7%. Shortly, we will get the acceptance figures, but the anecdotal evidence that I have been getting is that there has been a surge in applications for further education colleges. I suspect that there has also been a lot of pressure on young people to stay at school.

Recently, I was in the US, and I met folk from George Washington University. Incidentally, the fees for that university, including one's keep, are about \$52,000 a year. Nevertheless, that university's applications are up, so it may be that in a recession there is a drive into further and higher education, from which we can at least take some hope that more people will emerge with qualifications when the recession is over. That might be a future silver lining. When statistics become available, I will write to the Member.

Further/Higher Education Assistance

5. **Rev Dr Robert Coulter** asked the Minister for Employment and Learning to describe how the Northern Ireland Bureau in Washington is developing its role to assist our Further and Higher Education sectors. (AQO 109/10)

The Minister for Employment and Learning: The Department, recognising the significance of the increased internationalisation of higher and further education, training, workforce development and research, has appointed a development officer, who will be based at the Northern Ireland Bureau in Washington. The appointment will build on and extend the Department's and the bureau's existing work to support the development of collaborative international partnerships and to foster co-operation across all levels in the higher and further education and research sectors in order to accomplish the Department's goals.

Rev Dr Robert Coulter: Will the Minister describe some of the links between higher education establishments here and those in the US? Does the Minister agree that our participation in the US/Ireland R&D partnership has been good for the sector?

The Minister for Employment and Learning: With respect to the Member's latter point, Science Foundation Ireland began as a result of an economic conference that was held in 2001, and it was ably assisted by the US Administration of that time. Towards the end of last year and at the beginning of this year, we announced a number of investments in research and development involving universities throughout the island.

I want the appointment to promote further links. Both of our universities, and some of our colleges, have links with institutions in North America and, indeed, other parts of the world. Queen's has links with Georgetown University in Washington, and, in the past few weeks, a professor from George Washington University came over to meet people from, and build links with, the University of Ulster.

I want to accelerate that process, because, in these difficult times, any kind of research is extremely expensive. We know that there are some quality research

facilities in our universities, so, given the huge costs that are involved, there are opportunities for collaboration between various institutions across the world, not just confined to North America. As far as I can see, both of our universities, our university colleges and, indeed, some of our further education colleges have that in mind. The development officer's remit covers further as well as higher education.

Mr Burns: Has the downturn led to a fall in the number of overseas students, particularly from America, applying to universities here?

The Minister for Employment and Learning: I am unable to provide that information at this stage because, as I have said, there is a time lag. The last information I saw indicated that there had been a small growth in the numbers of people coming to Northern Ireland universities from countries outside the European Union. I am loath to conjecture that that has continued, but I know that both our universities and those throughout the UK and in the Republic are targeting students from jurisdictions outside the European Union. They are doing so for two reasons. The first is financial: they get very substantial fees. The second is breadth: in one research facility at Queen's, there are people from 35 different countries. Such diversity creates networks across the world. There are a whole lot of reasons why universities are targeting people outside the European Union. I cannot give the Member up-to-date information as yet, but once it becomes available I will be very happy to pass it on to him.

I support moves to bring people from diverse regions to Northern Ireland. As Members know, for many years there have been very strong links between Queen's University and Malaysia, and other universities are creating such links. This month, Queen's University is setting up a campus at the University of Malaya in Kuala Lumpur. Our universities are active in this matter, but I cannot give the Member the figures he is asking for.

QUB/Stranmillis: Proposed Merger

6. **Mr Spratt** asked the Minister for Employment and Learning for an update on the proposed merger of Queen's University and Stranmillis University College. (AQO 110/10)

The Minister for Employment and Learning: Following receipt of the business case for the proposed merger of Queen's University and Stranmillis University College, my officials have been engaged in ongoing dialogue with both institutions to test the robustness of the business case and ensure that it meets HM Treasury green book standards.

It is anticipated that the exercise will be completed shortly and that the business case will be given formal departmental approval, prior to being forwarded to the Department of Finance and Personnel for consideration. If the business case is approved by both Departments, I will then consider the policy elements of the proposed merger before deciding whether to progress to consultation stage.

Mr Spratt: The Minister is aware that one issue raised when the merger was first mooted was the religious education ethos of Stranmillis University College. Queen's University gave an undertaking that that would continue. Will the Minister assure the Assembly that he will press for that point to be made during any future merger, given that the religious ethos is continuing at St Mary's University College?

The Minister for Employment and Learning: I am very much aware of the issue that the Member raises. He will recall that, some years ago, a change was made to the status of Stranmillis College against the wishes of my party and his. I have to deal with the reality of the situation.

The Member is referring to undertakings made by the university; and I must look at those undertakings and see how they will fit into any legislation that might be brought before the House. In an area of such significance, undertakings and assurances are fine up to a point, but they need to have practical backing. I assure the Member that that will be part of my considerations. I am not giving the Member any indication, at this stage, as to where or how it might be done, if it is done. The next stage will be to send the business case to the Department of Finance and Personnel (DFP). If DFP is content, then the issue will come to my Department for a decision on the policy aspect. I assure the Member that, at that time, the issue will be on my agenda.

I have also indicated that I will then move to consultation. The Committee will also want to be involved. If we find that a consensus emerges, a Bill will go through the legislative process in this Chamber, and I have already indicated that I will not be seeking accelerated passage for that process.

Ms Lo: Given that Queen's University has proposed to cut 100 jobs in various departments; will the Minister be seeking, during his assessment of the business case, to protect jobs in Stranmillis College?

3.30 pm

The Minister for Employment and Learning: If the Member has been following events that are taking place in higher education in GB, she will be aware that there have been significant reductions in staff across universities. That is because the grants coming from central government to universities have been reduced significantly, which has not happened here.

However, the Member is getting at the point that, under the current academic plan, reductions in staff at Queen's University were based on the poor research ratings of some departments, and a number of people felt that that militated against the teaching element of the university. The university has given undertakings about the teaching staff at Stranmillis University College. I spoke informally to the vice chancellor about that at a recent event, and I was assured that the university was still standing over its undertaking.

However, that is one of the issues that we will have to discuss in the Chamber when, and if, we get to the point of a merger. I know that it is an issue in many people's minds. At the end of the day, universities throughout the country are going through a very difficult time, given that significant cuts are being made. However, I know that Members will want to assure themselves about the issue when the legislation is presented.

Mr Deputy Speaker: That concludes Question Time.

ASSEMBLY BUSINESS

Mr Ford: On a point of order, Mr Deputy Speaker. I wonder whether you would consider discussing with the Speaker again the guidance that is given for the conduct of Question Time. Specifically, the second question for oral answer to the Minister of Education this afternoon came from Mr David Simpson. That resulted in your calling a Member of Mr Simpson's party who was heckling from a sedentary position while at least two Members were on their feet in accordance with what I understood to be the guidance on how people should indicate their wish to ask supplementary questions. To the best of my knowledge, Trevor Lunn and Alasdair McDonnell were both on their feet at that point.

Further to that point of order, question 4 from Dr McCrea was very specifically a South Antrim constituency question, and it was phrased as such. Mr Paul Maskey, a Member from West Belfast, was called when Mr Thomas Burns and I were both on our feet, and he was, therefore, called in preference to Thomas Burns and to the exclusion of me. I wonder whether you would consider discussing the guidance with the Speaker; I suspect that I am possibly not the only person who is confused at this stage.

Mr Deputy Speaker: I am certainly happy to discuss the matter with the Speaker and with the Member outside the Chamber. However, the Member was not in the Chamber for the initial part of the question; that is why he was not called to ask a supplementary question.

Mr Ford: Further to that point of order, Mr Deputy Speaker, I am sorry, but I was in the Chamber for all the questions for oral answer to the Minister of Education.

Mr Deputy Speaker: We will look at the Hansard report to see exactly what the situation is. If I am wrong, I will correct the situation.

The DUP Member in question was called as the Chairperson of the Committee for Education. That issue has been raised several times. I think that if you were to look at all the questions and supplementary questions, you would see that there is quite a good balance in that Members of all the political parties get to ask both questions and supplementary questions. However, I am certainly happy to discuss it.

Mr Ford: Further to that point of order, Mr Deputy Speaker, the specific issue that I raised was that Mr Storey was heckling from a sedentary position when Trevor Lunn and Alasdair McDonnell were on their feet. I thought that the Speaker had made it quite clear how people would be called; however, it is obvious that I am confused.

Mr Deputy Speaker: As I say, we will discuss it, but the issue was that Mr Storey was called as the Chairperson of the Committee for Education. Whether he was heckling —

Mr Ford: He was sitting.

Mr Deputy Speaker: I ask the Member to respect the authority of the Chair.

PRIVATE MEMBERS' BUSINESS

National Asset Management Agency

Debate resumed on amendment to motion:

That this Assembly expresses deep concern at the possible negative economic consequences for the island of Ireland if the National Asset Management Agency legislation currently under consideration by Dáil Éireann is passed; and calls on the First Minister and deputy First Minister to raise the issue at the North/South Ministerial Council to agree a way forward regarding these assets which will ensure the economic stability of the island of Ireland and movement towards economic growth. — [Ms J McCann.]

Which amendment was:

Leave out all after “consequences” and insert

“for Northern Ireland arising from the potential National Asset Management Agency legislation currently under consideration in the Oireachtas; and, while respecting the right of the Irish Government and Parliament to determine their own response to the banking crisis within their jurisdiction, calls on the First Minister and deputy First Minister, alongside the Ministers of Finance and Personnel and Enterprise, Trade and Investment, to use all opportunities, including the North/South Ministerial Council, to ensure that the potential implications for the economy in Northern Ireland are fully taken into account within any legislation and subsequent action.” — [Dr Farry.]

Mr Deputy Speaker: We will now return to the Question on the amendment to the motion on the national asset management agency.

Question put, That the amendment be made.

The Assembly divided: Ayes 8; Noes 81.

AYES

Dr Farry, Mr Ford, Ms Lo, Mrs Long, Mr Lunn, Mr McCarthy, Mr Neeson, Mr B Wilson.

Tellers for the Ayes: Dr Farry and Mr Neeson.

NOES

Ms Anderson, Mr Armstrong, Mr Beggs, Mr Boylan, Mr D Bradley, Mr P J Bradley, Mr Brady, Mr Bresland, Lord Browne, Mr Buchanan, Mr Burns, Mr Butler, Mr Campbell, Mr T Clarke, Mr W Clarke, Mr Cobain, Rev Dr Robert Coulter, Mr Craig, Mr Dallat, Mr Dodds, Mr Doherty, Mr Donaldson, Mr Easton, Mr Elliott, Sir Reg Empey, Mrs Foster, Mr Gallagher, Mr Gardiner, Ms Gildernew, Mr Hamilton, Mrs Hanna, Mr Hilditch, Mr Irwin, Mrs D Kelly, Mr Kennedy, Mr Kinahan, Mr A Maginness, Mr A Maskey, Mr P Maskey, Mr McCallister, Mr F McCann, Ms J McCann, Mr McCartney, Mr McCausland, Mr McClarty, Mr B McCrea, Mr I McCrea, Dr W McCrea, Dr McDonnell, Mr McElduff, Mr McFarland, Mrs McGill, Mr McGimpsey, Mr McGlone, Mr M McGuinness, Miss McIlveen, Mr McKay, Mr McNarry, Mr McQuillan, Lord Morrow, Mr Moutray,

Mr Murphy, Mr Newton, Mr O'Dowd, Mr O'Loan, Mr Poots, Mr P Ramsey, Mr G Robinson, Mrs I Robinson, Mr K Robinson, Mr P Robinson, Mr Ross, Ms Ruane, Mr Savage, Mr Shannon, Mr Simpson, Mr Spratt, Mr Storey, Mr Weir, Mr Wells, Mr S Wilson.

Tellers for the Noes: Mr Brady and Mrs McGill.

Question accordingly negatived.

Main Question put and negatived.

PRIVATE MEMBERS' BUSINESS

Civil Service: Equal Pay Claim

Mr Deputy Speaker: I advise Members that a substantial number of individual equal pay cases has been lodged with the Office of the Industrial Tribunals and the Fair Employment Tribunal (OITFET). I, therefore, warn Members that they must not refer to specific cases and must confine their remarks to the general topic of the motion. Should any Member disregard what I have said, I will immediately intervene. If that is clear, we will now proceed.

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

Mr O'Loan: I beg to move

That this Assembly notes with concern that the Civil Service equal pay claim remains unresolved despite the Assembly resolution of 1 June 2009 calling on the Minister of Finance and Personnel to ensure that the staff affected receive their back pay within three months; welcomes the assurance by the Minister that the financial implications of a resolution to this matter will have to be faced in a manner compatible with the Department's legal obligations; and calls on the Minister to state an early date by which a comprehensive settlement offer will be made to the trade union representing the staff concerned.

We were to debate the motion last week, and I thank all who were involved in rescheduling the debate, including the Minister, the Speaker, staff, and the party whips, who all agreed that the motion would be debated today. It is an important motion, which is being looked at closely by a large number of civil servants who are entitled to fairness in their pay settlement, having been underpaid for a considerable number of years.

It is now one year and four months since the previous Minister of Finance and Personnel, Mr Robinson, gave a commitment to settle the claim by negotiation. A year and four months is a long time, and we have still not got a settlement or a clear sign of a settlement.

The essence of the motion is that it asks the Minister to state an early date by which a comprehensive settlement offer will be made. The word "comprehensive" is important. We are not trying to fudge the issue or get some sort of ad hoc settlement that would not actually be agreed by the union on behalf of the staff. We want the matter to be properly settled. It is true, as the Minister has previously indicated, that his making an offer is not the end of the matter; the union has to decide on it, and each worker has to be individually negotiated with. However, the one thing over which the Minister has control is the date on which he can make a

comprehensive settlement offer. That is what the motion asks him to do.

The Assembly resolution of 1 June 2009 is referred to in today's motion. It noted with concern that the Civil Service equal pay claim remained unresolved and called on the Minister to ensure that the staff affected received their back pay within three months.

I am interested in the fact that the Minister, when he spoke to the Committee on 9 September, said:

"I am conscious that an Assembly motion that was passed on Monday 1 June 2009 called for payments to be made within three months. That target has passed. Given that the review of technical grades was not due to finish until August 2009, it was never going to be achievable."

That seems to contrast with what Peter Robinson, now the First Minister, says about the Assembly's role. During Question Time on Monday 21 September, he said:

"However, under the Pledge of Office and the ministerial code, the existing rules, regulations and procedures require that every Minister complies with the decisions of the Assembly." — [*Official Report, Vol 43, No 3, p142, col 2*].

I would have thought that a decision that was unanimously carried by the Assembly was a decision of the Assembly.

The First Minister continued:

"If the Assembly takes a decision, it is the responsibility and obligation of Ministers to comply with that decision. That is the present legal position; it shows strength in the system and respect for the Assembly." — [*Official Report, Vol 43, No 3, p142, col 2*].

Indeed, respect for the Assembly is something that we could look for.

The stance of the current Minister of Finance and Personnel differs significantly from that of the First Minister. Even if the Minister of Finance and Personnel were to present some difficulties in meeting the claim, some recognition of that Assembly motion and some response to the Assembly on how he was handling the matter would have been very welcome. The Assembly did not receive such a response.

I did not see any impetus given to the review of the TG1 and TG2 grades, and we were told that that would take three months. The time that any such exercise requires is surely dependent on the resources and energy that are brought to it. I am disappointed that there is no sign of that review's being hurried onwards.

I am also disappointed to read NIPSA tell us at the end of August in one of its regular newsletters to its members of:

"Management Side's attempt to stall negotiations until the review was completed".

That does not indicate that the Department was hurrying the issue along.

I took a little bit of confidence, but only some, from a commitment that the Minister of Finance and Personnel gave to me in a letter dated 10 August 2009. He said:

“I agree that the financial implications of a resolution to this matter will have to be faced but it is my responsibility to ensure that this is done in a manner that is compatible with our legal obligations, fully informed by the facts”.

I was very happy with those words, because I have argued strongly that there is a real problem with the fact that senior the Department of Finance and Personnel (DFP) staff and the Minister have said previously that they have to be mindful of the consequences of the equal pay claim. I was less pleased that the Minister continued in that letter:

“but also in a matter than minimises any impact on public services.”

When the Minister appeared before the Committee for Finance and Personnel on 9 September, he said, regarding a settlement:

“it must be done in such a way as to minimise any adverse impact on the public services that might result from having to fund the settlement that proves possible following negotiations with the unions. We need to work towards securing a resolution that minimises the impact on public services, and I do not make any apology for that.”

I raised the point at the Committee, and all parties on the Committee agreed, that those are separate issues. A fair settlement is needed. If staff demonstrate in negotiations that they are entitled to a particular settlement, it ought to be awarded. The consequences of the settlement would then have to be faced. As I have said before, if anything else were said in the negotiations, it would be moral blackmail.

A year and four months ago, we were told that it was possible that the settlement would cost more than £100 million. Since then, figures of £200 million and more have been quoted. One is entitled to ask how that money will be found. In a recent letter to all Departments, the Minister outlined that he has serious financial problems for next year because of a shortfall in the order of £370 million. I welcome the Minister's honesty and frankness about the situation, and I understand his point that he cannot quantify how much the settlement will cost, because that would become an instrument in the negotiations. He cannot fully declare his hand.

How will the Minister reassure staff that the money is there, and when is it likely to be paid?

It is now the end of September 2009. Is the Minister telling us that if the settlement happens quickly, there is a possibility that the money could be paid during the current financial year; or is he ruling that out? Directness is needed on that issue.

4.00 pm

One senior official told us that the money would be paid — it would be in people's pockets — three months after a settlement has been reached. I appreciate those

words. At least, that is the beginnings of a timetable. People are looking for indications of a timetable.

The issue has hinged on female workers who claim to do equivalent work to that of certain male workers. If that is substantiated, it may turn out that there are male workers in the same grades as those female workers. In Britain, an Employment Appeal Tribunal ruling said that such male workers should receive equal treatment. I ask the Minister whether he will honour that.

I am told that a majority of NIO staff are seconded from the Northern Ireland Civil Service, and in the long run, many of them will be associated with justice and policing. Therefore, it is hoped that their future will be secured when those matters are devolved. Again, I welcome what the Minister has said in that regard; that he hopes and expects that that will happen shortly. His party has a great deal of say on that issue.

Can he confirm whether back pay will apply to Northern Ireland civil servants who have been seconded to the NIO from DFP?

(Mr Deputy Speaker [Mr McClarty] in the Chair)

Above all, I ask the Minister for urgency and absolute clarity. If he can do what the motion asks and give a clear, indicative date by which he expects a comprehensive settlement to be made, he will receive a warm welcome, not only from the Assembly and from me, but, above all, from the 9,000 staff who are affected.

Mr Weir: Although I am the Deputy Chairperson of the Committee for Finance and Personnel, I will not speak in that capacity in the debate; I will speak as a DUP member. I understand that, similarly, the Chairperson of the Committee will speak on behalf of Sinn Féin.

The Civil Service equal pay claim is an important topic that deserves to be treated with respect and realism. In doing so, the Assembly cannot allow the tone of the debate to become enmeshed in some of the myths surrounding the issue. Occasionally, the media have given the unfortunate impression that the 9,000 staff who are affected are all female and are all from the Catholic community.

It may well be that a majority of affected staff are female and Catholic. However, it is misleading and, indeed, discourteous, particularly to male and Protestant employees who are affected. It also gives an impression that, in some way, the matter has been delayed deliberately from a perverse sectarian motive. That is not the case.

Mr O'Loan: I thank the Member for raising that point. He is quite right. I believe that, by the nature of the issue, the vast majority of workers who are affected are female. By unhappy coincidence, some element of a majority of staff in the lower pay grades might be Catholic. Therefore, there might be that bias in the

figures. However, that is not the central issue, and I have never made it so. Occasionally, some of the media have misrepresented what I have said in that regard.

Mr Weir: To be fair, I would not accuse the proposer of the motion of ever making such comments. Unfortunately, some of the media's presentation of the matter has been simplistic and misleading. That has created a degree of anger among some of the people who are affected.

Another myth is that the matter is focused purely on Northern Ireland. In fact, there have been issues with regard to equal pay and back pay in Departments across the water. Some Members are also involved in local government. Again, the matter is not exclusively that of central government; it exists, both in Northern Ireland and across the water, in a range of councils, where there have been single-status issues, for example.

To add to the complexity of the problem; in England, some of those local government issues have been tackled in tribunals. We have seen a situation in which a trade union reached a deal with the local council and then found itself being sued by its own members who felt that they had not got a good enough deal. Such situations add to the complexity of the matter.

The worst myth of all is that politicians, particularly the Minister and his predecessors, have been dragging their feet and deliberately do not want to solve the issue. Nothing could be further from the truth. Looking at the situation logically, if there were an opportunity to solve the problem as soon and as fairly as possible, why would any politician in his or her right mind not take it? A lot of work has been done, but we are not necessarily at the end of the process. When the previous motion on the issue was brought before the House in June, a number of us said that although we were happy to support the motion and wanted to see the issue resolved as soon as possible, the three-month time frame was not realistic.

Since June, there has been a reasonable amount of progress. The technical side of it, including the examination of the grades, has been completed. Rather than being a delaying tactic by management, that part of the process was agreed between management and the trade unions. Therefore, the accusation that that was a stalling tactic is misplaced.

There have been detailed discussions with the trade unions that are, by definition, private, and picking over the details of those would not be helpful to the process. As part of those discussions, I understand that a proposal was recently made to the trade union. As was indicated, because of individual rights and the fact that a large number of the employees has sought tribunal action, even when agreement is reached between management and the trade unions, a considerable amount of work will have to be done with individual employees. It is

clear that there is a legal obligation. The Minister and the Executive are committed to meeting their obligations and ensuring that the process is fair.

Another reason why the process has taken so long, and why it is important to get the right solution, is that there is no point in reaching a settlement that cures the initial problem but stores up a new set of problems and a new set of claims that will have to be addressed in five, 10 or 15 years. We have to learn from the mistakes of the past and ensure that the frustrating and difficult position that staff have been placed in is never repeated and that the solution is sufficiently robust to survive future events.

Considerable work has been done, but there is more to do. It would be wrong of us to pretend that the matter will be sorted out overnight. We should ensure that the process is fair and that the dispute is resolved as soon as is practical.

Mr Deputy Speaker: I ask the Member to draw his remarks to a close.

Mr Weir: I commend the Minister and his predecessors for their efforts to resolve this very difficult situation so that all staff receive a fair deal.

Ms J McCann: Go raibh maith agat, a LeasCheann Comhairle. I am speaking as a Sinn Féin Member and not as the Chairperson of the Committee for Finance and Personnel.

I am grateful for the opportunity to speak on this important issue that needs to be resolved. As other Members have said, there are ongoing negotiations with the British Treasury on this and other monetary issues. Hopefully, the Minister will give us an update on those in his response.

Although some of the civil servants affected by the issue are male, it is agreed that most of them are women, so I want to speak about the gender pay gap that exists. Despite legislation on equal pay, including the Equal Pay Act 1970, the 1984 amended version and the Sex Discrimination Order 1976, women's average hourly earnings are only 83.4% of men's. Therefore, in many cases, women who do the same job as men still get paid less. That gender pay gap widens with age and qualifications.

There is an onus on employers to have fair and non-discriminatory systems in the workplace, as those are essential components that contribute to overall productivity in the employment arena.

We all have a responsibility to ensure that that gender pay gap starts to close, because women have the right to equal pay for equal work. All employers need to adopt equal pay policies in conformance with legislation, and the Government should be leading by example.

Mrs D Kelly: If the Government and Ministers are to be leading the way, why have the deputy First Minister and First Minister not pushed on and published the equality action plans to tackle gender inequality?

Ms J McCann: I thank the Member for that point. Going back to the issue that we are debating here, this dispute affected women who were not only routinely denied promotion opportunities because of their gender, but received less pay than male colleagues for the same work. Many of those female civil servants are now retired, and they should not have to wait until agreement is reached between the Minister of Finance and the British Treasury. However, I am conscious that negotiations are ongoing.

It is well over a year since the former Minister of Finance gave a commitment that the situation would be resolved and the pay inequalities dealt with. The people who are owed that back pay, and union officials working on their behalf, have been frustrated by the delay in reaching a negotiated settlement. I am led to believe that a review by the Department of technical grades 1 and 2 has been completed, and that NIPSA is studying and discussing its findings with its members. Sinn Féin is asking that the issue be resolved as soon as possible, and that those who are owed back pay be given it. We support the motion.

Mr McNarry: This is an issue about workers and their rights, and none are more concerning or compelling than a person's right to pay, or, in this case, to back pay. Although I appreciate the technical arguments, those workers have been caught up in — and I am being charitable — well-intentioned promises of action and delivery times which have so far failed to materialise.

The motion is a timely reminder of what the then Finance Minister Peter Robinson announced to the House in May 2008. He said that up to 9,000 junior civil servants had been underpaid. No question of prevarication on the issue: 9,000 people underpaid. Robinson estimated an individual cap of £20,000 at an estimated cost of £100 million. If the back pay could have been settled then, would DFP have got away with £100 million of borrowing?

It says a lot for DFP's financial management that there is now big pressure to borrow in order to settle, and still it does not know how much to borrow. This is borrowing, not scrambling around the Departments to divvy up on efficiencies; this is borrowing to fill the hole. It also says a lot that no one is denying that the figure of £100 million may have doubled or even trebled in the final settlement, and that the Treasury will be called in to bail out the Department irrespective of the figure. Borrowing to pay the settlement it will be. Where will the money then come from to meet in the region of £25 million for year-on-year consequences?

Will the Government pay up on the settlement and then dismiss the workforce because they cannot afford to employ them? If that will ever be the case, we will reject that as an outcome.

I heard Robinson — now the First Minister — referring to the Ulster Unionists and the SDLP as “economically illiterate”. The SDLP is able to speak for itself. For my part, however, that sounds as if the DUP is rattled and caught out again, as was illustrated by the Finance Minister's behaviour earlier today. We have been spelling out the challenges for six months, and I can assure the Minister that I can count and I can add up. So, too, can our leading economists.

The media have been carrying headlines such as “The Executive could do more for the recession” and “Executive under fire over Budget review”. Even the Minister has triple-somersaulted from his position only last week, when he finally admitted that there was a black hole, to telling the ‘Belfast Telegraph’ that the DUP will introduce big cuts in public spending and reintroduce water charges.

As for his remarks earlier about my figure of 15%, the source was Eamon Ryan, the Minister of Communications, Energy and Natural Resources in the Republic. I rest my case on that source.

4.15 pm

When cuts are contemplated, it is understandable that pressure will mount, and access to funds will become even more difficult. Junior staff in that workforce — not the high flyers — many of whom are constituents, will be nervous when their claims are held back longer. That is the situation that we will face. It would be helpful to hear assurances from the Minister today. The Ulster Unionist Party supports the SDLP motion.

Ms Lo: I am not a member of the Committee for Finance and Personnel, but I have received correspondence from my constituents, who are among the 9,000 current and former civil servants who are waiting for the issue to be resolved. Most of those civil servants are low-paid female clerical staff who earn around £12,000 or £13,000 a year, and many are staff on the front line who work in stressful jobs in social security offices. They are looking forward to receiving six years of back pay, which amounts to up to £20,000. Many people feel that there has been much talk and that the money should have been in their pockets by now.

It is no wonder that people are frustrated; a year after Peter Robinson's announcement of the settlement, the Department introduced a grading review of staff in TG1 and TG2 jobs. Understandably, people became suspicious that it was a ploy to stall the whole process. People are concerned and feel that those delays will make them lose out on their rightful entitlement eventually. They are concerned that they will lose thousands of pounds in back pay every year that the settlement is

delayed and that the back pay could be paid from a later date.

Staff accept that it is a complex issue that must be worked through. A new, robust system should be put in place to prevent a similar situation in the future. However, people have been waiting for a long time. We have not only a legal obligation to settle those equal pay claims but a moral responsibility to achieve fairness and equality. Staff have made thousands of claims to the Office of the Industrial Tribunals and the Fair Employment Tribunal. If those cases proceed, they will be time-consuming and costly for everyone. A negotiated settlement should be offered to NIPSA urgently to resolve the issue within the next few months. I support the motion.

Mr Hamilton: As previous contributors have said, there is no doubt that this is an important issue that is causing real concern for the 9,000 civil servants who are directly affected by the equal pay claim. In their grades, 9,000 men and women who work at the coalface of the Civil Service have not been historically rewarded with equal pay for work of equal value.

I listened closely to the proposer — as I always do — and, although I do not doubt the sincerity of his concern one iota — as I do not doubt anybody else's concern for civil servants who are affected by the matter — it is somewhat rich for the SDLP to lecture successive DUP Ministers of Finance and Personnel about the issue.

Why is this issue being tackled now, and why are we discussing it today? It is because the then DUP Minister of Finance and Personnel Peter Robinson made a commitment to resolve it. If, or rather when, this matter is resolved, it will be due to the efforts of DUP Ministers of Finance and Personnel.

The same cannot be said of previous SDLP Ministers of Finance and Personnel. The inequalities of Civil Service pay existed when SDLP Finance Ministers were in post. At that time, even though those inequalities existed, and those Ministers knew it existed, no offers, no commitments and no efforts were made to resolve this important issue, and it was allowed to persist. The SDLP can criticise DUP Ministers of Finance and Personnel for not resolving the matter in the sort of artificial timescale that that party wants to construct, but at least there is an effort and a commitment, and there will be a resolution because of the efforts of DUP Ministers.

Mr McCarthy: Does the Member agree that the majority of those who are waiting and who are, in most cases, dependent on the resolution of this issue are not in the least interested whether it is resolved by a DUP Minister, an Alliance Party Minister or an SDLP Minister? All they want to see is the matter resolved and the money put in their hands before much longer.

Mr Hamilton: I do not disagree with the Member; I believe that those who are affected want the matter resolved and do not particularly care whose fault it is. However, it is difficult to take the criticism and the implication from the SDLP Benches that there is prevarication and delay on the part of DUP Ministers. This issue sat, at the early part of the decade, unresolved — untouched, in fact — by SDLP Ministers of Finance and Personnel. Criticism of the DUP is unwarranted; in fact, criticism of the SDLP is warranted, because that party did absolutely nothing to resolve the matter satisfactorily.

In the previous debate on the issue on 1 June 2009, as Mr Weir said, many of us warned that the artificial timescales that were being demanded of the Minister of Finance and Personnel were completely unrealistic, given the complexity of the issue. By their very nature, these issues can be difficult, protracted and complex. That is why it has taken time to get to this point. No one with any sense would want us to rush in and settle the matter at an incorrect figure and get it wrong, not just for the civil servants who are affected now but for future civil servants. We must not store up trouble for the long term.

The job evaluation that was carried out was completely necessary, and, as Mr Weir said, that was agreed to by the unions because they could see the need for it. When we judge what equal pay is, we must also know what represents work of equal value. That helped to solidify for negotiations those figures that we are looking to settle on, and also ensured that when the matter is dealt with, it is dealt with once and for all so that we do not have to come back to something similar in five years or ten years' time.

There are financial implications in resolving this issue. The SDLP says that it wants the Minister of Finance and Personnel to pay this claim now, but it reserves the right to criticise how he would pay for it. I await the day when the matter is settled, for there is no doubt that the SDLP will again complain about how the Minister of Finance and Personnel will propose to pay for the claim. There are implications for the Executive, not just in paying the claim now but on an ongoing basis. I am well aware of the effect that a settlement could have on paying higher rates of pay if people are moved into different pay bands, and on how some civil servants perform outsourced work for other parts of the Civil Service in the United Kingdom.

There is also a need to arrive at a proper figure, not just for the Minister of Finance and Personnel in dealing with his Executive colleagues but for potential further negotiations with the Treasury. Even if the issue were resolved this afternoon, there is a need to consult the unions so that they can assess the figures and ballot their members on whether to accept the settlement. Given that situation, delays are inevitable.

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

Mr Hamilton: I support the civil servants, but patience is required to resolve the matter correctly.

Mr F McCann: Tacaím leis an rún seo. I support the motion and commend the Members who have, once again, brought the matter to the Floor of the House.

I believe that everyone recognises the importance of finding a fair and genuine solution to this long-running saga. The only people who have suffered are the thousands of workers who were denied their rights to fair treatment and rates of pay. The Assembly has, by and large and across the political divide, supported the right of workers, not only to be treated fairly but to be treated equally. That has not always been the case.

Many thousands of workers were denied their proper rate of pay under direct rule. That was wrong. I hope that we, as an Assembly, have learned lessons from that. Many people think that there are still inequalities in workers' rates of pay. The Minister needs to go the extra mile in ensuring that those affected by the issue are recompensed as a matter of urgency.

On 9 September 2009, the Finance and Personnel Committee was advised that a review of technical grades 1 and 2 had been completed over the summer and that NIPSA had been given access to the report. I hope that that marks an end to the issue.

In the most recent debate on equal pay for civil servants on 1 June 2009, I asked the then Finance Minister to explain what would happen to the back pay of those workers who have passed away before the issue has been resolved. What happens to their rights? Do their families have a right to claim on their behalf? Those questions have not been properly answered. It is not good enough to say that those moneys can be pursued legally. Those people were discriminated against, and their families should have the right to receive the compensation that their deceased loved ones were entitled to. That point has been raised with me by a number of people.

Many of us have been lobbied by our constituents on the issue. Those people are not faceless; they may be our constituents, but they are also our neighbours, friends and relatives. We understand their need to challenge the injustice that they have faced.

In June this year, my colleague from Upper Bann John O'Dowd said that the Assembly expected the matter to be dealt with fairly and quickly. The Minister needs to be proactive to ensure that this long running injustice is settled to everyone's satisfaction. However, we must ensure that we do not go into another year without the matter being settled. That is the task that we must set ourselves.

It would be great if, 12 weeks before Christmas, those workers were given the news that the Assembly

has responded to their justified claims and delivered on them. We all have a responsibility to ensure that the situation is brought quickly to an end, not just for the satisfaction of the workers but the Assembly as a whole.

Mr Bresland: On one hand, it is difficult to argue with the sentiments of the motion. Like most MLAs across the parties and across the country, I have received many letters, e-mails and phone calls from irate civil servants who are wondering why they have not received the back pay that they were promised. It is very important that the matter is resolved as soon as possible. However, it is not as simple as the proposer of the motion makes out.

When the motion calling on the Finance Minister to ensure that the affected staff receive their back pay within three months was passed on 1 June, colleagues on these Benches warned of the dangers of setting a definite date because of the complex nature of the outstanding issues. Members opposite were more interested in scoring a cheap point against a DUP Minister and would not listen.

The issue is very complicated and resolving it will cost a considerable amount of money. Remember, it was the DUP who fought for and got extra money from the Treasury last year — £100 million in total — to address a range of pressures, including equal pay. Today, we face ever increasing financial pressures, and there are signs that the issues will cost more than £100 million to put right. Where will the money come from? Can we rely on the Treasury to come to our aid?

However it is done, we must ensure that the settlement of the equal pay claim is not only fair and meets all legal obligations but that it ensures that we never have to face this kind of situation again. I commend the efforts of the Finance Minister and his predecessors to resolve the long-running dispute and urge him to continue his negotiations with interested parties so that the matter can be resolved once and for all.

4.30 pm

Mr A Maginness: Over several months, I, and colleagues from the SDLP and other parties, have met civil servants who feel aggrieved at not being treated fairly with respect to parity of pay. It is unfair that people whose work has been assessed as being of equal value are paid different amounts. Given that this has been the case, staff, rightly and naturally, expect a settlement that includes arrears and future pay entitlements.

The equal pay dispute has been ongoing for too long, and it must reach a conclusion. It is unfair to allow civil servants, many of whom are not well paid, to carry the burden indefinitely. People rightly expected that the dispute would have been resolved a long time ago. They do not understand the delay, especially given the fact that, some time ago, the Minister of Finance

and Personnel's predecessor indicated that there would be a conclusion in the near future.

Around 5,000 individual cases are going through the legal tribunal process, and the Northern Ireland Public Service Alliance believes that it has a strong case for equal pay. However, a legal remedy on individual cases may not take account of the very complex financing issues that have to be faced when dealing with the collective pay claim, including back pay and pay going forward. The staff side is realistic about jobs and the economy. Does the Minister agree with the staff side that a collectively negotiated settlement would be much better for all concerned?

We understand that the Minister has inherited an historical dispute, and it is not the Minister's fault — at this point in time, I hasten to add. *[Laughter.]* The Minister and his predecessors have expressed a desire to reach a settlement, but there has been no settlement thus far. The Minister has to understand the very deep frustration that is felt in Civil Service ranks. I hope that his contribution to the debate will confirm that he will be closely involved in the negotiations on an ongoing basis. Perhaps he will also give us some indication of how he hopes to manage that process. I hope that he will confirm that a clear process is now in place to resolve the dispute sooner rather than later and that officials have the flexibility and authority to negotiate effectively.

Will the Minister outline whether consideration has been given to the cost of settling the dispute with respect to back pay and pay going forward? Will he say whether budgets contain allowances to meet the demands? Given that the dispute involves pay claims relating to a considerable period of direct rule, will the Minister inform the House about the position of the Chancellor of the Exchequer and the Treasury on their contributions to back pay? A lot of this took place during their watch.

Mr Deputy Speaker: I ask the Member to draw his remarks to a close.

Mr A Maginness: They have a moral duty to satisfy, at least partially, the workers' just demands.

Mr Shannon: This is undoubtedly an issue that has been much publicised of late and on which I have received much correspondence from my constituents in Strangford. Other Members have probably said the same. There is a grave concern that the pay dispute has been put on the back burner. That is certainly not the case.

I have been in contact with the Department on numerous occasions by letter, and I have asked parliamentary questions, and I have every confidence that the matter will be resolved and that it is being worked on at the moment. However, as with most aspects of the Civil Service, it will take time — probably longer than most of us like to wait. That is a key issue, too.

The move will affect 9,000 civil servants in the lowest grades, mostly in secretarial and administrative posts, and workers who have retired from the Civil Service in the past six years could also be entitled to back pay, which could amount to as much as £20,000 each.

A hae heered sim fowk alloo at DFP hes bectreacked oan commitments gien afore bae pas' Meenesters an' i particular bae mae pairtie colleague Mr Peter Robinson. A'hm sarious gled tae saie at es motion isnae maakin thon oot an' 'deed hit 'grees at the plen bes staired an bes onie caa'in fer a tim' line.

I have heard some people say that DFP has backtracked on commitments given by preceding Ministers, in particular my party colleague Mr Peter Robinson. I am glad to see that the motion is not suggesting that. Indeed, it agrees that the plan is in motion, and it is calling only for a timeline.

I have met women and men who have worked faithfully for the Civil Service for most of their working lives and who are waiting patiently for the outcome of the review. I must agree that the sooner they get their back pay the better. However, I am also aware that it is a complex issue that must be studied by the legal department with a view to ensure the fairest possible solution. That has to be good news.

Just last week, a lady who had worked in the Civil Service for some years came to my office. She misses the cut-off point for back pay by less than one year. Therefore, despite her years of underpaid service, she is not entitled to anything, as it stands; that does not seem fair. Because of such cases, I am glad that the legal department is working to see just how far back it can go and to what ends.

The issues involved are complex; the amounts of money involved are potentially very large and could have major implications for public services. Last year, in response to a question for oral answer, the Minister of Finance and Personnel estimated that a one-off payment of up to £100 million was possible. It is, therefore, vital that we get the settlement right, and we are very aware of how much it could cost.

It is not in the public interest to spend the sums that this matter demands without ensuring that it is a final solution and not one that will be challenged time and again. Therefore, it is essential that every "i" is dotted and every "t" crossed. The money that this party and the Minister has fought for to meet the challenge must be used for those who have a claim upon it.

Without doubt, the civil servants who have been underpaid have every right to their pay. I join other Members in asking that the Department carry out the review as soon as possible. However, I am sure that a forced deadline will bring the necessary and expected results.

I have every confidence that my colleague Sammy Wilson and the officials in his Department will bring the matter to an end as soon as possible. There is no doubt in my mind that the issue is being investigated as we debate it and that an end to the issue is on the horizon. I stand with those of my constituents who have contacted me in urging a speedy ending but one that is comprehensive, with every aspect looked at and every group catered for.

I support the civil servants who are entitled to back pay; I support the vital work that they do every day and their right to a fair wage. With that statement of support I add a plea: be patient and be assured that we will not stop dealing with this matter until we reach the correct method of ensuring that everyone receives what they are entitled to.

The DUP gave an assurance and we will keep our word to do what those in government before were perhaps afraid to do: put right that which is wrong and fight for equality in these matters. I support our civil servants and our Minister in his quest to deliver what is requested in the motion.

The Minister of Finance and Personnel (Mr S Wilson): I thank everyone who took part in the debate and for the measured way, by and large — although I might refer to a few individuals — in which the debate took place.

This is an important issue. I am sure that Members' speeches reflected the sort of postbag that I, too, as a Member get from people who want to see the issue resolved.

I also want the issue to be resolved, because of the reasons that Members have given today, including the fact that it affects many people who are not well paid. It has to be resolved anyhow, because, on reaching agreement, we are obliged to make payments, and the longer the process, the larger the bill will be. Therefore, Finance Ministers, the Department of Finance and trade unions have no reason to drag their feet.

However, certain realities have to be faced. I noted what Mr O'Loan said about the need to show respect to the Assembly and to the motions that it agrees. With due respect, the Assembly needs to show some respect for itself. There is no point in the Assembly passing motions that bear no resemblance to the complexity of the issues that my Department is trying to address. On 1 June, the Assembly set a deadline that the issue must be resolved within three months, but that did not happen, and it was never going to happen. Today, the Assembly can pass a motion saying that it has to be done in another three months, but the issue is complex.

The one assurance that I can give is that my Department has sought to move forward as fast as possible. Mr O'Loan did not understand why the review of the two grades took so long, but it was a

complex process: 130 posts had to be evaluated, and resources were drawn in from other Departments. For a review of that scale, it was carried out much more quickly than one would normally expect because those additional resources were thrown at it.

Several Members, quite rightly, asked what the timescale is now and whether the issue would be settled and money given out before Christmas. I do not know, because there are a number of imponderables. NIPSA is now looking at the review to see whether it agrees with the findings. My officials and I have now made a proposal to the trade unions. Having looked at the proposal, their response was that they wish to discuss certain issues. My Department is not totally in control of that process of negotiation. It will take time, but I cannot specify how long to the Assembly today.

NIPSA may agree to the proposal tomorrow morning but, even were it to do so, that would not be the end of the story, because it would have to be put to NIPSA members for a vote. Even after that, my officials would have to speak to each individual, because everyone will be affected differently. However, to avoid delay, those stages of the process will not run concurrently. My Department is already taking action so that, if and when agreement is reached, the arrangements will be in place for meeting each of those individuals. Even should we get to that point, there are some people who have taken their cases to tribunal, and that is in their hands.

I am not making excuses; I am simply trying to explain to Members that those realities have to be faced. My only responsibility is to instruct my officials to make a proposal, and that has been done. I have told them to, if possible, do things in parallel, and that is being done. Mr Maginness asked what role I will take in the process. I have made it clear that, if it helps to get my message across and reach a settlement, I am happy to talk to the unions. I want to get this sorted, but I am not going to make promises on the basis that it would be nice to be able to give the timescale that Members demand. There is no point in my committing to a potentially impossible timescale over which I have no control.

A couple of Members referred to a comment that I made at a Committee meeting. I said that there are two issues: fairness and the impact on the public service.

Some Members have decided to interpret that as blackmail. It is not blackmail: it is simply stating the situation. There will be an impact, depending on what happens. I will give an example: there are 1,600 jobs in the Department for Social Development and the Department of the Environment that are outsourced from the Department for Work and Pensions and the vehicle licensing department in Swansea. If the settlement, when it is eventually reached, impacts on the wages costs in those outsourced areas, the DWP

and the vehicle licensing department could decide to no longer bring that work to Northern Ireland because costs might be higher than they originally accepted. I am simply stating that cost implications of a settlement will impact on the public service.

4.45 pm

Mr O'Loan: I understand what the Minister is saying, but I do not understand how it becomes a factor in the negotiations. The process has to be based on comparisons: people must get what they are entitled to.

The Minister of Finance and Personnel: If it were the case that a fixed sum of money was involved, there would be nothing to negotiate about. However, the word "negotiation" implies that there is an area that is open for negotiation because there are uncertainties and matters about which judgments have to be made. That is the point that I am making. One of those things —

Mr O'Loan: I thank the Minister for giving way again. It is terribly important to clarify that the negotiations are about comparability. We are describing this issue as a claim for equal pay so, surely, all the discussions are essentially about the equal pay issue; equal pay for, allegedly and arguably, equal work. That is the only point at issue; not that the implications for the Finance Minister, if he concedes the point on equality, will be so horrendous that he does not want to go there. That is not part of the negotiations at all.

The Minister of Finance and Personnel: The Member is being a bit naïve because, in negotiations, there are a wide range of issues that have to be looked at. When I met the Committee, I made it quite clear that one of those issues was the impact that the settlement would have on the public service. That is something that negotiators have to take into account. As the Member said, it may well be the case that they will simply say that all those issues do not count. That is fine, and that will be their negotiating position. However, in my view, it has to be spelt out that there will be consequences of such a position.

Mr McNarry: When that issue was raised by officials from the Department of Finance and Personnel, it is suffice to say that Committee members were quite horrified at such thinking. Is the Minister saying that in the process of negotiations, it will be transmitted by his negotiators that, in giving and making headway for the settlement, the other side must take or share the responsibility for the consequences that there may be in jobs?

The Minister of Finance and Personnel: I already did that when I spoke to the Committee: I spelt out the position. How people decide to react is entirely for them. I was up front about the matter when I spoke to the Committee, and I welcome the opportunity in the Assembly to indicate the position that I took when I gave that briefing.

That brings me to the issue of cost, which was the central point, and the only relevant part, of Mr McNarry's speech. Most of it was self-justification that was totally unsubstantiated. He claimed that he could count, that he was not economically illiterate and that he was right about there being a black hole. There were more unsubstantiated statements of that kind.

I can understand that he will always want to come back, but he did make one relevant point in a speech that went on for three or four minutes, which was about how the cost of the settlement would be met.

I accept that most Members did not ask about the exact cost. Had they done so and pressed me, I would have given the same answer as I gave the Committee: I do not know what the exact cost will be, because we are still in negotiations and it would be daft of me even to suggest what we believe the global figure might be. That would not be good for negotiations.

At the end of the day, however, the settlement must be funded. There are three options open to us. First, we already have a facility to borrow from the Treasury. That borrowing was not attached specifically to the Civil Service equal pay settlement, but it is money that is available.

Secondly, once the final figure is known, and since part of the pay claim is a legacy issue, I can and am prepared to go to the Treasury. In response to questions from some Members, I have not had any contact with the Treasury. There has been no cause to make contact, because I do not know what the settlement figure is likely to be.

Thirdly, the Executive can consider how resources might be allocated to pay for the settlement. The one thing that I make clear is that, once a settlement has been concluded, we will have an obligation to find the money from some source.

Mr A Maginness: The equal pay claim is a legacy issue. What are the tax implications for recipients if they receive relatively large sums of money that could distort the level of tax that they normally pay? They would be penalised. If they were receiving the money over, say, 10 years, they would not be paying so much tax. That is an issue.

The Minister of Finance and Personnel: That is an issue, and, as far as I am aware, payments would be taxable. That may be a matter for negotiations. There are other ways of paying tax that might help to avoid the issues raised by the Member. I think that those issues will form part of the talks with the trade unions.

Anna Lo asked whether people would lose out the longer it takes to reach a settlement. They will not. The longer it goes on, the greater the bill becomes, but the claim stands from the time that it was made. Therefore, negotiations are not a way by which to get people to

drop off the list. The Member may have a cynical view of the Minister of Finance, but, in this case, her cynicism is not well founded.

Jennifer McCann said that female staff were being denied promotion opportunities. There is no evidence of that; indeed, all the evidence is that male staff are under-represented at administrative assistant and administrative officer levels. Fra McCann asked about the standing of applicants who have died. Claims by staff who left the Civil Service but who claimed within six months have legal standing; former staff who have not claimed have lost out. Those are the issues that I imagine the trade unions will talk about during the negotiations.

In conclusion, I reiterate that I want to see the equal pay issue resolved. I have sought to do so, and I know that my officials are working hard to get it resolved. However, there is a job of work to be done that is not totally in my Department's control. We seek to sort it out as quickly as possible, making it at least one issue that I can get off the list of things that I must do as Finance Minister.

Mrs D Kelly: I thank all Members for their contributions. I welcome that I have not heard any Member say that they will not support the motion, and I hope that the House will not divide on it.

I am sure that most Members know that today is payday and that many people had been looking forward to having extra money and back pay in their pay packets, but that is not the case. Even after this debate, we still do not have a time when they might expect to have that pay, and that is very disappointing. Although the Minister attempted to address some of the questions that were raised by some Members, we have not yet heard whether he will commit to putting in a bid for some of the money that the British Treasury offered to lend to the Northern Ireland Executive for a range of purposes.

The Minister of Finance and Personnel: I thought that I had made it clear that when we reach a settlement with the trade unions that is agreed with the workers, we will be legally obliged to fund that settlement. I offered a range of ways in which that might be done, including taking the money from existing budgets, going and talking to the Treasury or using the facility that is available at present.

Mr McNarry: When Mr Bresland from the DUP was reading the speech that was written for him — certainly, there is no reason why the DUP would not prepare it for him — he congratulated the DUP's Finance Minister for “securing” the £100 million. How does the Member feel that that DUP opinion sits with the one that she has just heard from the Minister about the distribution of the offer?

Mrs D Kelly: There is a discrepancy, and I was going to come to that. The £25 million of ongoing costs for future payments have not been addressed. There seems to be some sort of communication breakdown in the DUP because although the Minister, in his new portfolio, said that he has not approached the Treasury, I understand that the First Minister and the deputy First Minister had this issue on the agenda when they met the British Prime Minister. Somebody is not telling things to somebody else.

The Minister of Finance and Personnel: I think that I made it clear that I have not had talks with the Treasury about this matter because we do not know what the sum will be. However, the £100 million facility still stands — Mr McNarry must have difficulty hearing — and it could be used for this matter. Of course, if they so choose, the Executive might decide to finance it in some other way.

Mrs D Kelly: Therein lies the concerns of the people who are owed money. We have not heard whether, as Mr Bresland indicated, there is a clear commitment to use the £100 million for the equal pay claim or whether that will be needed for other purposes, particularly given that the Minister has at last come round to the SDLP's and Ulster Unionist Party's way of thinking, which is that there is a black hole in the Budget.

We have heard this afternoon that, regardless of the principle of equal pay, the Minister has introduced to the negotiations the potential impact of the claim on contracts that are provided through the Department for Work and Pensions and elsewhere. The implication is, therefore, that if we are forced to pay the equal pay claim, we might lose 1,200 jobs. That is the blackmail to which Members referred and that the Minister interpreted when he addressed the Committee.

The Minister of Finance and Personnel: I answered in response to a question about what I meant by the impact on the public service. I would be being less than honest if I were not to say that we have contractual arrangements with other Departments in GB and that the equal pay settlement may well impact on the cost of running those contracts. All I was doing was explaining the connection. That is not blackmail; it is just explaining the connection.

Mr McNarry: I am grateful to the Member for giving way, because things are getting very interesting. Does the Member agree that we could not fault anyone who is waiting on the outcome of the settlement for thinking that his or her job has become part of the negotiating exercise? Is that really what has happened with the so-called settlement that is taking so long?

5.00 pm

Mrs D Kelly: Mr McNarry stated some of my concerns well. Regardless of how well intentioned the Minister is in being realistic about the settlement, his

words might be interpreted in the way that I described. Equal pay is exactly that: it is a principle whereby people are entitled to their pay, regardless of whether contracts will be won or lost. Surely the British Government cannot say that they will put resources, work and contracts into Northern Ireland only because our workers are cheaper and of less value than their own. Surely some commitment should be made, and surely that should be part of the Minister's negotiations with the British Treasury on the other contracts. There should be no adverse impact as a result of the settlement.

The Minister of Finance and Personnel: I thank the Member for giving way; she has been generous in that respect.

I am not clear where the Member is coming from. I was asked a question, and I answered it. I am now being criticised for answering it. Is the Member saying that she would rather that I had kept Members in the dark and not spelled out the implications? There might be no implications, but there could be. I thought that the whole idea of having a debate in the Assembly and of a Minister responding to it is to ensure utter transparency. It seems that when a Minister is transparent and gives an answer, he is criticised for being too honest. I do not think that that is a good way to proceed.

Mrs D Kelly: That was not my intent, but I am concerned about how the matter may be interpreted elsewhere. I was honest in what I said. Surely civil servants need to know that the Minister is fighting and that he is fighting hard for them.

Mr F McCann: Will the Member give way?

Mrs D Kelly: I am running out of time, but I will.

Mr F McCann: This is a point that I raised earlier. Will the Member tell us what the SDLP and Ulster Unionist Ministers did to settle this dispute when they had the levers of power?

Mrs D Kelly: I can give Mr McCann a history lesson if he wishes. As the deputy First Minister often says, we are moving forward, but if Mr McCann wants to talk about Stormontgate and about how unstable the previous political institutions became because of the actions of his party and the DUP, I am happy to do so. However, the motion is about securing the Civil Service claim for back pay.

I was interested to read the Hansard report of Mr Hamilton's contribution during the previous debate on the matter. The DUP tabled an amendment, which called on the civil servants who were affected to receive their back pay within three months or as soon as possible. That amendment was withdrawn well into the debate. During that debate, Mr Hamilton spoke of how the measure should not be used for political point scoring. However, he used the majority of his contribution, as

Mr McCann is now doing, for that very purpose. That is interesting.

Mr Hamilton: Will the Member give way?

Mrs D Kelly: I am sorry, I cannot give way; I am almost out of time.

One of the issues that I wanted to raise — if I could find it in my notes — is the importance of taxation. My colleague Alban Maginness raised that matter. The tax on the additional money that is to be paid may be a matter for the negotiations, but I am sure that the burden on those civil servants who are owed back pay could be reduced. I am sure that a commitment to discuss that point would be welcomed widely. Indeed, the Minister took that point on board during his summing up. As some Members said, some individual civil servants are owed as much as £20,000. That is not a small sum by any stretch of the imagination, and it would have a severe impact on their taxation.

Mr Weir said that this is not a sectarian issue, and I do not think that Members want to portray it as such. However, it is a gender issue, as Ms McCann stated.

I welcome Members' contribution to the debate.

Question put and agreed to.

Resolved:

That this Assembly notes with concern that the Civil Service equal pay claim remains unresolved despite the Assembly resolution of 1 June 2009 calling on the Minister of Finance and Personnel to ensure that the staff affected receive their back pay within three months; welcomes the assurance by the Minister that the financial implications of a resolution to this matter will have to be faced in a manner compatible with the Department's legal obligations; and calls on the Minister to state an early date by which a comprehensive settlement offer will be made to the trade union representing the staff concerned.

PRIVATE MEMBERS' BUSINESS

McClellan Conacre Case

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

Mr Paisley Jnr: I beg to move

That this Assembly notes with extreme concern the possible extension of the focus on the "McClellan conacre case" by HM Revenue and Customs and is deeply worried at the severe disruption which this could have on our family farming tradition in Northern Ireland.

I say at the outset of the debate that I am happy to accept the amendment standing in the names of Mr McGlone, Mr Burns and Mr Gallagher on behalf of my party because it adds to the substantive motion. I hope that that will help the flow of the debate.

I have no doubt that this issue affects every Member who represents a rural community. Its impact should not be understated: about one third of the land in Northern Ireland is rented out in conacre. It has been accepted historically by HM Revenue and Customs (HMRC) that agricultural land that is rented to other farmers in conacre is part of normal agricultural practice. That is the case with almost every farm in Northern Ireland either renting in, or renting out, land in conacre. However, that land, quite properly, was subject to a business tax relief. As has been identified in the motion, the McClellan case is a clear indication that the Government intend to move away — and, indeed, have moved away — from that justified tax relief.

I will dwell for a moment on the McClellan case because it sets a heavy shadow over the entire farming and rural community of Northern Ireland. The McClellan decision found that the business of letting land in conacre — or, indeed, letting it for livestock — was a business that consisted wholly or mainly of the making of investments and, therefore, that business property relief was not available on such land, and inheritance tax was payable on the excess development value of the land at the rate of 40%. The McClellan decision means that those inheriting agricultural land, which has development or hope potential, let in conacre at the time of the owner's death must pay inheritance tax at the rate of 40% on the development or hope value of the land. The impact of that should be obvious. I am

sure that Members have been lobbied about the issue and have recognised its consequences.

There are a couple of case studies from my constituency that set the scene appropriately. Let us take the example of the estate of an elderly farmer on the north coast of Northern Ireland. The deceased was an elderly farmer who let his land in conacre on his retirement from full-time farming. On his death, his smallholding of 36 acres of farmland was found to have an agricultural value of approximately £450,000 and a development value of, potentially, £370,000. His farmhouse was also found to have a value of about £235,000. My constituent, Mr McIntyre, had always hoped that his land would pass on to his children, and, indeed, his grandchildren had expressed an interest in taking on the farm. However, HM Revenue and Customs has found that the family has to pay 40% inheritance tax on the value of the farmhouse and the potential development value of the 36 acres of farmland. The impact of that finding is that the family farm has to be sold to pay a tax bill; the land is not farmed and will not be farmed by the next generation; and the entire infrastructure and livelihood of that family has been changed desperately and decidedly for the worse of the community.

This is an obnoxious stealth tax, and I do not know why it was introduced. The revenue potential for the Government is slim, because, as Members heard in an earlier debate today, the liquidity in the Province for people to buy vast portions of land is so low that the Government will not get or maintain the tax value that they think there is in the hope value of that land. However, they are forcing people to sell their land in order to pay horrendous tax bills, which should not be the case.

The effect of the decision in the McClellan case means that those who inherit farmland that has a significant development potential will, inevitably, have to sell the land to pay the inheritance tax on the development opportunity, even if they have no desire to pursue that development opportunity. Furthermore, if the development opportunity is never pursued, they will have to pay a huge tax bill on the development value. That has thrown many farms across Northern Ireland into disarray, and it is especially pertinent since, as Members know, our farm owners are in the higher echelons of the age brackets. We know that those people have tried to involve themselves in good financial tax planning, and the inheritance tax throws into disarray all tax-planning arrangements and any desire that they may have in their old age of passing on their farm to their sons, grandsons or granddaughters and allowing them to pursue the livelihood that they have enjoyed. That is wrong.

It has been publicised widely that by taking a greater role in the management of agricultural land,

such as sowing fertiliser, fixing fences and maintaining the land, the owner will avail him or herself of the application of the business property relief to the land, as it applied in the past. I warn the House that that is not a certainty.

I am aware of another case in my constituency of North Antrim, which I will refer to as case study 2. In that case, a lady farmer who inherited 70 acres of a farm upon her father's death, and having worked the land with her father from an early age, had, in her later years, let out the farm in conacre to a number of neighbouring farmers. The lady took an active interest in the animals, including sheep and speciality cattle, which were grazed on her land, and the speciality cattle were wintered in farm sheds close to the farmhouse. The lady played a significant role in caring for those animals. Upon her death, Her Majesty's Revenue and Customs has been unwilling to accept that agricultural property relief should be available for the value of the house, and the case is being brought before the special commissioner's appeal hearing. It is a running case.

The idea that there is a way round it and that so long as a farmer keeps some active interest in the farmland by maintaining the odd fence, for instance, he or she will be able to get past Her Majesty's Revenue and Customs is wrong. In fact, HM Revenue and Customs recently issued a new inheritance tax manual, which contains a new paragraph relating to agricultural property relief. It sounds the death knell for conacre rights in Northern Ireland. It states:

"The availability of Agricultural Relief is a question of fact and degree to be decided upon the particular facts of each case."

In other words, HM Revenue and Customs will take each set of circumstances case by case — through the courts and through special commissioners if necessary — to see how much money they can squeeze out of the farming community at a time when it is least able to pay.

It is right and proper that the House has an interest in the issue and that we lay down a marker to the Government, to HM Revenue and Customs and to the Prime Minister. I am delighted that the First Minister has made representations to the Prime Minister, and that the Minister of Agriculture and Rural Development and the Minister of Finance and Personnel and others have made representations to the Treasury. However, we must speak with clarion certainty that the House will reject the tax, because it will devastate farming and tax planning for the farming community, and it will prevent future farming generations being able to inherit, plough, sow and farm the land in the way that their fathers and forefathers did. The House should take an active interest in the issue and ensure that HM Revenue and Customs hears its voice loud and clear.

5.15 pm

Mr McGlone: I beg to move the following amendment: At end insert

"; and calls on the Minister of Finance and Personnel and the Minister of Agriculture and Rural Development to engage with Revenue and Customs to find a suitable solution."

Go raibh maith agat, a LeasCheann Comhairle. I listened very intently to what Mr Paisley proposed, and I heard what he had to say.

In its amendment, the SDLP asks that the Minister of Finance and Personnel and the Minister of Agriculture and Rural Development engage with Revenue and Customs to find a suitable solution to the problem. Indeed, I note from responses to questions for written answer on 5 May and 19 May 2009 that both Departments were actively engaged with Revenue and Customs on the matter. Indeed, the then Minister of Finance and Personnel stated on 19 May 2009:

"I have written to the Chief Secretary to the Treasury strongly urging her to consider amending the tax treatment of land".

From the start, I must state that I have no particular expertise in matters either legal or accounting. However, I do know that decision in the case is wrong. I also know that it is causing difficulty, hurt and harm, as well as concern for the future of agriculture and farming here.

As Members will know, conacre is a specifically Irish tradition, with those living in rural areas letting small parcels of land for a single crop. In its original form, landowners allocated each conacre tenant a strip of land, to which the tenant was given access to plant and cultivate a crop. However, the tenant did not own the crop until he had paid for it in money, through labour or by a share of the crop. In its modern form, it has become part and parcel of a business, and the business of small farming in particular, and it is absolutely ridiculous that it should ever be regarded as separate "investment activity". Conacre, being temporary by its very nature, earns relatively low returns, and is essentially a way of maintaining land for a farming family that has no particular plans in any given season.

As Members will have read, the McClean case involved 33 acres of agricultural land, parts of which were zoned, and, therefore, the anticipated market realisable value for development purposes was deemed to be £5.8 million, yet the agricultural value was only £165,000. Mrs McClean had inherited the land from her husband in 1983 and, since that time, had let it out to local farmers whose cattle grazed the land from 1 April to 1 November. From 1995, the owner's son-in-law Mr Mitchell organised the letting of the land, as the owner did not have legal capacity to do so. The arrangements were agreed orally and confirmed in writing, and the price was agreed by acre, which is the basis of conacre.

However, as we now know, the special commissioners determined the difference between investment and business, and their conclusion, which the Court of Appeal upheld, was that the letting of those lands constituted a business that consisted wholly or mainly of the holding of investment, and, as such, under the Inheritance Tax Act 1984, it did not attract business property relief.

Agricultural property relief (APR) is available on lands that have been used in agriculture for two years by the person to whom the land was transferred. APR is limited to the agricultural values of those lands, and lands held in conacre were naturally enough entitled to APR, a fact that Revenue and Customs accepted. Furthermore, until recently, Revenue and Customs allowed business property relief on the additional development value, or "hope value", of such lands. Moreover, for income tax purposes, those who grant conacre licences will be allowed business property relief if they are deemed to be conducting a business.

Without delving too deeply into it, the issues in the McClean case were concerned with whether a business was being carried out, whether that business was being carried out by Mitchell or McClean, and whether that business consisted wholly or mainly of holding investments. The special commissioners decided at the time when Mrs McClean died, and in the two years preceding that time, that she was the owner of a business but, because it consisted wholly or mainly of holding investment, that it was not a relevant business property.

However, there are many instances, particularly when area planning has been used to create newly defined towns, villages or dispersed rural communities, in which people living outside zoned land may have a farm of which part lies outside the development zone and part lies inside.

I can think of many in my immediate council area. Those people do not intend to pass the land on for development purposes: they have a working farm and a viable business. This case will have major implications for those people, and it has caused a huge scare in rural areas.

The development issue in zones where the land is let in conacre, or agistment, rather than farmed directly will cause problems, specifically for land zoned in those development areas where the development value of the land, albeit reduced at present, would significantly outstrip the agricultural value.

Around 30%, or 300,000 hectares, of Northern Ireland's total farmland is let in conacre. There is no calculation as to how much of that could, potentially, fall within the development zones, but in those instances where only agricultural property relief applies, the inheritance tax of up to 40% would be applied on the development value of the land. It is incredible that the

people who will inherit such property — people who are getting it tight in farming at the moment — will have to pay 40% inheritance tax on the value of land at its deemed zone valuation. It would put them out of business. They would inherit a huge debt rather than a workable farming business. They would be left to sort out that liability as a result of the lack of recognition of the special arrangements for farmers in Northern Ireland. It is a major issue and a source of grave concern.

The inheritance tax liability in the McClean case is estimated at £2.4 million. I was reared on a small farm of 22 acres; my father was a part-time farmer who also owned a garage. When I think of a few of those 22 acres and the liability that the rest of us would have been left with when my father, God rest him, passed on, I find it incredible. It is incredible for the small-farming community and the generations who may inherit and who may wish to farm — instead of being able to farm, they would be left with a huge tax liability round their necks. The situation is impossible.

The situation might seem reasonable to some civil servants and revenue commissioners — and even to some town planners, although not if they come from a farming background. Under the review of public administration, the situation could cause tensions between the new councils and the landowners whose land would be zoned under the area-plan process that we hear about at the moment, which involves the modernisation of planning and the plans afoot for good councils to deem and zone land to match local need. It would be a big problem in those circumstances. People would be contacting their solicitors immediately to ensure that their land was not being zoned. That would have a knock-on effect on affordable housing, housing development and the need to provide roofs over the heads of our younger generations.

The Minister of Agriculture and Rural Development is in the Chamber but the Minister of Finance and Personnel is not. I appreciate the fact that the Minister of Agriculture and Rural Development is from a rural constituency. However, the situation requires a joint approach. The Ministers must take into account the social, economic and farming circumstances of the community, and the Minister of Finance and Personnel must deal with Revenue and Customs on the matter. The SDLP proposed its amendment to ensure that rural society, the legislation and the amendments that may be required are dealt with in a joined-up fashion to represent fully the people who are concerned about the situation.

Mr Paisley said that some people are saying that there may be a way round the situation, and that some farmers may throw in a bit extra for fertiliser or fencing and posts in their tax returns in the belief that they will manage all right. That is working on a presumption, and it may or may not work.

We need clarity on that. For that reason I propose the amendment, and trust that the Members opposite will accept it in the spirit in which it is meant. It is aimed at arriving at a successful outcome for the people we represent.

Mr W Clarke: Go raibh maith agat, a LeasCheann Comhairle. I will begin by stating that Sinn Féin supports the motion and the amendment. The amendment calls for the Ministers to engage with Revenue and Customs to find a suitable solution. Although I have no difficulty with that, surely it would be the British Treasury that we would need to get clarification from, and it should be the Treasury that provides a solution. Perhaps the proposer of the motion will address that issue in his winding-up speech.

In nineteenth-century Ireland, conacre was the name given to the system whereby land was let not for a number of years but for a single season, usually one year. Land was let for the purposes of taking up a single crop of potatoes or corn, or for grazing. It was a form of subletting used by landowners and farmers to rent to those who had insufficient or no land of their own to secure the basic food supply needed for their families to survive.

Conacre refers to short-term land lettings, and is an 11-month land rental agreement that is unique to Ireland, and an important feature of Ireland's farming scene. Landowners and farmers use conacre in various ways: farmers can increase the size of their farm by taking land as conacre, or increase their income by letting land as conacre.

In recent years the conacre rates have remained fairly stagnant, and the average income from grazing land is £100 per acre per annum, representing a fairly poor return. It is a rare commodity that landowners accept so little return on a valuable piece of ground, which demonstrates the important emotional and family ties that land holds for Irish owners.

I am very troubled about the potential impact the court ruling may have on the local farming community, with one third of land in the North of Ireland let as conacre. The court decision could result in a significant increase in the acreage of local farmland that is liable to 40% inheritance tax. Recently, the Minister of Finance and Personnel expressed his intention to continue to press the British Treasury for acknowledgement of the uniqueness of the issue for the North of Ireland, and the implications for our local agriculture industry. He also stressed that taxation is a reserved matter for the British Government to determine, and that he would be seeking substantive commitment on the issue.

As the Member who spoke previously already pointed out, the Minister of Agriculture and Rural Development is here. Will she tell us whether she will be attending that meeting along with the Minister of Finance and

Personnel? It is a cross-departmental issue, and has to be dealt with in such a way.

In my opinion, the main issue is quite clearly the fact that taxation and public expenditure policy are set in London. I remember that one of the first debates that took place in the Assembly during this mandate was on the issue of transferring fiscal powers. That issue was brought to the Chamber by Sinn Féin, but it was not supported by the House. We believe that the Assembly, as the elected body for this part of the island, should at least have the ability to review taxation. The issue currently under debate illustrates the case for having fiscal powers transferred. We need as many powers as possible transferred to the Members of the House: that is what the electorate wants and deserves.

Mr Paisley Jnr: Will the Member give way?

Mr W Clarke: I will.

Mr Paisley Jnr: I am pleased that the Member is agreeing with the thrust of the debate. Does he not recognise that we would find ourselves in a reckless position if we had tax-raising powers at this point? The inference would be that we would therefore have to continue with a tax levy, even on farmland. We would actually be the instrument imposing that tax on the people, whereas at the moment we have the leverage to perhaps oppose and prevent it from going any further.

Mr W Clarke: I thank the Member for his intervention, but I do not agree with him. If fiscal powers were transferred to this House, we would review taxation in the round, including VAT, inheritance tax, and all other taxes. We should at least have the opportunity to look at that. This is one particular case of people attempting to bring an English model to an Irish problem, where it does not sit well. Mr McGlone mentioned that, and asked how someone in a different jurisdiction could get an understanding of conacre and its emotional aspect with respect to the community.

The issue is not about political point-scoring; we must look at the real decisions that affect local people, including farmers in rural communities.

5.30 pm

As others said, Ireland has a distinctive historical conacre system that does not operate in any part of England, Scotland or Wales. We do not wish farms to be unduly affected by these developments. The effect of the ruling is that, on the death of the owner of the farmland, the development or hope value will become liable for inheritance tax at up to 40% and that empty property rate (EPR) relief will no longer apply to lands let in conacre.

The ruling shows no understanding of Irish rural life. The tradition of owning land passed from parents runs deep in the Irish psyche. If farms were lost to others outside the family, it would have major implications

that could lead to the demise of rural communities. There are also emotional side effects, including mental-health issues and effects on the general well-being of people who lose land. The tradition of keeping land in one's family may be destroyed —

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

Mr W Clarke: Small farmers will disappear to be replaced by large-scale farmers. Farming helps to shape our landscape, and that could be lost forever if the implications of the ruling are brought forward.

Mr Deputy Speaker: I remind Members to address all their remarks through the Chair.

Mr Kennedy: I welcome the motion, which was very well presented by Ian Paisley Jnr. The Ulster Unionist Party accepts the amendment. The motion is on a significant and important subject, and a number of months ago, my colleague Mr Elliott and I tabled a private Members' motion on the matter.

Conacre is a major feature of agricultural letting practice that is unique to Northern Ireland and to the Republic of Ireland. Therefore, it is a special situation, and any changes in the rules governing it will have widespread implications for profitability across the farming industry.

The changes to the rules under which letting zoned land under conacre can be considered to constitute a business are deeply misguided. The use of conacre is nothing more than managing an asset that is no different in principle from managing personal finances in a building society account or, perhaps, an investment trust.

To deem the letting of land under conacre as a business also has a negative effect on Northern Ireland, which is the only part of the United Kingdom tax jurisdiction that uses conacre on a widespread basis. Any change in the attitude of HM Revenue and Customs to taxing the use of conacre on development land should take that potent fact into account. At the very least, that should lead to a postponement of the new ruling.

Thousands of acres of land that are let in conacre, which would normally be inherited tax-free, are now subject to an inheritance tax of up to 40% when they pass to the next generation. That will prompt massive numbers of farm landowners to sell up before the deadline, producing a glut of agricultural land in the market, driving down prices and reducing the asset value of many farms. It will also have a severe effect on rural Northern Ireland and will erode our agricultural base at a time when we should be cherishing and supporting the agricultural sector, not least because of security issues and a reduction of dependence on imported foods.

It is no more than a smash-and-grab raid by HM Revenue and Customs on the pockets of decent, hard-

working families and people while public money is being squandered on dubious banking and corporate policies. It will directly affect Protestant and Catholic and other landowners and farmers throughout Northern Ireland, in a country where land ownership is highly sensitive and highly emotional.

Therefore, land inheritance is an important aspect of keeping rural communities together. The latest blow from HM Revenue and Customs has the capacity to break up rural communities and will help to destabilise rural society.

The Assembly is right to oppose that. I welcome the presence of the Minister of Agriculture and Rural Development in the Chamber. All parties should find common cause on the issue because it has drastic repercussions for the agricultural and landowning population of Northern Ireland. I support the amendment and the motion.

Mr Ford: My party colleagues and I will support the motion and the amendment. By way of introduction, I declare my interest — technically my wife's interest — in a shared family farm, which is recorded in the Register of Members' Interests.

Other Members have discussed the unique situation of conacre land in Ireland. According to aspects of HMRC guidance, a conacre arrangement is equivalent to a grazing licence in Great Britain. The HMRC website refers to land in such condition as being treated as eligible for agricultural property relief under inheritance tax. However, it does not spell out the full details and implications of that.

Mr Willie Clarke and Mr Kennedy, in particular, have discussed the nature in which land is held in this society. Nowhere in HMRC's guidance is there any reference to that. It is not true to suggest that people's ownership of family farms — which, in many cases, grandfathers and great-grandfathers sweated blood to purchase under land Acts of a century ago and to maintain as family holdings — is somehow equivalent to owning stocks and shares or investment property. Regardless of whether that satisfies section 105(3) of the Inheritance Tax Act 1984, it certainly does not fit the psyche of people in this society. That problem is simply not recognised in the way that HMRC treated that particular case and others, such as those highlighted by Mr Paisley Jnr when he proposed the motion.

On one hand, a problem exists that does not apply to every farm in Northern Ireland because it relates solely to business-property relief where there is development potential. On the other hand, as we heard from Mr Paisley Jnr, HMRC now decrees what size of a farmhouse is suitable for a particular size of farm. Apparently, if HMRC does not approve of the size of a house, it will regard it as being more than is appropriate for the farm, even though, in other cases, domestic dwellings are not

liable to inheritance tax in certain circumstances. Therefore, there are real issues with the way in which the matter is being treated.

I remember going to a school open evening a few years ago with one of my children. The geography department's display showed documentation that related to a teacher's grandfather's purchase of the family farm from the estate, which he still held, although he was clearly only farming it part time.

I have seen the same situation occur among my family and in-laws. People's attachment to the land is such that, until now, they have not believed that HMRC could simply regard it as investment property. They cannot believe that they must face that realisation.

That means that the Assembly must learn two lessons. First, it must determine what can be done to draw that to HMRC's attention. I am, perhaps, almost as sceptical as Mr Willie Clarke about the Assembly's ability to get that changed soon. Secondly, the Assembly must make the implications clear to people. At present, those who have let land under conacre agreements for many years will have to consider a different way to manage it; perhaps by setting up some special kind of partnership or by passing it on to family. At present, many farms in Northern Ireland that are located in areas where there is development potential are at risk because of that ruling.

It is not credible to say that the Assembly will simply make representations to HMRC because that may well not be enough. The Court of Appeal's judgement, sadly, was given by three judges from Northern Ireland who seem to have been overborne upon by representations from HMRC special commissioners, although, clearly, they were under fairly tight constraints.

However, their decision recognises that a spectrum of different circumstances applies in such cases. The message for many people, which Ian Paisley Jnr expressed reservations about, is that they should shift themselves and their property from one end of the spectrum to the other if they wish to maintain their inheritance. The problem that we face is that people will get nowhere if they continue as they are.

Mr Deputy Speaker: I ask the Member to draw his remarks to a close.

Mr Ford: I hope the Department of Agriculture and Rural Development and the Department of Finance and Personnel will show us that they can work together. It is a pity that we only have one Minister in the Chamber this afternoon; I trust that she can report on behalf of both Departments when responding.

Mr Irwin: I declare an interest as a landowner.

The importance of the McClean ruling in Northern Ireland is serious, given that approximately one third of all the land in the Province is rented as conacre. In

my constituency, I can think of scores of families who have farms with significant land let out as conacre. Many of those families have contacted me to express their concerns about the McClean case and what it could potentially mean to them.

Although the main thrust of the McClean case is directly related to land with development potential, such as farmland on the development boundaries of towns and villages, there is much to be concerned about across Northern Ireland because we have scores of towns and villages that all have development zones to permit controlled growth.

In the Armagh area alone, a total of 180 hectares of land across a range of settlements was identified as suitable for new housing, as stated in the 'Armagh Area Plan 2004'. Of that amount, around 85 hectares — approximately 210 acres — remain undeveloped. Although the current development value of land is much reduced compared with even a year ago, there remains a frightening potential for a huge tax bill for a family in a similar position to those in the McClean case.

The 'Armagh Area Plan 2004' identified in the region of 34 hectares of industrial zoned land in the local towns of Keady, Markethill and Tandragee. Only two hectares of that land has been used for industrial purposes and a further five hectares have been used for housing, which leaves 27 hectares. Therefore, I can clearly see why people with conacre land in industrial zones would be concerned by the ruling in the McClean case.

With such a large percentage of land here let as conacre, Northern Ireland should be treated as a unique entity and should be free from such unsympathetic treatment by HM Revenue and Customs. I recently heard of a case in which a constituent inherited from a family member a farm with a small portion of zoned land. The farm was valued for inheritance tax purposes at the height of the property boom about two-and-a-half years ago, which left the family with a bill of over £750,000. The family were forced to put the farm on the market as they were unable to raise the money to pay the tax bill. The highest offer on the farm at present is less than the tax bill, which has left the family with a millstone round their necks. That is an unfair situation that cannot be allowed to continue.

As I said, Northern Ireland is in a unique position due to the large amount of conacre land here. Any attempt to remove tax relief on that land will have far-reaching consequences for the future of the farming community of Northern Ireland.

I welcome the fact that the First Minister has raised the matter at the highest level at Westminster. It is vital that the Westminster Government realise the serious consequences of removing tax relief for conacre land in Northern Ireland. I support the motion.

Mr Elliott: I thank the Members who tabled the motion and apologise to Mr Paisley Jnr for not being in the Chamber when he proposed the motion. Much of what I have heard in the debate has been factual information. I want to deal with some of the realities that may occur from the outworkings of the McClean case.

5.45 pm

We have only to look at the changing farming practices in Northern Ireland over recent decades. More and more land is being leased by farmers, and there are fewer and fewer individual farm units, with other farmers leasing land from neighbouring farmers. As a result of this case, more and more landowners will start small farming practices in order to take that land out of conacre. That alone will have a significant effect by not leaving land available for the more extensive and intensive farmers who need it for their business.

On the other hand, some landowners do not have the facilities to farm that land feasibly. I am thinking about stocking, housing and handling facilities. In addition, they must have all the documentation that is required by the Department of Agriculture and Rural Development, the Department of the Environment and other Departments. That will be a huge challenge for those landowners. Therefore, it is vital that we make every effort to get the Government to realise the significance of this for farmers, beyond the costs to those individual farmers who will be caught up in it.

There is also the difficulty of "hope land" — land that may be on the edge of a development zone and which Revenue and Customs may say has hope value because it may come into a development zone in 10, 15 or 20 years' time. Revenue and Customs will put an additional value on that land. Under PPS 21, meanwhile, one dwelling is allowed per farm unit. Revenue and Customs could say, OK, you are allowed one dwelling on that farm, so we will take half an acre out of that and value it not at agricultural value but at development value. That immediately raises the stakes in that situation.

All those situations and cases must be identified and brought to the Treasury's attention, otherwise, as my colleague Danny Kennedy said, we in this Province will all suffer the same fate, and it does not matter whether you are a Protestant, Catholic or whatever religion. I heard of one case of a man leaving 10 or 12 acres in his will to a local church. The land is in a development zone, and was left with the condition that the church is not allowed to sell it. The church is now left with a huge inheritance tax bill; it cannot sell the land and cannot raise the money. The tax bill is around £2 million, and it will bankrupt the church. It would have been far safer not getting the land. This business is causing huge difficulties and problems not only farmers but for the wider community.

Mr Savage: I declare an interest as a farmer.

The Member was talking about the implications of this case. I noted the words of the Finance Minister in the previous debate about semblance and reality. If this goes through, the semblance and the reality will lie in putting small farms out of business. He also talked about fairness and impact — words that are very important in this context. There will be no small farming industry left here in Northern Ireland if this goes on.

There is an old saying in tax offices: if we do not get you when you are living, we will get your family when you are dead. Those are words that we thought we never would hear, but they are becoming a reality, and the Assembly has to take action.

Mr Elliott: I thank the Member for his intervention; I agree with his points. I, too, of course, should have declared an interest, being a landowner and farmer.

The ruling will affect traditions and assets that have been in families for generations; we cannot allow that to happen. Otherwise, as Mr Savage said, we will destroy —

Mr Deputy Speaker: I ask the Member to draw his remarks to a close.

Mr Elliott: We will destroy the farming community in the Province, not only for this generation but for generations to come.

Mr Shannon: I support the motion and congratulate the Members who proposed it. Moreover, I support the amendment, which keeps everything nice and neat.

In April 2008, a local special commissioners case was heard on the availability of business property relief on the development value of land set in conacre. That is where the problem began. It was decided that business property relief was not available because conacre letting was deemed an investment activity rather than a trading activity. The Court of Appeal recently decided to uphold that tax ruling. That could mean that all transfers of conacre land could be liable to the full rate of inheritance tax.

As other Members said, about one third of Northern Ireland farmland is let under the conacre system, which does not operate elsewhere in the UK. The ruling in the McClean conacre case is an attack on the rural community, and we cannot let it pass by today. The House of Lords refused to hear an appeal against the Northern Ireland Court of Appeal decision but supported the claim of Her Majesty's Revenue and Customs that certain agricultural land in conacre should now be subject to inheritance tax. That cannot be the end of the push.

The fact bes at hit means at femmelie fairmin, es we know hit theday, i the province bes aa an enn. The wee femmelie fairm wul bae a thing o' the pas' an' onie business fairmin wul bae fit tae pey hit's wie. Thon

issue wus brocht ap tae me bae a nummer o' fairmers wha ir consairned – an they hae ivry richt tae bae — about thair richts tae pass a waarkin inheritance oan tae thair weans an' thon bes a thing at bes definitely unner attack fae thon rulin'.

Forebye thon A hae hed screeds fae ither Members o' the 'Sammelie cumin oot wi' the saime consairn an reservations adae wi' the conacre rulin'.

In reality, family farming as we know it in the Province will come to an end if that continues. Small family farms will be a thing of the past and business farming only will be viable. The issue was brought to my attention by numerous farmers who are concerned — and they have every right to be — about their right to pass a viable inheritance on to their children. The ruling definitely puts that system under attack.

I have received correspondence from my colleagues in the Assembly who have expressed the same concern and reservations about the conacre ruling. Indeed, the previous Minister of Finance and Personnel, Nigel Dodds, discussed the implications of the legal judgement on the conacre tax issue with the then Chief Secretary to the Treasury, Yvette Cooper. He highlighted the significant effect that the recent court ruling will have on the agricultural community in Northern Ireland. I am assured that he took the opportunity to impress on Yvette Cooper the importance of the issue and to ask that she consider its repercussions fully.

Although taxation is a reserved matter, the Department of Finance and Personnel has been in touch with the Treasury in recent months to highlight the issue and its potential negative impact here. The work did not end with Nigel Dodds. I am aware that the current Minister of Finance and Personnel, Sammy Wilson, has continued to push the issue with the Chief Secretary to the Treasury, Liam Byrne, and has requested a meeting with him.

To put the scale of the problem in context, we must highlight the fact that Northern Ireland has a unique system in which one third of land is let out as conacre. That ensures that smaller farms can guarantee the longevity of their farm for generations to come. If we remove that ability, it is not an exaggeration to assume that most farmers, who already struggle to make a living due to EU restrictions, will certainly be unable to withstand full inheritance tax when passing the family business on to their children. Subsequently, family farming in Northern Ireland will be a thing of the past. That is our concern.

The Ulster Farmers' Union has 12,500 members — and I declare an interest as a member — and its main mission is to promote and support a vibrant, sustainable rural economy where agriculture is secure and pivotal to its future. For that reason, we must work closely with that body to ensure that farming can continue. That is why the Assembly must stand with our farmers

tonight and ask for action that will avert this devastating effect. If the situation had affected Shorts, the Assembly would have, rightly, taken a big decision to make changes. However, this affects farming, and I expect the Assembly to endorse that message as strongly as it would if jobs were at stake in Shorts.

I have been a member of the Committee for Agriculture and Rural Development for a short time, but I am glad to be on it. This matter has been discussed and fought for at every level in the Province.

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

Mr Shannon: I congratulate my colleagues for tabling the motion and I ask them to ensure that this issue does not signal the death knell for traditional farming in the Province.

Mr Gallagher: I remind Members that I have declared an interest in farming in the Register of Members' Interests.

I thank the DUP Members who tabled the motion. It is clear that the motion and the amendment have been accepted by all the parties, and that there is a strong united front on an approach to the issue that will lead to turning the Treasury's thinking around. At least one precedent for that comes to mind: when the quarry tax issue was raised in the previous Assembly, our Ministers got together to lobby the Treasury and got a result. For the sake of the farming community, we cannot afford to give up on this issue. I do not believe that we should give any hint to the Treasury that this is its problem and that we are just going to roll over.

This is a uniquely Irish problem; it is unique to the island of Ireland, and I hope that we can build a strong campaign to change the Treasury's mind. Other Members have covered the issue in detail and there is no point in going over that. With my experience, I am aware of the negative impact of this issue on land lettings, which are already down in number because people are worried about the problem.

We all know that the Irish land-letting system is not a money-making operation: it is used by elderly farmers in many of the cases of which I am aware. Nine times out of 10, the land is inherited from the previous generation, and because of age or health considerations, the owners have to retire from farming. They want to hand the farm over just as it was handed to them, and keep the land in the family. That is why the conacre system is used and why it has grown, and it is why land has been passed from generation to generation.

The message for the Department of Finance and Personnel and the Department of Agriculture and Rural Development is that they should work together and take the issue to the Treasury. Our message to the Treasury is that we are not going to give up on it.

The Minister of Agriculture and Rural Development (Ms Gildernew): Go raibh maith agat, a LeasCheann Comhairle. I welcome the opportunity to speak to the Assembly on this serious issue. It will come as no surprise to anyone that I share the grave concerns that have been expressed here today. The discussions that I have had with the rural community, and the volume of correspondence that I have received, have left me in no doubt about the high levels of anxiety and worry that the McClean ruling has created.

I have listened to what Members have said in the debate. There are very few issues that unite the House in the way that this motion has done, and it is obvious, across all political parties, that the Irish attachment to the land is evident here today. I welcome the support that all Members have given on this issue.

Apart from the issues that Members have raised, there are other implications for farmers. Land letting has environmental consequences where land has been grazed and is no longer let.

6.00 pm

Rev Dr Ian Paisley: There is unanimity in the House today. We all know the history of land Acts; we have read our history. In the House today, a solid body of people from all parties is saying the same thing and declaring that we cannot tolerate what is in mind. We are all saying that Ulster is not for sale; we are all saying that what we have we hold; and some of us are saying "No surrender".

Mr Shannon: Further to Dr Paisley's comment, is this a case where Ulster says no?

The Minister of Agriculture and Rural Development: I thank the Members for their interventions, and I thank all Members for their positive contributions.

I have written to the Treasury about the issue, and I discussed it with the Finance Minister in July, when the implications of the McClean ruling were becoming evident. I suggested that we went to the Treasury to discuss the issue and fight it jointly. Although the matter is primarily for the Minister of Finance and Personnel, I feel that I must assure the Treasury that this is a uniquely Irish situation and needs to be dealt with in that way.

Prior to the McClean case, agricultural land usually attracted two kinds of property relief that reduced inheritance tax to zero; those reliefs were generally available whether the land was farmed by the owner or let in conacre. In the McClean case, the land was let in conacre, and the decision was made to deny business property relief on the development value of the land. However, agricultural property relief was granted on the agricultural value of the land. That unhelpful change in how the law is to be interpreted will strike many as unfair, and I absolutely agree.

I have no particular sympathy with large property developments. Members will be aware of the people that I am talking about, who buy farmland for development purposes, develop sites on it and make use of tax reliefs meant for farmers to avoid inheritance tax. We all know, and it has been well articulated here today, that there will be farming families who rent out their land for myriad reasons, perhaps even with the intention of returning to farming themselves, who will be forced to sell their family farm as a result of the McClean ruling.

It is especially worrying that the ruling could affect land rented to close family members, such as between a mother and son or an uncle and nephew. I find that possibility particularly unjust, as it would drive farmers out of business.

The connection that farming families in Ireland have with their land have runs extremely deep. Members who have seen the film or play 'The Field' by John B Keane will know that the feeling for land is very strong in Ireland. As many Members pointed out, that has been with us for generations; it is unique to Ireland, as is the conacre system. It has its origins in past struggles between landlords and tenants, as was mentioned. We all know of cases where families are prepared to face poverty rather than face selling the family farm.

I have no doubt that the McClean ruling will be a great source of anguish for farming families. I believe that the McClean ruling is an attack on the conacre system and on farming families. The full and precise implications of the McClean ruling will become clear only when it is applied to the outstanding cases that have been held back by Revenue and Customs since the McClean ruling was first challenged.

Faced with the threat of huge tax bills, some non-farming landowners, who are in a position to do so, will have to recommence farming activities of some description with the aim of qualifying for business property relief. That is an entirely understandable reaction as they try to protect their family farms. However, that will disrupt existing farm businesses that rely on taking that land. Other families, especially in the outstanding cases, may have no choice but to sell land in order to meet inheritance tax liability. Not only does that seem grossly unfair, it could also disrupt the market for development land due to forced sales.

Therefore, we could end up with disruptions to normal farming activities; distortions to the development property market; and affected families losing their farms. I will be asking the Treasury how that could ever be seen as fair or acceptable.

I suppose, if we are to look for a plus side, the McClean ruling did not question agricultural property relief, as it was granted by Revenue and Customs. We can draw some comfort from that because that is the

relief that is of most concern to the vast majority of farmers and landowners. However, that will not stop us from fighting the McClean ruling. I understand the concern that the eligibility of land let in conacre for agricultural property relief might be the next target for Revenue and Customs. We need urgent clarification from the tax authorities on that issue.

It normally falls to the Department of Finance and Personnel to make representations to the British Treasury on the subject of tax. However, given the potential impact on agriculture and farming families, Sammy Wilson and I have agreed to meet jointly with the Chief Secretary to the Treasury to press our concerns. I will push for clarification on agricultural property relief at that upcoming meeting. I will use the opportunity to outline the negative consequences of denying business property relief on land let in conacre. As an alternative, I will suggest that consideration be given to an exemption from inheritance tax for land that remains in agricultural use.

I also intend to raise the issue of the outstanding cases, because it seems extremely unfair that those people now face huge inheritance tax bills without having been given any prior warning or an opportunity to plan their tax affairs. However, I do not want to raise undue expectations that the British Treasury will respond sympathetically to any of the suggestions. As Members are aware, taxation is an excepted matter under devolution. The Assembly still has no fiscal autonomy and is unable to change tax law, but Members can be assured that this is a battle that I am prepared to fight.

The proposer of the motion, Ian Paisley Jnr, raised the issue of what definition of "farming" will satisfy Customs and Revenue. At this stage, I am not in a position to say precisely what type, or amount, of farming will qualify for business property relief. I suggest that individuals seek professional advice on those matters. In order to qualify for the relief, the business concerned must be deemed to not wholly or mainly comprise holding investments. Tax authorities' judgements on such matters are usually made in the round, taking account of all the activities of the business. However, I agree with the Chairperson of the Agriculture Committee that interpretation is key, and we will all be looking very carefully at that.

We will push for clarification on agricultural property relief. Hope value was mentioned, and what Mr McGlone said about development land is right. There will be farmers, living beside a settlement of whatever size, fighting to ensure that that land is not zoned for development purposes, which will have an impact on housing. The ongoing work on PPS 21, previously PPS 14, and the further restrictions on individual properties in the countryside raises a concerning question: if we cannot live on our land and we cannot live in towns and villages, where is the next generation going to live?

It is my understanding that, for inheritance tax purposes, land is valued at the market value at the date of transfer. Market value, therefore, is influenced by expectations of future developments and includes hope value. However, valuation of land in individual cases is a matter for qualified valuers who take account of a number of factors when arriving at what they consider to be the fair market value.

Today's debate highlights the widespread concern about the McClean ruling. There will be debates on the fairness or unfairness of any tax. However, we are all agreed that this ruling is particularly unfair. The McClean ruling must not result in a large amount of land being removed from the conacre market, to the detriment of the agriculture sector as a whole.

In fact, I have recently had discussions with my counterpart in Scotland about the food shortage issues that we face down the line. I do not think that it is in anyone's interest that land that is currently in agricultural use, and has been so for generations, is taken out of agricultural use and that farming skills cannot be passed down to future generations.

I do not wish to see land taken out of the agriculture sector, nor do I wish to see families forced to sell land that they would otherwise keep in agriculture. That point was mentioned by many Members today.

My officials and I will work very hard on this issue. We will continue to look at it to ensure that every avenue is explored and that everything that can be done will be done. However, I wish to clarify that by saying that, although the point was made about quarry tax being abandoned, in this time of recession, it will be difficult to persuade the Treasury not to tax conacre land. However, we will have to do everything that we can to protect farming families from that terrible ruling. Go raibh maith agat, a LeasCheann Comhairle. I thank the Member for proposing the motion, and I support it.

Mr Burns: I am grateful for this opportunity to speak today on this very important subject. First, I wish to thank the DUP Member Mr Ian Paisley Jnr for tabling the motion and for accepting the SDLP's amendment. I am glad that there has been little difference across the House. This issue affects farmers in every constituency.

All farming families have experienced a certain amount of fear and dread, for they do not understand what the McClean ruling is all about. I am not a tax expert, and I cannot advise them on exactly what it means. All I know is that it is very bad news for small farms and for farmers who have land close to towns and settlements.

The McClean case is complex and is of great interest to me because it is a south Antrim case. I know neighbours of the McCleans who are devastated about the way in which this situation developed. However, for all Members who contributed to the debate this afternoon, the bottom

line is that conacre letting has been deemed by the High Court and the Court of Appeal to be an investment activity, and the House of Lords has prevented any further appeals.

Every field that is let in conacre could be subject to 40% inheritance tax, especially those lands that have any potential for, or “hope” of, development. It is difficult to determine where such hope value exists, given that a new area plan is being developed and that, following the transfer of planning powers, local councils will be able to adapt their local area plans.

As we heard from Members, about one third of local farmland is let under conacre. That proves that conacre letting is a common agricultural practice and is not an investment activity among our farmers. In fact, it is a practice that lies at the heart of our farming community, so the ruling has the potential to totally undermine our whole agriculture sector and, indeed, the wider economy.

As we heard, each Member who spoke told a story from his or her constituency. Tom Elliott told us that his local church had been left 12 acres of land, but the tax bill was greater than the value of the land, and that church must deal with that situation.

There is no doubt that the decision must be reversed. The ruling is a grave injustice and an attack on local farming families. We must not end up in a situation whereby farming families are burdened with huge tax bills for simply keeping a farm in the family by passing it down from generation to generation, as has always been the tradition in Ireland, North and South. If the law remains as it is, it will lead to the forced sale of lands on the death of the senior farmer or landowner. Small farms will be broken up, the value of land will be driven down, and the historical conacre tradition will be devastated. The law must be fought at every level of government.

6.15 pm

Various Ministers have worked on the case, and I welcome the fact that the Minister of Agriculture and Rural Development and the Minister of Finance and Personnel are prepared to take on the battle.

Mr Deputy Speaker: Will the Member draw his remarks to a close?

Mr Burns: I hope that the amendment will serve as a reminder to raise the matter with the British Treasury. That will be no easy task because taxation is a reserved matter, but the issue must be challenged at every opportunity.

I bring my remarks to a close by thanking Ian Paisley Jnr for proposing the motion. The House is united, and I support the motion and the amendment.

Dr W McCrea: I thank all Members who participated in the debate. Ian Paisley Jnr and I, as proposers of the

motion, are happy to accept the amendment. We consider that it adds to, rather than detracts from, the motion. There is, therefore, oneness on the motion and the amendment.

The motion has been brought to the Floor of the Assembly because of the dismay and shockwaves that have been felt throughout the rural community as a result of the McClean conacre case. Moreover, Her Majesty's Revenue and Customs has focused on aspects of the case that will have serious repercussions for the family farming traditions in Northern Ireland. As we all know, Northern Ireland has a long tradition of handing down farms, most of which are small or medium. I declare an interest as the recipient of my father's small farm. Farmers hand down their farms from one generation to the next, entrusting that next generation do likewise after their little day on the farm.

Members are aware that farmers and farming have faced many challenges over recent years. Many farmers have been forced to seek alternative employment because the financial return from farming is not sufficient to meet their families' needs. Financial realities of farming have led others to let their land while retaining ownership so that they can pass it down to the next generation.

The significance of the recent McClean case cannot be understated. I agree with the honourable Member for South Antrim Mr Burns that the case has a particular resonance for us because the area concerned is in our constituency; and I know the family concerned. The case has major implications for many farming families as well as for the wider McClean family. I congratulate the representatives of the McClean family who took the case so far. I regret, however, that their desire to pursue the case still further, to the House of Lords, was denied.

Grave concern exists about the implications of the policy change on the application of business property relief and agricultural property relief on Northern Ireland farms let in conacre. Undoubtedly, the policy shift by Her Majesty's Revenue and Customs has implications for the future well-being of the industry.

Until recently, Her Majesty's Revenue and Customs facilitated the total exemption from inheritance tax of agricultural land that was let in conacre by accepting that that land was eligible for both agricultural property relief and business property relief, a policy that was reflected in the inheritance tax manual, which served as the guidance for Her Majesty's Revenue and Customs officials.

That exemption from inheritance tax was achieved, on the death of the farmer or the landowner, through the application of the agricultural property relief at 100% to the ordinary value of the farmland and, where the land had commercial development potential — hope value — in excess of its agricultural value. However, farming by letting in conacre attracted a second relief

of business property relief, also at 100%, on the development value. That application by HMRC of exemptions of agricultural property relief and business property relief to land that is let in conacre ensured that more than half of the 27,000 family farms in Northern Ireland were free of inheritance tax on the death of a farmer, thus maintaining the integrity and the way of life that is experienced by the farming community throughout Northern Ireland.

However, April 2008 saw the special commissioners overturning that long-standing HMRC policy, and therein lies the dilemma that many face. That decision was taken to the Court of Appeal, where all three judges agreed with HMRC. To make matters worse, the family was denied the opportunity to appeal the judgement to the House of Lords.

It must be remembered that we believe that HMRC may be considering pursuing — the Minister mentioned this point — a number of other cases on the basis of that ruling and challenging the eligibility of business property relief to mitigate liability for inheritance tax. If that is so, the only manner by which those farmers could discharge their obligation under inheritance tax liabilities would either be to sell the land at hope value levels or to create what could be called “new commercial borrowing”. Banks are already placing an intolerable burden on the farming community and other businesses. Therefore, the likelihood of borrowing at any reasonable rate and facility is negligible, which holds a grave threat over the heads of the Northern Ireland farming families. As elected representatives, it is our duty to raise the issue at the highest possible level. We must have robust confidence that our cause is just, and we should hope and intend to come out with success at the end of the day.

It is also true that we cannot make promises that we do not have the power to keep. Therefore, we must be honest and honourable to the community, but we must fight the case. I am heartened by the fact that the Minister of Finance and Personnel wrote to the Chief Secretary to the Treasury to request a meeting. I am also heartened by the fact that the Minister of Agriculture and Rural Development and the Minister of Finance and Personnel will together fight a case that is an important aspect of the Northern Ireland farming community.

The inheritance of land in families is an important aspect of our farming tradition in Northern Ireland, and we want to protect it. The Treasury must know that Northern Ireland has a unique historical conacre system that does not operate in the rest of the United Kingdom. We cannot sit idly by, wish this away and hope that somebody else will rescue the situation. We must ensure that the Treasury knows exactly the state of the matter and its relevance to Northern Ireland. I trust that we will take that opportunity to force the issue onto the agenda here and at Westminster, where I know that this can be debated.

Mr Elliott rightly pointed out a serious issue. It is even worse than was acknowledged by the honourable Member for South Antrim Mr Burns.

That is because the land was left to the church in such a manner that it could not sell it. It was not a matter of selling the land in the hope of getting enough to cover the tax bill; it was left on the overriding condition that the land could not and should not be sold. Therefore, all that the church was getting was the value of letting the land in conacre. That is a very serious issue.

My friend Mr Irwin rightly mentioned the serious matter of a farmer who had to sell his land and was offered less for it than the tax bill that he faced. That demonstrates how serious the issue is. We must ensure that there is clarity. Clarity is one demand that we must make, because none of us is a tax expert. However, one thing is certain: our constituents look to us for advice. Until there is clarity on the conacre tax-relief issue, it will be a serious matter for us, as elected representatives, on which to give advice.

That is why we must ensure that the issue is raised with the Treasury. We must fight the McClean conacre ruling at Westminster and put it firmly on the desks of the Chancellor of the Exchequer and the Prime Minister. I thank the First Minister for doing that already. I thank every Member, and I thank the Minister of Agriculture and Rural Development and the Minister of Finance and Personnel for making representations. I assure Members that the debate has not only highlighted the seriousness of the issue but has shown the unanimity that exists across the Chamber to push the issue to its ultimate conclusion.

Question, That the amendment be made, put and agreed to.

Main Question, as amended, put and agreed to.

Resolved:

That this Assembly notes with extreme concern the possible extension of the focus on the “McClean conacre case” by HM Revenue and Customs and is deeply worried at the severe disruption which this could have on our family farming tradition in Northern Ireland; and calls on the Minister of Finance and Personnel and the Minister of Agriculture and Rural Development to engage with Revenue and Customs to find a suitable solution.

Adjourned at 6.27 pm.