
Northern Ireland Assembly

Tuesday 16 February 2010

The Assembly met at 10.30 am (Mr Speaker in the Chair).

Members observed two minutes' silence.

Executive Committee Business

Budget Bill: Second Stage

The Minister of Finance and Personnel

(Mr S Wilson): I beg to move

*That the Second Stage of the Budget Bill
[NIA 8/09] be agreed.*

I shall briefly outline the purpose and main features of the Budget Bill. The Bill will give legislative effect to the 2009-2010 spring Supplementary Estimates and the 2010-11 Vote on Account, which were approved through the Supply resolutions that were passed yesterday. The 2009-2010 spring Supplementary Estimates volume and the 2010-11 Vote on Account document were laid before the Assembly on 8 February 2010, and copies of the Budget Bill and its explanatory and financial memorandum have been made available to Members.

In accordance with the nature of Second Stage as envisaged under Standing Order 32 and for the benefit of Members, I shall briefly summarise the Bill's general principles. The purpose of the Bill is to authorise the issue of £13,772,054,000 — I was going to add “and 56 pence”, but it does not say that here — from the Northern Ireland Consolidated Fund and the use of resources totalling £15,567,071,000 by Departments and certain other bodies, as detailed in the 2009-2010 spring Supplementary Estimates.

The amounts supersede those in the Vote on Account 2009-2010 and the Budget Act (Northern Ireland) 2009, which was passed this time last year, and those in the Main Estimate provision in the Budget (No. 2) Act (Northern Ireland) 2009, which was passed by the Assembly in June 2009. The sums to be issued from the Consolidated Fund are to be appropriated by each Department or public body

for services as set out in column 1 of schedule 1 to the Bill, while the resources to be used for the purposes specified are set out in column 1 of schedule 2 to the Bill.

The Budget Bill also authorises a Vote on Account for 2010-11 of cash of £6,197,971,000 and resources of £6,662,114,000, to allow the flow of cash and resources to continue to public services in the early months of 2010-11 until the Main Estimates and related Budget Bill are approved by the Assembly in June 2010. Again, the cash and resources are to be appropriated and used for the services and purposes set out in columns 1 of schedules 3 and 4 respectively. In addition, the Bill revises the 2009-2010 limit on the amount of accruing resources that may be directed by my Department to be used for the purposes in column 1 of schedule 2. That limit includes both operating and non-operating accruing resources. Under section 8 of the Government Resources and Accounts Act (Northern Ireland) 2001, a direction on the actual use of the accruing resources will be provided by way of a DFP minute, which will be laid before the Assembly following Royal Assent to the Bill.

Finally, clause 5 of the Bill authorises temporary borrowing by the Department of Finance and Personnel at an upper limit of £3,098,985,000 for 2010-11. That is approximately half of the sum authorised in clause 4(1) for issue out of the Consolidated Fund for 2010-11 and is a normal safeguard for any temporary deficiency arising in the fund as part of an efficient cash management regime. Clause 5 does not provide for the issue of any additional cash out of the Consolidated Fund or convey any additional spending power.

Accelerated passage of the Bill is needed to ensure Royal Assent as early as possible in March and, therefore, legal authority for Departments and other public bodies to spend the cash and use the resources in 2009-2010

and continue public services into 2010-11. As the House is aware, recording the detail of the December monitoring outcome announced in early January, followed by the preparation of the detailed Estimates before us, coupled with the need for Royal Assent in March, means that the accelerated passage of legislation through the Assembly is necessary.

The Committee for Finance and Personnel has an important role to play in ensuring the accelerated passage of the Bill, and I am grateful that the Committee has confirmed, in line with Standing Order 42, that it is satisfied that there has been appropriate consultation with it on the public expenditure proposals in the Bill and is content that the Bill may proceed by accelerated passage. I welcome and appreciate the assistance of the Committee in ensuring adherence to the legislative timetable for the Bill.

The Budget Bill brings to a close the second financial year of this Executive's Budget for 2008-2011. As Members are now well aware, Budgets that set spending plans for future years and in respect of which we rightly spend many hours debating in-year monitoring rounds that amend those plans do not in themselves convey cash or resources to Departments, neither do they provide Departments with the legal authority to spend that cash or use those resources. That is done through the legislation that is before the House. Of course, that means that the Assembly, after the close of the financial year, will hold Departments accountable for managing and controlling that spending and the use of resources within the limits that are authorised today. We look forward, therefore, to the provisional out-turn in June 2010 and the audited 2009-2010 resource accounts, which will be laid before the Assembly in the summer.

The spending plans that are reflected in the Budget Bill were debated and approved by the House yesterday. Therefore, there is little more that I can usefully add on the detail of the Budget Bill. I am happy to deal with any points that Members raise.

The Chairperson of the Committee for Finance and Personnel (Ms J McCann): Go raibh maith agat, a Cheann Comhairle. I want to speak first as Chairperson of the Committee for Finance and Personnel and then as a Member.

The Budget Bill provides statutory authority for expenditure as set out in the spring Supplementary Estimates 2009-2010. The Bill also includes the Vote on Account, which allows Departments to incur expenditure and use resources in the early part of 2010-11 until the Main Estimates are voted on by the Assembly in early June.

Standing Order 42(2) states that accelerated passage may be granted for a Budget Bill provided that the Committee for Finance and Personnel:

"is satisfied that there has been appropriate consultation with it on the public expenditure proposals contained in the Bill".

Yesterday, I advised the House that the Committee has taken evidence on public expenditure issues for 2009-2010 with regard to the Department of Finance and Personnel itself and also at a strategic and cross-departmental level. At the Committee's meeting on 10 February 2010, departmental officials briefed the Committee and answered questions on the Budget Bill that is being debated today. Following that evidence session and in light of its scrutiny role in in-year monitoring rounds, the Committee was content to grant accelerated passage to the Bill. I wrote to the Speaker to inform him of the Committee's decision.

The forthcoming financial year is the final year of the Budget for 2008-2011 that was agreed by the Assembly in January 2008. The Committee for Finance and Personnel has pressed for the establishment of a settled budgetary process as we go forward. In October 2008, the Committee made recommendations in that regard in its submission to the Executive's review of the Budget process which has been taken forward by DFP.

The Committee's submission to the Executive's review was a co-ordinated one, the Committee having first taken the views of the Assembly's other Statutory Committees. It formed the first stage of the Committee's three-stage inquiry into the Assembly's role in scrutinising the Executive's Budget and expenditure. The Committee had agreed to await the outcome of the Executive's review and the response to the recommendations in its submission before proceeding to stages two and three of its inquiry.

Although it was originally scheduled to be completed in late 2008, the Executive's review has, unfortunately, been subject to delays.

The Committee understands that it will be completed when the current review of 2010-11 spending plans has been finalised. The Committee looks forward to being apprised of the outcome and to proceeding with stages two and three of the inquiry. Stage two of the inquiry will aim to review the resources available for assisting Assembly Statutory Committees and Members in undertaking Budget and financial scrutiny and to put forward a set of practical recommendations for enhancing the Assembly's capacity in that regard. That is for the future, however. Today, on behalf of the Committee, I support the motion.

I want to comment as an Assembly Member and to concentrate on some of the issues that we looked at yesterday, which Members were keen to debate.

10.45 am

During recent debates on the Budget and future spending plans, all Members accepted that no Budget is perfect. When public finances are allocated, there are positive and negative consequences. Obviously, when Members say that funding should be given to a certain matter, they must weigh up that priority against the availability of extra money. The Programme for Government sets out priorities. Although reallocations due to reduced requirements are given, what is missing from the Budget process is the way in which those outcomes are set and evaluated, particularly in respect of delivery of the programme's priorities.

The current Budget allowance and the way in which it is adjusted year on year might be OK when there is consensus in the House, across Departments and among Ministers. During debates, however, consensus is sometimes missing, and Ministers argue, sometimes rightly, that they do not have enough money. We need to consider other ways in which to conduct the Budget process in order to ensure that we are delivering on the Programme for Government's priorities, evaluating those priorities and evaluating outcomes.

One approach is to look at the funds that we have and how best they can be spent and to look at the Executive priorities and set out different options for delivering them. That type of approach can be more adaptable, particularly given the difficulties that we are encountering with the recession. We need to consider what will happen when we come out of recession. Our

approach to setting priorities and goals must be linked to the measurement of performance and outcomes. Political will is needed to do that, and we need to work together to that end. Sometimes, the narrow party approach that some Members take causes difficulties. Local people need to have ownership of the process, and they need to have a share in the setting of priorities and to have ownership of delivery. I can look only to the way in which local councils, for instance, set their budgets. They have the local community participate in budget planning and in considering how priorities are set and delivered. We could open up a debate around that.

During yesterday's debate on the Supply resolutions, we talked about the lack of fiscal autonomy in the North. I know that some Members' opinion will differ from mine on that issue, but I ask that they at least open up the debate on it and do not close the subject down when it is being discussed. The lack of fiscal autonomy curtails our ability to deliver and implement the policy decisions that could change the standard of living and make better the lives of people in our communities. Hopefully, most of the Members are here to raise people's standard and quality of living and to make better the lives of people in their communities.

I emphasise a point that I made yesterday: rates and taxation must be based on a person's ability to pay. In the short term, we need to consider tax-varying powers. I will not come down on any side of that issue today, but we need to look at the powers that are already in the gift of the Executive and at how we can progress and develop those that need to be in the Executive's gift.

I know that Members will be talking about the block grant and the Barnett formula. The application of the Barnett formula in the North is based on head of population. However, funding that the Barnett formula determines should be based on need rather than head of population. I do not think that the Barnett formula takes into account the greater economic and social needs in the North. For instance, we have a higher proportion of older people and of children who are dependants; higher levels of unemployment; and higher levels of poverty. We also have lower wages, yet the cost of living here is high compared with parts of Britain. Therefore, the analysis should be needs-based rather than population-based.

Dr Farry: I am grateful to the Committee Chairperson for giving way. Will she reflect on the possible disadvantages of a needs-based system? The point has been made on many occasions that measurements are not set out objectively. Considerable scope exists for subjectivity. In view of that, is there not a risk that a needs-based system could work against us, if the powers that be in London take a different interpretation of our needs from that which the Assembly takes?

The Chairperson of the Committee for Finance and Personnel: I thank the Member for his intervention, and I hear what he is saying. However, it comes back to the fact that local people would be in charge of setting priorities and identifying need. I will come to that issue next, because I do not believe that the current process offers the best option; rather, it is a short-term measure.

I believe that the way forward is to look at the matter on an all-island basis and not to depend on the British Treasury to give out a block grant. However, I will come to that point.

The Minister of Finance and Personnel: I think that Dr Farry's point has been misunderstood. The assessments of needs and of the Barnett formula and the resources that are made available under the Barnett formula will not be based on how we assess our need but on how the Treasury assesses our needs in relation to those in other parts of the United Kingdom. The real danger with that is that, given that a gap exists already and given that some people may argue that it more than covers the difference in the needs as seen in one part of the United Kingdom as opposed to this part of the United Kingdom, reopening the Barnett formula might lead to a detrimental outcome for Northern Ireland. I think that that was the Member's point.

The Chairperson of the Committee for Finance and Personnel: I understand what the Members are saying, but I am saying that I do not think that the Barnett formula as it stands is taking account of the real needs of the North of Ireland. I just outlined the needs of the population. I hear what the Minister said, and that is why I do not believe that the British Treasury should in any way control the amount of money that is to be delivered here. We need local control of that decision.

I touched on the Barnett formula, and I want to go into some of the other issues that were

debated yesterday. I ask Members not to close their mind, for ideological or other reasons, to an all-island economy. At the very least, we need to open the debate. That is all that I am asking for at this time.

Mr Storey: I listened to the Member yesterday and today, and she has repeatedly advocated the wonderful all-Ireland approach to fiscal autonomy. What fiscal autonomy does the Republic of Ireland have at this time, linked as it is with the euro and given the financial crisis that the countries that have the euro are in? Does the Member think that that is good political wisdom to foist on this House, when we already have financial benefits that we are certainly not going to give away?

The Chairperson of the Committee for Finance and Personnel: I hear what the Member says. I am talking about looking at a new system. I am not talking about copying the system in the South of Ireland right across the island. If Members will give me time, I will set out some of my ideas. I am asking for people to be open-minded. For the past two years, I have been in discussions with businesspeople, people who work in the banking system and others who see the benefits of having a greater link-up of the economies of the North and the South of the island. I am asking Members to open their minds and to not close them down for ideological reasons.

Businesspeople say that the harmonisation of the two taxation systems would make it easier for people to work, live and shop in both areas of the country. The two taxation systems damage business prospects further and deepen the economic divide. One just has to look at the differential in excise duty, VAT and corporation tax and how those alternate. People might say that that differential can sometimes add to or have a positive impact on the North, but in other ways it can have a negative impact. We have to look at it beyond the current economic climate as we move forward into economic recovery. Whenever we talk about harmonising the taxation system and working together, we must be aware that the benefits would include stronger businesses, a stronger trade and a stronger skills base between North and South.

We must go further and create an all-island investment strategy that is driven by a single economic development agency. Currently, we have Invest NI and IDA Ireland, but it would create a

more stable economy for our people if investment were brought to the entire island of Ireland, as opposed to either the North or the South.

In Budget debates in this Chamber, we have talked about efficiencies and about combating wastage. However, how much wastage results from having two health systems, two education and skills services and two policing and justice systems for a population of approximately six million? We must talk about efficiencies at that level also.

We must look beyond the current economic climate and the budgetary constraints in all aspects of public spending and look forward to the recovery stage, both North and South. Harmonising the taxation systems across the island will make that process easier for our population, for businesses and for trade.

Lord Morrow: This is as near to Alice in Wonderland stuff as we are going to get. The Member has spoken about the island of Ireland, but I wonder whether the penny has dropped with her yet that there are two countries here: one affiliated to the United Kingdom and the other to the Irish Republic.

The Member has also spoken about the variations in VAT and tax between the two countries. Will she tell the House what expertise and experience she has in running businesses over the past 20 or 30 years and how can she help the House?

Is the Member also aware that not only are there two countries here, there are two currencies, with the euro in the South of Ireland and the pound sterling in Northern Ireland? The British government has not made that many correct decisions, but if ever they made a correct decision it was their refusal to enter the euro zone, because that has been one of our saving graces. It is also one of the reasons why we are not in the same predicament as the Irish Republic, which is virtually bankrupt, and I do not say that with a smile on my face. The number of shoppers who come here from the South on a daily basis tells the whole story, and I am surprised, if not amazed, that the Member has made no reference to that. I say frankly and with no disrespect that the Alice in Wonderland stuff will not wash.

The Chairperson of the Committee for Finance and Personnel: The Members has raised issues

that I am not going to answer. Insulting people is not what we are about.

Lord Morrow: I did not insult you, I asked you a question.

The Chairperson of the Committee for Finance and Personnel: I am not an economist, and I have never professed to be one. However, I have as much right as you to come to the House and put my views across. I think that the Member should —

Mr Speaker: I remind Members that all remarks should be made through the Chair.

The Chairperson of the Committee for Finance and Personnel: Sorry, Mr Speaker.

11.00 am

We have had discussions in the House on the public procurement process and how it could be used at a local and central government level to maximise social and employment opportunities for people here. It can be used to secure existing jobs and to create new ones. Something like €600 million is spent on public procurement across the island of Ireland, with £3 million spent per annum in the North alone. We can use public procurement to strengthen the economy and to change people's lives and their standard of living.

Currently, there is no local accountability for taxation. In the short term, I want us to have fiscal powers; in the longer term, I believe that there should be an all-island economy.

Having no local accountability for taxation and spending means that we have no incentive to increase economic performance, because the additional revenue received — for instance, the additional revenue received in 2008 from fuel price increases — goes to the British Treasury. Therefore, there is no local incentive to increase economic performance.

There is an argument for asking for fiscal powers in the short term. However, I envisage, during today's debate, that Members will have ideological problems with considering the economy on an all-island basis. I believe that doing so is the way forward with respect to creating a better life for people here and in tackling poverty and social and economic need. I ask people to keep their minds open and not to close them down. Go raibh maith agat.

Mr Beggs: The Member is advocating an all-Ireland economy and is saying that there are advantages for public procurement on an all-Ireland basis. Does she accept that because of the freedom of movement of goods and services within the European Community, businesses already have the freedom to conduct their business wherever they want? As regards public procurement, I am not aware of any barriers to companies in the Republic of Ireland that wish to do business in Northern Ireland. Through personal experience of the difficulties faced by a company I worked for, I am aware that, in the past, there have been difficulties with doing business in the Republic of Ireland because of some of the tendering processes there. I hope that those processes have now changed.

Will the Member please tell us how the utopian all-Ireland economy will be any different from the freedom of movement of goods and services that we presently have? Does she accept that issues relating to different VAT and tax regimes result from political decisions made by different Governments, and that it would be logical for those Governments to consider the smuggling that could result from such decisions when they are being made? Ultimately, those are decisions for Governments to take: business will find the most economic method when taking decisions and when presenting opportunities to individuals. In fact, that is why many people from the Republic of Ireland are coming to Northern Ireland to shop on a daily basis. It is of considerable economic advantage to them to do so.

The Chairperson of the Committee for Finance and Personnel: I thank the Member for his intervention. As regards his first point, the recent InterTradelreland report that considered procurement processes, North and South, shows that small and medium-sized businesses are being curtailed through current procurement policies. Given that our economy depends on small and medium-sized businesses, there is not the flow that the Member was talking about. This was borne out by recent evidence taken by the Committee for Finance and Personnel on the issue.

The situation is one of swings and roundabouts: at the moment, the North is probably in a better economic position than the South, but that can change, and it will change. Nobody wants to see any part of Ireland in economic difficulties, but I am talking about when the situation changes. It will change, and it will change soon. We need a system through which we can reap the benefits

at all times. It will not always be the case that the North is taking the pickings off the South.

Mr Shannon: I rise to support the Minister and to make some comments in relation to the Budget Bill. Individually, in our own homes, and as young people getting married, and so on, we are well aware of the stresses that marriage can sometimes bring in relation to paying bills, etc. Those are things that we all had to go through at an early stage. Then there were family birthdays, which brought surprises and some financial strains. It was probably not easy for most of us in the Chamber when we were starting out.

Mr Weir: Is this the Assembly or Relate?

Mr Shannon: It is the Assembly, for those who are not too sure.

I make that comparison because the Minister sets the Budget for the Province. I was one of the first Members to say that the Budget was excellent, and I did so for the following reasons: money was granted to housing and health, but no one could have foreseen the economic circumstances that were on the horizon. The DUP Chief Whip and other Members have made that point already during the debate.

The Minister responded to the swine flu issue positively, but the Assembly had to find the extra £32 million that was given to the health budget to help to address it early. That is another example of unforeseen circumstances that involve a cost to the Assembly and to everyone in the Province. Unless we have someone with the exceptional gift of being able to look into the future, the Budget cannot take into account such unforeseen circumstances. The Minister has responded to those circumstances in the best possible way within his financial confines.

People have asked me why the health budget has been subject to efficiency savings, and every Member will have been asked that question by their constituents. Departments can make savings. The spending review report said that the lowest percentage of current expenditure savings is to come from the Department of Health at 2.1%. That compares with an average of 3.1% and reflects the priority that is afforded to health and social services.

The Minister of Finance has tried to ensure that the Health Service can deliver while efficiency savings are made. There is most certainly a need to ensure that the Health

Service can thrive and continue to provide its excellent service in the Province, while making the necessary savings. However, unlike the Republic, where 35p in every pound is spent on health services, in the Province, 50p in every pound goes to the Health Service.

Some areas can and should be subject to savings. I have been told by an ex-trust worker — not my colleague Alex Easton — that, at this time every year, Departments desperately try to spend the money that they could not spend during the year. I was told that, last year, hundreds of stress balls and pencils were ordered to ensure that there was no money to return. Perhaps all those boys who are employed in the Department of Health had a stress ball for each hand and a pocket full of pencils. Money should not be spent in that way simply because the end of a financial year is coming. It should be spent more appropriately, and, in such areas, savings can be made without affecting front line services.

The review's targeted approach recognises that some Departments will have a great ability to produce savings in 2010-11 without affecting front line services more than other areas. The Minister of Finance stressed that the draft revised plans, both at Executive and departmental levels, are only proposals. However, it must be recognised that if the Department of Health were to be allowed to make a lower level of savings, other Departments would have to make even more savings. Each Department has said already that it can save no more. All Departments need to make savings, and, as much as some like to say that they run like a well-oiled machine, it does not happen that way, and all Departments can make the required cuts.

We would all like to say that no cuts are needed, but economic pressures mean that efficiency savings must be made. Every Department can do that, and in the current situation, the steps that are being taken are not only necessary but wise. One need only consider the fiasco that has been unfolding in Greece in the past week or 10 days. Who will bail out Greece? It will be the rest of Europe, and the taxpayers of the United Kingdom, including Northern Ireland and Members of the Assembly, will have a role to play in that. Problems in other places affect the economy and the Budget and our role in the Province.

The buck stops with the Minister of each Department. He or she alone can decide where

savings can be made by choosing whether to let go of non-essential functions. Alternatively, the Minister can play the martyr and sacrifice the bigger aspects that draw attention to his or her plight and then blame everyone else. However, that is not how it should be done.

I wish to focus on the education system for a moment and on the fact that the Minister of Education will not complete newbuilds due to a lack of funding, yet she can allocate £20,000 to education youth boards that are strictly for the introduction and promotion of the Irish language. Is that a good way to spend money? I say that it is not. During a time of cutbacks, we should be looking at where money can be better spent. At the same time, the Education Minister is offering her staff the opportunity to learn the Irish language. Is that necessary? No, it is not. As far as I am concerned, money should be invested where it is needed: in schools, newbuilds, capital builds and repairs. We must ensure that everything is done according to plan.

One of our great concerns at the moment relates to prep schools. Every Member in the Chamber has probably been contacted about the issue. A cutback of £2 million has been proposed, which will actually cost £3 million because extra prep schools will need to be provided outside the areas affected and redundancies will need to be paid for. Therefore, it is a case of saving two and spending three. Where is the honesty in that position? I believe that the proposal is wrong.

Those are the types of questions that all Departments must look at when considering their budgets. Departments are not being asked to achieve the impossible; they are being asked to tighten their belts during the economic downturn until we are able to have access to the funding that we dream of having. The Budget Bill sets out the steps that are necessary, and each Department must take those steps along this financial road, which will be easier to tread than it is now. We have to support this Budget, and I urge Members to do so.

Mr McNarry: Last week, the Ulster Unionist Party was referred to as a grumpy party in a joke shared and enjoyed by the First Minister and deputy First Minister. Mr Speaker, you will no doubt agree that that is a spurious comment, and it is one that I readily dispute. However, today I am entitled to say that we are an angry party.

Yesterday, the Minister made light of requests that other Members and I made for a contingency fund, yet here we have, revealed as part of the unravelling of the Hillsborough betrayal, news that the DUP made a case for £25 million in a side deal with the Government, £20 million of which was for languages. Like most people in Northern Ireland and in the Chamber, I can think of many issues that are of higher priority than languages. An opportunity of leverage was wasted and lost in a concession to the creation of a bilingual society in Northern Ireland that the two main parties agreed in their side deals with the Government. What trash and tosh. A new priority has risen to the top, to which the DUP agreed without any consultation with fellow unionists. We could have used that money in so many other and better ways.

Issues are raised weekly in our Committees concerning requests for money. The Finance Minister fully understands that, because he says that he does not have money for everything, and I appreciate that. Members of all Committees, and it does not matter which ones, are continually saying that they need money for this and that. However, an opportunity to address that matter was wasted and lost because the DUP chose to agree with their partners, Sinn Féin, and barter — they got down to that level — with the Government for £20 million for the development of the Irish language. I know about the needs of carers who are looking after their loved ones at home. They do not get a look in or earn the consideration to be a near-priority in people's minds. Money for carers was not bartered for at Hillsborough; only money for the Irish language was bartered for.

The Minister of Finance and Personnel: You did not do anything.

11.15 am

Mr McNarry: If that is an achievement — going to Hillsborough to welcome £20 million for the Irish language — what an achievement to be proud of. A DUP Member has just criticised the Education Minister for using and abusing her funding to complement Irish-language development.

Mr Campbell: On a point of order, Mr Speaker.

Mr McNarry: I ask —

Mr Speaker: Order. Mr Campbell wishes to raise a point of order.

Mr Campbell: Apart from the debating points, which I am sure will be refuted in the course of the debate, is there any provision in Standing Orders for factual inaccuracies to be repeated ad nauseam in the course of one speech?

Mr Speaker: The Budget Bill is wide-ranging. Therefore, Members could talk about almost anything. *[Interruption.]*

Order. I say to all sides of the House that, as far as possible, Members should try to keep within the scope of the Bill. I know that that might not be easy for Members. However, it is vital to try to do that.

I will look at the Hansard report and come back to the House and Mr Campbell about his point of order.

Mr McNarry: It always impresses me that when the party down there is rattled — and that is where it belongs: “down there” — its Members intervene with spurious points of order. However, I accept that you are going to look at the Hansard report, and I will await the outcome.

As things unravel and are revealed, perhaps we will learn what the cost of the parades panel will be, which, again, was an outcome of what appears to be developing into the “notorious” Hillsborough Castle Agreement.

What about the cost of advertising — *[Interruption.]*

Mr Speaker: Order.

Mr McNarry: What is the cost of the advertising campaign to curry support for the deal? Such things seem to be important at a time when other things cannot be attained or are set aside. We are asked to accept that we are all in this together, that it is a tight ship and that we really must understand what is going on. However, it seems that the Finance Minister can find money for what he wants, as long as it is part of the joint agenda of his party and its Sinn Féin partner. So much for consultation, which we would welcome.

The Budget Bill has two main elements: the spring Supplementary Estimates for the current financial year, which ends in April 2010, and the Vote on Account, which enables Departments to operate from April 2010 to June 2010, and which will amount to around 45% of the 2009-2010 overall Budget. In June, we will vote on a second Budget Bill, which will contain the Main

Estimates to enable the Departments to operate for the entire financial year. Therefore, in a sense, today's Budget Bill is a work in progress, and does not have to give the full picture until we get to the year's end.

I mentioned that process because the Budget for the incoming year will be impacted by two significant changes and, as a result, will not flow as freely as in previous years. First, after the general election, and no matter who wins, we can expect a new national Budget that is likely to introduce major public sector spending cuts. Northern Ireland is likely to suffer in a disproportionate way from those cuts simply because our public sector is so large. That could manifest itself in the form of a cut in the block grant, which is the main component of the Consolidated Fund through which we finance our Departments. That could leave the Northern Ireland Executive with the unpleasant decision of what to do next, which is something that they are not too experienced in so far.

Secondly, we must appreciate that national Budget cuts, which have yet to come, will come on top of spending cuts arising from the long-term failure of Departments to meet their income-generation targets as envisaged in every Budget throughout the three-year planning cycle of the comprehensive spending review period. Those cuts, which are already in the process of being levied, will result in lower baseline budgets for Departments.

That in turn will have an impact on the capacity of the Minister of Finance to operate normal in-year monitoring transfers of money throughout the coming financial year. The sums were much smaller in the past year than they had been hitherto; they may be even smaller in future. The whole process takes on the appearance of a vicious circle, and I understand and appreciate that, in such circumstances, the Minister's task is not an enviable one.

However, I remind the House that although it is understandable that the Minister of Finance talks up his Budget and trumpets as major successes the contracted normal delivery of targets, capital programmes and services by the Department, we must not become complacent in the face of the daunting tasks ahead. An arrogant complacency while the Budget slowly disappears due to block grant cuts and public spending cuts may be how the Minister likes to handle the situation, but the public, who are

more tuned in to the realities of life — and, in many cases, lucky to have one job, let alone two or three — will not thank him for that.

The Finance Minister found it necessary to come to the House to announce £400 million of reductions. The press and the public saw that as a climbdown, and they will not be fooled by any self-congratulation, smugness or complacency in our approach to what lies ahead. It gives me no pleasure to say that. I do so only because yesterday I saw the same outrageous mixture of groundless assertions, arrogant interjections and complacency from the Benches behind the Finance Minister that have characterised the management of our finances over the past year and a half.

I want to make some suggestions about savings and the prioritisation of Government programmes. I touched on those issues yesterday when I suggested a common overall priority base scale for all Government programmes, which would place each one on a common weighted scale. Pre-agreed weightings would be applied to key substantive elements of all programmes and relative weights would be applied to politically pre-prioritised factors intrinsic to them, such as healthcare, job creation and social need. Part of developing that common scale priority approach to public spending programmes would be a radical revision of the Programme for Government, which my party and many leading economists have continuously called for over the past 12 months.

We need to develop a more hard-headed value-for-money approach to how we spend the public's money so that we can veer away from wish-list politics, which was a characteristic of the euphoria that accompanied the St Andrews Agreement modifications in 2007. Sensible assessments of the potential impacts of public spending and investment and of the money that is actually available to spend, along with a setting of achievable targets, are essential in the current financial climate.

I want to venture further and suggest a range of measures for consideration. We need to consider a Civil Service pay freeze as an alternative to job cuts. Protecting jobs is an Ulster Unionist priority, and it has to be the priority of the House. A Civil Service pay freeze might save jobs; job losses will have to be the last resort. That is why I say to the Minister again that he must tell us whether he is on

course to cut public sector jobs, or whether there is an alternative that he wishes to put to the House.

We also need to consider the amalgamation of the Strategic Investment Board (SIB) and the Central Procurement Directorate. The economies of scale from merging two bodies with such obvious overlapping remits could result in savings of several million pounds. The CBI recently proposed a sensible course: the replacement of the SIB with a fixed-term government investment plan that sets out clearly which projects are to be delivered over the three-year CSR period and includes key milestones, timelines and performance indicators.

Rather than give what has become a Cheshire cat treatment, we should ask why the Minister of Finance, despite his self-imposed target of rate recovery levels of 98%, has achieved a rate collection level of only 91%. As he told me in a letter yesterday, that 7% shortfall represents a loss of £71.5 million to the public purse. Before the Finance Minister asked other Departments to make almost £400 million in savings, did he address and consider his own departmental shortfalls in rate recovery, which are estimated at between £124 million and £137 million? That amounts to almost 40% of the cuts that he has asked other Ministers to make.

I welcome the public spending director's announcement to the Committee for Finance and Personnel that DFP is undertaking a review of the in-year monitoring process with better financial management and a root-and-branch restructuring of the in-year financial management process. My party has been calling for such a move for the past year and a half. However, that is the very least that we can expect in light of the collapse of the underspend culture previously operated by DFP.

We want to work with the Minister — *[Laughter.]*

Mr Speaker: Order. Allow the Member to finish.

Mr McNarry: Most of us find the Minister likeable most of the time. We hope that relations can be improved — *[Interruption.]*

Mr Speaker: Order. Allow the Member to continue.

Mr McNarry: This is an example of the arrogance and the nonsense that I referred to earlier that comes from the DUP Benches and from the hobbits who sit behind the Minister, and we all know where hobbits live.

Mr Speaker: Order. I must insist that Members make their remarks through the Chair.

Mr McNarry: Mr Speaker, we all know where those remarks come from. We hear them, and I referred to them. I am referring, through you, to the hobbits who sit behind the Minister. We all know where hobbits come from. That is what you have asked me to say, and I have said it through you.

I was working through the basis —

Mr Weir: Will the Member give way?

Mr Neeson: He is not in the hobbit of giving way. *[Laughter.]*

Mr Speaker: Order. I remind Members to be very careful with their language in the Chamber. I am listening very carefully to what Members are saying, but a sense of good temper is very important in the Chamber.

Mr McNarry: Having established that most of us like the Minister most of the time, I will conclude by saying that good results can be achieved. We need the Executive to set an example and to join together to produce co-operation and inclusion. To my mind, that is the best way that we, as an Assembly, can be constructive and instructive and can help the Minister through his difficulties and through the mistakes that he continues to make.

11.30 am

I make my appeal to Ulster Unionist Ministers as well. We need corporate and collective government. As I said yesterday, we must now be open, up front and transparent in telling people what might be the worst that lies in store. I am quite sure that the Minister of Finance and Personnel will address that, and I urge him to do so.

Mr O'Loan: The SDLP believes that this is the wrong Budget because it is the result of the wrong process of creating a Budget. However, my party colleagues and I will be responsible in our approach to the debate and the content of the Bill. We recognise that the finances must be put in place by the first day of a new financial year to enable us to run the Government. I hope that other Members will approach the debate responsibly; so far, the proceedings have, at times, sunk below the level of anything that could be called serious debate.

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

The process was wrong because there should have been a full, new annual Budget. The conditions were such as to require that, not to mention the legal position. The SDLP has long argued for the establishment of an Assembly Committee to prioritise the Budget, and I referred to that again yesterday. The Budget ought to address the recession and, specifically, the extremely different circumstances in which we now operate, but that has not happened.

In April 2009, the SDLP brought forward its proposals in a discussion document entitled 'New Priorities in Difficult Times'. We recognise that elements of that document require a further degree of finesse. We were prepared to put the document on the table and engage with other parties to finesse and improve it. We regret that that opportunity was not taken. Some elements of that document were incorporated into Executive policy, but only a few. A certain amount of praise was heaped on our document among political circles here, but as a whole, our project was not embraced, and we are worse off as a result.

We are not alone in pointing out weaknesses in the way in which the Budget is created. In last week's take-note debate on the 2010-11 spending plans, the Chairperson of the Committee for Finance and Personnel said:

"As regards the 2010-11 Budget shortfall, the Committee has previously highlighted its general concern at the range and amount of new emerging pressures on existing Budget allocations. That concern was raised as far back as October 2008 in the Committee's submission to the Executive's strategic stocktake of the Budget position for 2009-2010 and 2010-11. At that time, the Department of Finance and Personnel (DFP) sought to assure the Committee that any pressures could be managed through the in-year monitoring processes." — [Official Report, Vol 48, No 2, p59, col 2].

The idea that difficulties can be managed through in-year monitoring has become a farce.

On Tuesday 29 January 2008, the then Minister of Finance and Personnel, Peter Robinson, said in the Chamber:

"It would be madness for any Finance Minister to bring forward a Budget and say that it will stand for three years and not be changed in any way. That would be a ludicrous position to adopt. There will be changes in the environment and in how we have to do business over the next three years. We

will be required to look at different priorities, and it will be the Executive's job to re-order them; to look at what money is released in monitoring rounds; and to consider the spending of any further funds that we receive by way of asset sales. I give a clear undertaking that the Executive will continue to review and revise the Budget as necessary. Any responsible Executive would do that." — [Official Report, Bound Volume 27, p147, col 2].

Mr Hamilton: Will the Member give way?

Mr O'Loan: I will complete my point and then I will give way to Mr Hamilton. *[Interruption.]*

Mr Deputy Speaker: Order, please.

Mr O'Loan: There is a certain innocence about Mr Robinson's statement at that time. He said that we could revise the Budget by way of monitoring rounds, and that we would consider how to deal with further asset sales that were going to happen. The world has turned upside down since then, and not only have there been no extra sales, but the original asset sales that were predicted have not happened.

We know what has become of the mechanism of monitoring rounds, but considering the overall principle of what he was saying, it would be madness for any Finance Minister to bring forward a Budget and state that it will sit there for three years. However, that has been the stance taken by successive Finance Ministers in the round, and we are worse off for it.

The Minister of Finance and Personnel: Will the Member give way?

Mr O'Loan: I said that I would give way to Mr Hamilton initially, and I am happy to give way to the Minister.

The Minister of Finance and Personnel: I do not know what planet the Member is living on. First, we have reallocated hundreds of millions of pounds over the monitoring rounds as easements and reduced requirements have occurred, and we have directed money towards other priorities.

Secondly, we have reviewed the Budget. We have had two debates about that in the House. I am now being criticised for reviewing the Budget to the tune of nearly £400 million. Who says that the Budget is set in stone? In-year monitoring has allowed hundreds of millions of pounds to be reallocated. This review has allowed nearly £400 million to be reallocated. I do not know where the Member is coming from with his

idea that we are going down a mad route of not responding to changed circumstances.

Mr O'Loan: I will reply to the Minister before I defer to Mr Hamilton.

I do not want to engage in a polemical debate over this. I am surprised that the Minister uses the opportunity offered by the monitoring rounds in his defence. There has been good spending by the Departments, and I give credit to the improvements that have been made. DFP has been instrumental in producing that good outcome, but the effect of that has been that it has become clear to everyone that monitoring rounds have become highly unsatisfactory as a vehicle for dealing with pressures. Everyone recognises that as a problem.

What we are being presented with at the moment in addressing the £370 million shortfall in the Budget for next year is not a review: it is a way of dealing with a crisis that has emerged in the finances, and nothing more than that.

Mr Hamilton: I thank the Member for giving way. The point that I initially wanted to make has in part been made by the Finance Minister. To be fair to the Member, he used a full quote from the former Finance Minister Mr Robinson. Does he not accept that the point that Mr Robinson made has been proven to be the case? Around £1 billion has been reallocated from one area of the Budget to another in order to address the priorities that he was talking about. Nobody can say that the Budget in this Executive and Assembly has been in any way static over the past number of years.

Mr O'Loan: I remain surprised at the defence of monitoring rounds. I am simply surprised that anyone can offer monitoring rounds as a strategic response to major change in the world economy, which has had huge consequences for us here, as everywhere. I think that a better response is called for.

Mr Hamilton: I made the point in Committee that largesse has not been distributed at certain points in in-year monitoring periods for the past number of years. As the Member acknowledged, that has happened partly because of the need to tackle chronic underspend across Departments.

Does the Member not accept that, despite that difficulty, sizeable volumes of money have been distributed in in-year monitoring rounds? In December 2008, for example, the Executive

targeted £90 million at priority areas in response to the onset of the economic downturn. Does he not accept that the difficulties in in-year monitoring processes would be inherent in any Budget review? The pain that some people believe is attributable to the redistributions and the £370 million of adjustments would be the same in a Budget process.

Mr O'Loan: We made our points, and we should move on. However, I find it surprising that anyone would argue that, after two years, we will not have learned much more about the quality of the work that is undertaken in Departments. It is a surprising argument that we would not have reassessed the most valuable elements of the projects that are being run under the Programme for Government, even if we had not been hit by the economic deluge. Given the economic deluge, there is an opportunity and, indeed, a demand to readdress fundamentally how we use our considerable resources.

The Minister is not in his place, but I praise him for invest to save, which is the single most innovative element of his proposals for next year.

Mr Beggs: Does the Member not accept that invest to save is similar to the concepts that were used under Executive programme funds? The concept has been rebadged after the funds that previously allowed cross-departmental working and improvements were done away with.

Mr O'Loan: I am not sure that invest to save will have that character. Departments will put in bids for individual projects, and those will be assessed.

I want to give the Minister a lot of credit for what he is doing with invest to save. It would have been easy for him to shy away from the concept, given the financial pressures, but he allocated an indicative sum of £26 million to it. If it is at all possible, the Minister should go further and enhance that sum.

As I said to the Minister in Committee last week, it may still be worth addressing cases that could bring a longer-term payback. That can sometimes be quantified, and the Minister knows all about calculations that involve present value. One cannot govern simply with a slide rule. Policy consideration must involve political dimensions and values. We need to think carefully about what is worth doing, and we must have a clear set of social values. Invest

to save is a desirable concept, and I urge the Minister to make the most of it.

11.45 am

I want to link the Bain report on the location of public sector jobs to the collapse of Workplace 2010 and, indeed, to invest to save. I am disappointed, as I have frequently said in the House, in this Finance Minister's reaction to the Bain report on the location of public sector jobs. I still find it baffling that a Department could commission such a report in a positive and enthusiastic manner, and then for the Minister at that time, who was not the Minister who commissioned the report, to be cautious about it, to say the least, when it came in. The report's conclusions cannot have been all that different from the expectations when it was commissioned. The present Finance Minister has continued with that cautiousness, and that is a political mistake.

The Minister of Finance and Personnel: Will the Member give way?

Mr O'Loan: I was going to quote some things that the Minister has said, but I am content to allow him to put his own interpretation on them.

The Minister of Finance and Personnel: Maybe I can save the Member from having to quote on the issue at all. I am alarmed that he said that I was cautious about the Bain report. I could not have been more forthright. I do not believe that it is deliverable; that it represents value for money, which is what the report itself said; that the £40 million that would be required to redistribute the proposed number of jobs would be regarded as good expenditure; or that it would even achieve the Member's hoped for objectives, namely, the dispersal of jobs. The report's recommendations would simply move people around and have them travel more, except to different locations. Therefore, I hope that the Member will not describe me as being cautious about the Bain report, because I do not like being described as cautious. I would rather be seen as forthright.

Mr O'Loan: I am disappointed, because one always tries to let people down gently. *[Laughter.]* One also tries to be optimistic in the hope of getting some positive movement from the Minister. I do not find in the report the figure of £40 million that he quotes. I could say more about the costings in the report, and I urge Members to read its detail. Figures are

very often quoted in the Chamber and then re-quoted, and they suddenly become biblical truths. However, they are not always biblical truths, and that is the case in this instance.

I will quote one or two things that the Minister said. He referred to the importance of improving our infrastructure, and said, basically, that doing that would do the job far more effectively than Bain's recommendations. He said:

"Over the next 10 years, £800 million will be invested in infrastructure to the benefit of the north-west. That kind of investment is likely to draw even more investment from the private sector and elsewhere. If we want to deal with the problem of economic inequality across Northern Ireland, perhaps we should focus attention on that rather than on the Bain report." — *[Official Report, Vol 47, No 5, p264, col 1].*

I agree with all that, except:

"rather than on the Bain report".

The Minister is absolutely right that developing our infrastructure through building roads, providing high-quality broadband, and so on will play a part in equalising economic distribution. However, it will play only a part. There will still be an emphasis on economic development in one section of Northern Ireland — in fact, in one section of Ireland as a whole. That factor needs to be brought in, and I will come back to that.

The independent Barnett review into economic policy that was commissioned by the Minister of Enterprise, Trade and Investment specifically said that government needs to play its part in ensuring equitable distribution of economic benefit, because the market, if left to itself, will create geographical strong points in the economy, and a deliberate governmental policy is needed to counter that.

I was again disappointed when, during the Bain debate, the Minister raised points that were beneath him. He referred to my party's headquarters being in Belfast. The Bain report says that the headquarters of organisations should remain in Belfast, and I accept that. There has to be some recognition that the strategic centre of such an organisation has to be co-located with and adjacent to the Assembly. Broadly speaking, that is a valid point. The Bain report makes that point, and goes on to lay out a plan for a wider distribution of other sections of organisations.

I will relate this to Workplace 2010. That was a very ambitious programme to upgrade a large proportion of the Civil Service estate by involving private finance. Let us recall that the aim was to provide an estate that would be fit for purpose for a modern office environment, which the existing estate is not. It was also intended to produce an estate that was much more efficient to run. First, it was to be much more energy efficient, and, secondly, the area needed for each staff member was to be considerably smaller, so the savings would have been very considerable.

I relate this also to the invest to save concept. If one integrates the Bain report, the invest to save idea, and the principle of what it was intended to achieve through Workplace 2010, that produces a coherent set of policies. I urge the Minister and all Members to think carefully about that point; it has real validity.

This comes down to politics being about what we want to achieve; having a view of the kind of society that we want and setting out to realise it. It is about doing that rather than saying it is just too big a difficulty; I create this figure of £40 million; I cannot tackle it; I will do nothing, and I surrender — that is not the best approach that we can get from the Minister. *[Interruption.]*

I want to refer again to the —

Mr Storey: What the Member has said puzzles me in many respects. He and I represent the same constituency. He is well aware of the support in that constituency for the redistribution of public sector jobs in order to secure current employment and to build on it. Let us consider County Hall in Ballymena as an example. The SDLP's view to date on the establishment of the education and skills authority (ESA), which the Education Minister and I will deal with later, is that, in order to get huge savings, there must be the collapse of the five education and library boards. That would invariably mean that the jobs that are currently located in County Hall would be lost. Even if we accept the Member's point that there is some rationale in locating some of those services close to this Building, surely, he and I ought to be ensuring that the jobs that currently exist in places such as Ballymena are protected, to ensure that our constituency does not lose out in the event of any other reorganisation of the Government estate.

Mr O'Loan: I am sure that the Member does not mean that there cannot be restructuring of our governmental system. We all recognise that at times that will be necessary. The whole point about the Bain report is that, in the context of that restructuring, the location of the jobs is re-aligned in a strategic way. One should not leave it simply to the call of individual Departments, but should give an overview. The Bain report listed 13 different bodies that were all necessarily restructuring and recommended that we consider the relocation of those in that context. That meaningfully addresses the Member's point.

The Chairperson of the Committee for Finance and Personnel:

I thank the Member for giving way. The Bain report was also about people. In particular, a number of women in the Senior Civil Service had to bypass promotion because they wanted to be closer to their families. The Bain report was also about choice and whether people wanted to travel to work. That applied, particularly, to women with families, who had to forego promotion in order to work in Belfast.

Mr O'Loan: The Member makes a valid point. Those kinds of social issues must come into the thinking on that matter. As I suggested earlier, one simply cannot govern by slide rule.

I refer to the Confederation of British Industry's (CBI) response to the Executive's spending plans for 2010-11. A document cannot be quantified in the way in which I am about to do; however, I note that the CBI managed to produce half a page of points of welcome and two pages of critique and concerns. That comes from a leading voice of business in Northern Ireland. Given that much of the defence of the Budget is that it is a Budget for the economy, it is perhaps a little bit surprising that that significant voice of business is so lacklustre in its welcome for the direction in which the Minister is taking us.

The CBI is very concerned about the lack of clarity on the gross capital expenditure that is likely in 2010-11, which it believes is likely to fall by between 10% and 15% on the 2009-2010 levels. It states:

"Maintaining capital expenditure is critical not only to improving public services but as a significant stimulus to the economy".

That is a point that we have made often.

I see that the Minister wishes to get to his feet again.

The Minister of Finance and Personnel: I congratulate the Member on understanding what debate is about and being prepared to give way, which is unlike the spokesman for the Ulster Unionist Party. I appreciate that the Member has given way.

The Member made a point about the CBI and its criticism of the Budget. We in Northern Ireland know that it is always easier to criticise than it is to find points of agreement. The Member talked about:

“the direction in which the Minister is taking us.”

Again, I hammer home the message that this is an Executive Budget. It was agreed unanimously by the Executive. Therefore, it has the fingerprints of his party leader all over it. It is not the direction in which this Assembly is being dragged along by me; it is the direction in which this Assembly is being pointed by a corporate decision of the Executive, which includes the Member's party leader. I am sure that the Member does not want to annoy her so early in her new position.

Mr O'Loan: I am not troubled by the Minister's intervention. He will know that the SDLP has been extremely forthright in its consideration of how the Budget is used. We have stated, over a period of years and with absolute clarity, that a very different process should be used around creating the Budget. Clearly, that is the position that the Minister for Social Development, who is now our party leader, brought forward strongly at Executive level. She would endorse every word that I am saying.

In relation to public services, the CBI states:

“Failure to grasp the opportunity of more fundamental reform and restructuring could put services at risk. We believe there is significant scope to redesign, re-engineer and reform public services to deliver enhanced services and better outcomes.”

I do not agree with every comment that the CBI makes, but there is significant merit in that one. For all our talk of efficiency savings over the past two or three years, we have not embarked seriously on the issue of public sector reform. Most importantly, we do no service to the more disadvantaged in this community if we accept a public service that does not use its resources in the best way possible; that is, a public service

that neither reduces the amount of resources that it uses nor gets better value out of those resources. We have a long way to go in that regard. I find it a matter of regret that there is so little real political debate here.

12.00 noon

The Minister of Finance and Personnel: I thank the Member for being so generous in accepting my interventions. I hope that, in reading the document to which he refers, he has fully understood the point that the CBI makes. The part that he has cited is CBI-speak for the privatisation and introduction to the private sector of the delivery of many of our public services. I am happy to debate that. Indeed, I have some sympathy with that view, but will the Member clarify whether that is the SDLP's new position? I have always understood that the SDLP is the first to protest when any suggestion is made of private involvement in the public sector.

Mr O'Loan: I do not accept the Minister's point. There may or may not be a case for private sector involvement. The point is to start a serious examination of how we deliver public services. That may result in one outcome or another. It may simply result in a better way of running public sector business. It may lead to a degree of outsourcing some of that service or an alteration of the public/private mix. I have no difficulty engaging in that debate.

The CBI goes on to refer to “improving workforce management”. It compares Civil Service absence rates with those in the private sector. That is an issue that causes the Minister of Finance and Personnel a considerable problem, and he knows it. The CBI document mentions “better utilisation of existing assets” and talks about the need to “‘sweat’ existing assets much harder”, including the schools estate and hospital services. However, I would also include making better use of the Civil Service office estate, as I said earlier. We must accept that our existing Civil Service office estate is simply not fit for purpose. If the Minister does not like Bain, having witnessed the collapse of Workplace 2010, I ask what he is offering as the new way forward. That new way forward has yet to be offered. I certainly would not swallow everything that the CBI says hook, line and sinker, but there is merit in considering the points that it makes. The CBI is a far from enthusiastic supporter of the Budget.

I want to comment on the economy, because our Budget is extremely linked to it. We remain in the position of not finding the Holy Grail — the remedy that will significantly alter our budgetary position of sitting at 80% of the UK's average per capita output — and the prognosis is that that situation will continue. Even the recent IREP report to which I referred earlier contains nothing to suggest that there is a game plan to get us out of that position.

I also want to comment on the North/South dimension and on issues that the Chairperson of the Committee for Finance and Personnel, Jennifer McCann, raised, including fiscal autonomy and the Barnett formula. I do not see how we will begin to get out of the economic doldrums that we have been in for decades — we are at a particularly low point at the moment — unless we start to plan our economy on a whole-island basis. Let us accept that, for now, we are where we are. Northern Ireland remains a part of the United Kingdom, but it is on the island of Ireland. Unless we start to use all the existing linkages and assets, we will not prosper. I have no doubt that we are —

Mr B McCrea: Will the Member give way?

Mr O'Loan: I will.

Mr B McCrea: I would like the Member to explain the point that he has just made. He appears to suggest that the economy of the Republic of Ireland is sufficiently large to compete in a global economy. All accepted wisdom is that economies of scale from larger economic blocs are needed. The United Kingdom is able to compete worldwide; the Republic of Ireland is not. Such issues arise if one considers the number of trading partners in Europe. I cannot understand why the Member tries to tie our economy more closely to one that adds little in scale and has its own fiscal problems.

Mr O'Loan: I do not accept the Member's point about scale. One could give counter examples of any number of small, niche economies around the world; Luxembourg comes to mind. Therefore, the Member's point about scale makes no sense. On the other hand, a small economy that sets out to be isolationist will not survive in the modern, open global economy. I argue for openness. Let us use all the links that we have to the best of our ability. For all the Minister's pragmatism — he referred to the North/South dimension yesterday — we have not begun to tap into our relationship with the

South. We politically resist opportunities that would greatly benefit us, and we must start to use every one of them.

Mr B McCrea: Will the Member give way?

Mr O'Loan: I would prefer to move on. However, if the Member wishes to say something —

Mr B McCrea: As the Member gave way somewhat reluctantly, I thank him for doing so. I am interested in the issue, and the Member has not explained why we would want to do as he suggested. There are other issues, such as foreign direct investment from the United States, for which this part of the island of Ireland is in direct competition with the other part. Surely it would be better to identify and deal with areas in which we can reap the biggest reward for our efforts. I think, in particular, of the huge economy in the north-west of England. Where are the plans to develop those links or consider our links with the rest of the Commonwealth? The Member and I have attended events at which many countries from around the world were represented. Why can we not try to exploit our relationship with South Africa, New Zealand, Rwanda or Peru? Given that we already have many free trade institutions in place, why is there such a fixation on one small part of the world?

Mr O'Loan: The Member will not find me slow to embrace all international linkages, which is why I attended the events to which he referred. However, there is particular emphasis on Ireland because Northern Ireland is situated on the island of Ireland, and our economies and societies are inextricably bound up with each other, so we should not continue to create artificial barriers.

I could quote much evidence on the subject; however, just yesterday, in this Building, although not in the Chamber, I listened to an important debate on our involvement in and maximising our potential with the EU. People who visited the EU recently reported on the weakness of our engagement with it. They commented on our European political representatives' weak interaction and their poor links with the Assembly. In addition, they pointed out the lack of secretariat support in recognising and influencing what happens in Europe. In so many ways, we are not engaged in the action in Europe to the same extent as others or to the extent that we need to be.

I refer again to the situation in the South of Ireland, which is experiencing massive economic problems. I said before — I repeat it now — that I envied the Irish people their problems, because, at the end of the day, they are masters of their own fate, and they know it. When they have a problem, they and only they can address it, as they are doing now. As a devolved region, we do not have those same controls.

Jennifer McCann's remarks about fiscal autonomy opened up a debate about the Barnett formula, through which some people naturally fear we may end up in a worse position. Nevertheless, I am convinced that we must take more control of our own affairs. If we take more control of our affairs and use the linkages that exist to the south of us as well as to the east of us, that will be the beginning. There needs to be a lot more built on that, but I fundamentally believe that we need to move forward in that direction.

I want to refer to spatial planning, which is one element of economic planning. Doing spatial planning on this island as two separate exercises can be nothing but damaging to how we go forward. How can we plan our infrastructure? To refer to the earlier debate on the Minister's point, how important is infrastructure to economic development? How can we talk about our infrastructure in terms of roads, seaports and airports? Our communication systems involve broadband nowadays, and there so many aspects to that, but how can we discuss that in two separate sections on this island and hope to get the best outcome for all of us? I just cannot conceive of that.

It is not just a technocratic exercise where you do all the sums and the answer churns out at the end; it involves consideration of what kind of society we want. The whole east of the island has the weight of the economic development, which raises major questions about the economic sustainability of the rest of the island and the fundamental question about what kind of society we want to see. We need to bring our values to that, and we need to bring our political views to that and have clear and open debate. However, let us be clear on the terms of that debate before it happens.

Mr Weir: Does the Member acknowledge that the weight of the economic development on the east of the island of Ireland might have less to do with the evils of partition and the lack of a

joined-up spatial plan across the island than with the fact that that is where the access to the markets is?

Mr O'Loan: The Member makes some point. The free market will create its own momentum in relation to these things. You have to go along with some of that, and that point was made in the Barnett report, but it does not mean that we simply allow the free market to dictate in its entirety the type of society that we create. That is where our political influence comes to bear.

Mr Weir: Will the Member give way?

Mr O'Loan: I am becoming increasingly reluctant to do so.

Mr Weir: The Minister — sorry, the Member; that was a Freudian slip — talks about a government-inspired shift in spatial planning rather than simply relying on the market. Does the Member agree that the last person, from a governmental point of view, who tried to make a massive population and spatial shift from the east coast to the west coast was Oliver Cromwell and that that was not universally welcomed?

Mr O'Loan: We have disappeared from rational debate, so I will not respond to that.

I want to comment on banks and NAMA, because they are of huge importance to our economy. There is no point in having serious talk about the Budget unless we are reflecting on the economy as well. Much has been said about NAMA. It is certainly not without risk, but, at a minimum, it is a serious attempt to address a problem that threatens us in a very serious way. Unless we can get our banks operating as serious lending institutions again, the consequences for our economy are serious. The Minister has recognised that NAMA is very relevant to us, and I welcome the fact that he is involved in putting one or two independent members on its advisory panel. He is wise to do that, and I urge him to continue keeping a close watch on the situation, because it will develop as the years go on.

12.15 pm

I am thinking now about the situation with the banks. Banks here are in a different situation to those in the Republic of Ireland or Great Britain. I fear that even if all goes well with NAMA with respect to the properties in Northern Ireland — I hope that it does — we may be hit by greater problems than those we are facing at present

in the ability and willingness of our banks to lend to local businesses. Due to the recession, it is likely that the demand from businesses for money is not as great as it would be ordinarily. We look to a time of upturn. However, I fear that banks will still not be in a position to lend. As far as the Committees are concerned, I believe that we have established that the Committee for Enterprise, Trade and Investment has primacy in matters relating to banking. I also assume that the lead at departmental level is with DETI, and I urge that Department to take this point very much to its notice and consider that banks here are a separate entity to those elsewhere and require a particular policy initiative.

I want to refer to PIIGS but not the kind that are dealt with by the Department of Agriculture and Rural Development. It is the acronym for euro zone countries whose budgets are seriously challenged at present; in particular, Greece.

Mr B McCrea: For information purposes, will the Member identify the countries in the PIIGS grouping?

Mr O'Loan: I am sure that the Member is well aware that the acronym refers to Portugal, Italy, Ireland, Greece and Spain. Although it might seem esoteric to the Budget debate, I am referring to PIIGS because, if outcomes in those countries are not good, our little debate here today may be irrelevant.

The Assembly must watch what is going on in the euro zone at present. Hedge funds containing massive resources are betting against the euro, and Greece is the first target. If the euro were to collapse in Greece and the country had to pull out of the euro zone, the potential domino effect would be serious for us. The economy is now global, and we depend very much on economic stability. Even though the United Kingdom is outside the euro zone, the stability of the zone is extremely important to us. It is important to our local firms, many of which export into the euro zone. Therefore, the Assembly must take that seriously.

Although I believe that Greece should face serious challenges, serious questions should also be asked about whether, in all honesty, the country satisfied the convergence criteria when it entered the euro zone. However, it is in the euro zone, and the problem must be tackled. It is not wise for the euro zone to turn its back on Greece. It should insist on the hard remedies that the Irish economy has had to take. I believe

that the point that Mr McCrea hinted at earlier was that one of the "I"s in PIIGS stands for Ireland. Ireland has taken harsh medicine, and it is important that Greece does the same.

It is also important that there is international solidarity with any threatened economy against those hedge funds. Britain, even though it is outside the euro zone, should play its part in working towards that solidarity politically.

Mr B McCrea: The Member made a point about Greece. Is he suggesting that it was only some sort of Machiavellian plot by hedge funds that created Greece's problems, or does he accept that there are serious structural financial problems in the country that must be addressed? Furthermore, how would he deal with civil unrest due to the austerity programmes that would be introduced to deal with those problems? Would he simply tell the Governments that they have to tough it out?

Mr O'Loan: The Member made a perfectly proper point, which I addressed. In many ways, Greece has been the author of its own misfortune, and it must put its house in order. However, aligned with that, I still think that there should be political and economic support for a country in the euro zone that is going through difficulties.

I move now to a more minor but local point — the boiler scrappage scheme. The Chancellor introduced a boiler scrappage scheme for, I presume, England and Wales or possibly only England. That scheme was greatly welcomed, because it is an encouragement for people to upgrade that source of energy supply in their home. It will also contribute much to improving their energy efficiency and reducing their carbon footprint. I have been disappointed in how negatively unambitiously we have tackled that issue. DSD is considering the potential to include a boiler scrappage scheme in the warm homes scheme. If such a scheme is introduced, it will be in the context of fuel poverty, and it will be severely means-tested. That means that many people in the community will not benefit from it.

I enquired whether there was a Barnett consequential to the scheme. There is a modest consequential of £0.7 million. However, rather than say that we will merely submerge that sum into the general accounts, which is the current reply, a more imaginative approach would have been to talk it up to some degree and offer people the incentive to upgrade their boiler. That

would not require a massive sum of money. In other words, we should do our best to replicate the scheme that the Chancellor introduced in England. That would be an imaginative thing to do, and the Assembly would welcome it and would be seen to be doing a good thing that is going in the direction that many people want to go. A significant cost is involved in changing over, and introducing such a scheme would encourage people to make such a changeover. Many more people, even those who received the cash incentive, would change over, because a lot of attention would be attracted to the concept and a wave of change would be created. If the Minister introduced such a scheme, it would be a good incentive for people.

In some ways, if we do not get the big picture right, the issues that are being debated are merely academic. The big picture relates to our political situation and political disagreements. Today, we heard the news that we are spending government money on advertising the Hillsborough agreement. I think that that is rather sad. I was at Hillsborough, and there was a blockade of cameras and journalists outside Hillsborough Castle. We did not need to seek the attention that the media were paying to the agreement. I do not know why we feel that we need to spend government money on advertising something in which the media has such an intense interest. Conducting such an exercise seems to be scraping the barrel of political activity. However, I want to speak about the matter more generally. Why were we at Hillsborough? We were there because the political structures, which were hard wrought over many years, were not being used. The political structures are not ideal, and they are not the structures for an ordinary society. However, this is not an ordinary society, and the structures are the best that we can create to deal with an extraordinary society. Those structures were being manipulated at Hillsborough, particularly by two parties that were using and milking them for their own advantage.

Mr Deputy Speaker: I ask the Member to come back to the motion.

Mr O'Loan: As I said at the outset, this is one section of my speech. I heard what you said, Mr Deputy Speaker, and I will try to be as brief as possible. However, something needs to be said. If we do not get this right, all the other talk about our Budget and economy goes nowhere. That is why what I am saying is relevant. I think that it was the Speaker and not you, Mr Deputy

Speaker, who said at the outset of the debate that almost everything has its place in a Budget debate. He was right.

We were at Hillsborough because the two largest parties were not using the political structures in the interests of all. In the day-to-day dynamics in particular, they were not involving the other parties in the process of government. As a result, we had the 153-day stalemate in 2008, and then we had a crisis that almost collapsed the Assembly a month ago. We have a process of negotiation, but how do we conduct that process of negotiation? The two largest parties take the lead and involve the other two parties in the Executive to a very limited extent, to say the least.

Mr Deputy Speaker: Order. I know that what the Member is saying may be relevant to where we are at. However, the Member needs to return to the Budget Bill. The Business Committee has agreed to meet at 12.30 pm. Can the Member indicate whether he will be finished by then?

Mr O'Loan: I will be finished before then. One of the major elements to come out of the political talks at Hillsborough was the fact that the two largest parties were to lead the discussion on parades. That is most unwise. If we are to get anywhere, we need to get back to the principles of the Good Friday Agreement and work together in the interests of all the people of Northern Ireland so that we can provide them with the economy, Health Service and education system for which they are crying out.

Mr Deputy Speaker: The Business Committee has agreed to meet immediately on the lunchtime suspension. I propose, therefore, by leave of the Assembly, to suspend the sitting until 2.00 pm, when the first Member to be called to speak will be Stephen Farry.

The sitting was suspended at 12.27 pm.

On resuming (Mr Speaker in the Chair) —

2.00 pm

Dr Farry: It is with pleasure that I take the opportunity to make a few short remarks on the Budget Bill. It is fair to say that we have had a rather wide-ranging debate so far, covering topics such as Oliver Cromwell and the Hillsborough agreement, and we have taken a trip around the world's economies. I will try to stick as far as possible to the principles of the Bill and to the context of public finances in Northern Ireland, which is what we are here to discuss.

In essence, the Alliance Party had three criticisms of the original Budget that the Executive set. That Budget did not address the cost of division by trying to reorient our society, it did not rebalance or modernise our economy by trying to tackle the major structural problems and it did not properly sustain public services. All three points are still valid today, and, perhaps, they are even more valid.

I now move on to some of the comments that other Members made. A great deal of comment was made on the subject of tax-varying powers, and Jennifer McCann has been as vocal as my party in asking for those powers to be given to Northern Ireland. Tax-varying powers can work in two ways. First, they can increase revenue take if that is the choice that we make as a society. Secondly, they can create financial incentives for economic change in our society. It is in that context that we should most consider those powers.

Today's debate is particularly relevant when set against the launch of the new Northern Ireland Economic Reform Group think tank, which has renewed calls for a differential rate of corporation tax for Northern Ireland. Although I appreciate that that issue has been raised in the past and rebuffed by the UK Treasury, the Assembly, and the Executive in particular, must keep it alive. Economists have identified it as the best tool for making a major step change in our economic condition, and if we want to rebalance our economy, we should use it.

I also appreciate that if we went down the road of introducing a lower rate of corporation tax, the loss of revenue would have to come out of the block grant. We would have to make that choice. However, we are already doing that through the decision that we as a body made to defer water charges for a further year. That revenue had to be found from somewhere, because it was not

provided for originally in the block grant, and we have had to forgo that money. All that rather begs the question of what will actually make the biggest difference if we are to transform our economy. Will it be a differential rate of corporation tax, which has the potential to bring in new investment and encourage economic activity? Will it be a deferral of water charges, which is effectively a standstill approach that may save people money today but that will not fundamentally change the underlying context of our society?

While I am on the topic of revenue raising, I may as well return to the subject of the regional rate, on which the House will be having a fuller debate next week. The Executive have presented the freeze in the regional rate as a virtue and a means by which they are easing the cost pressures that households and businesses face during the economic downturn. That may be true today, but it was not the objective when that policy was set in 2008 as part of the three-year Budget, which was well before there was an economic downturn or any talk of one. The Alliance Party is not advocating massive hikes in the regional rate; far from it. However, it feels that it should form part of the Assembly's armoury.

It is noticeable that Northern Ireland, unlike virtually every other jurisdiction, is seeking to address its financial shortfalls purely through cuts in public spending. I appreciate the DUP's position on that issue, but the four parties in the Executive took that decision collectively. To say the least, I am surprised that the SDLP and Sinn Féin, which both purport to be social democratic parties, would support an approach that is based solely on the cutting of revenue.

Mr O'Loan: I thought that Mr Farry was above such cheap, erroneous point scoring. I take it that he will accept that we have presented a different process for addressing the Budget, from which we would certainly have expected a different outcome.

Dr Farry: I was going to come to that point later. The SDLP is heavy on process but light on tough decisions on the income and expenditure choices facing us. The point stands. In Westminster, the Conservatives, Liberal Democrats and Labour Party agree that addressing the financial gap involves a mixture of tax rises and expenditure cuts. They are divided on when they should start rowing back on the massive national debt and the

precise mixture of the tools available. It is only in Northern Ireland that we are taking a solitary approach based on public spending cuts to address the balance. We are well outside the European, and indeed the wider, mainstream on that issue. Both the SDLP and Sinn Féin need to reflect seriously on that, because —

Mr B McCrea: Will the Member give way?

Dr Farry: I have not come to you yet.

Mr B McCrea: I am waiting with eager anticipation. I want a bit of clarity. The Member has, I think, chastised this place for relying solely on fiscal cuts, but he seems to be arguing that we should be raising additional revenue. Is that the point that the Member is making?

Dr Farry: If the Member had listened to what I said yesterday, in previous debates, and to what I am saying today, that would have been clear. I am sticking my head above the parapet on a political kamikaze run. The Assembly has to face up to difficult choices. Mr McCrea and Mr O'Loan referred to the austerity measures in the Republic of Ireland as if they were a virtue, and spoke about how well the Government there are doing in addressing their Budget and taking tough decisions; yet here they back away from such decisions quite dramatically.

We have to overcome the taboo that we cannot in any circumstances seek to increase the rate of revenue raised from the people of Northern Ireland. That is simply not sustainable. There will come a time — if not during the forthcoming financial year then in future financial years — when the Assembly will have to address issues regarding the regional rate and water charges. The question is not whether that will happen; it is when it will happen. There is no fundamental issue at stake. We are saying as a party that we have to face up to those choices. Others are not prepared to be as straight with the people of Northern Ireland as we are.

What we suggest — an inflation-based rise in the regional rate — would amount to about 20p or 30p per week for the average household in Northern Ireland. Had that had been done over the past two or three years, it would have raised an extra £25 million or £30 million for the Executive. That may not be a huge amount of money, but, in conjunction with other measures to soften some of the harsh cuts that are affecting our public services, it could have made a difference.

The Minister rightly made the point — while recognising that we made the argument about equality — that the freezing of regional rates and water charges tends to benefit the better off rather than the worse off. It is, in effect, a regressive subsidy. Most economists in this island and further afield recognise that. The Minister rightly made the point that people on the margins are affected by such decisions, and I concur. However, the way to respond to that comment is to recognise that the issue is not whether revenue-raising powers should be introduced but how that should be done and the fairness of the measures that are taken. The value of a property is a blunt instrument in assessing ability to pay water charges or property taxes. It is not a bad method, but there are better ways of doing it.

The issue is how to finesse around the edges to ensure that people on the margins are not affected adversely by those measures. However, there are some people who are able to pay increases in regional rates and water charges quite comfortably. Those people should be making their contribution to society, particularly when others who depend on public services are suffering.

Ideally, the regional rate and the district rate would both rise at the rate of inflation. Some councils in Northern Ireland have introduced hikes in their rates of 7% and although the Executive have frozen the regional rate, the net effect is still a rise in rates. More action by councils to control their costs would probably have exactly the same net effect on the people of Northern Ireland as the Executive having responsibility for revenue raising, and both those measures would mean that we would all be better off.

The Minister of Finance and Personnel: The Member has drawn an interesting parallel in referring to the way that some local councils have sought to deal with the pressures that they face by increasing the district rate. Is there not a real danger that if we were to go down the route to which the Member refers, by giving more emphasis to the Assembly's having revenue-raising ability, we would fall into the same trap as councils? Councils should be looking for efficiencies but they have not, and they have consequently increased the district rate. Equally, if the Assembly were to use the regional rate as a safety valve, it might stop Ministers and, indeed, the Assembly from

looking for the real efficiencies that can still be found from the money that we spend.

Dr Farry: I acknowledge the Minister's comments. Earlier in the debate and at last week's meeting of the Committee for Finance and Personnel, he made the point that it is important to ensure that people see inefficiencies being taken out of the system before additional revenue raising is considered. That is true to an extent, but there are distortions in the way that public finances are addressed in Northern Ireland. The average household contribution in Northern Ireland is still lower than the average in the rest of the UK, which suggests a certain imbalance towards here. The Treasury may not have drawn that to our attention to date, but, at some stage, we may have to come to terms with that structural imbalance in UK public financing. Indeed, if the Barnett formula were to be reopened, that might be an obvious line of attack for those seeking to tighten public expenditure at a wider UK level.

The Barnett formula in general was mentioned. The Alliance Party was the only party in the Assembly to respond to the House of Lords Select Committee on the Barnett Formula. It is probably wise to play safe with the current formula. Over time, it will converge to parity, but it may well be a case of better the devil you know, because any needs-based system will be based around a number of subjective determinations. There is no settled objective definition of what is meant by need, and if we were to lose the debate, Northern Ireland could suffer as a consequence. That point was drawn out in the evidence to the House of Lords Committee.

The need for an all-island dimension to the economy was mentioned. The issue needs to be separated into two aspects: the financial aspect and the economic aspect. It is perfectly clear that, financially, we depend on London for a subvention of some £8 billion a year. It is one thing for London and the UK economy as a whole to subsidise Northern Ireland, but if that cost were passed to Dublin, particularly in the current situation, that state would be bankrupted. I appreciate the point that, in the long run, the financial situation may well change, but as we stand, that argument is not a runner.

2.15 pm

There are economic opportunities to do things better and differently on an all-island basis. I fully acknowledge that there is some distortion

of economic and social policy, whether it be spatial planning, the provision of services, or unnecessary duplication, because of the border. Equally, there is the issue of competition. My party is more than happy to engage in discussions about that. We contend that the cost of division in our society is a source of —

The Chairperson of the Committee for Finance and Personnel: The Member raised the issue of competition. Does he agree that we could strengthen our global, competitive advantage by looking at investment on an all-island basis?

Dr Farry: I do not disagree with what the Member is saying. Leaving aside the political dimension and the principle of consent, there are opportunities to do things on an all-island basis, such as promoting tourism or aspects of the green economy. Equally, there are opportunities for us to compete with the Republic of Ireland for inward investment. A mixed approach is probably the best one for now, and we should keep politics out of that as best we can.

Basil McCrea made some interesting interventions about the comparisons between the economy of the Republic of Ireland and that of the UK and about which one is better placed to compete on the international stage. I do not think that Northern Ireland must choose either a UK dimension or an all-island dimension. We can do both — that is the opportunity that this region has. It is important that we consider the economies of the UK and the Republic of Ireland or all-island in the wider context of the European Union. I am a strong supporter of the European Union. I do not think that the euro caused the huge problems in the Republic of Ireland or Greece. Those problems were caused by reckless speculation and spending. The housing bubble south of the border was based on sand rather than on any fundamental realities in that economy, and we are seeing a major readjustment. Neither the euro nor the approach to Europe as a whole was to blame for that.

I welcome the concept of invest to save, and I highlight that the cost of division is one area where that approach can be adopted. We must recognise that, in trying to reorientate the way in which we provide goods, facilities and services in a divided society, some upfront expenditure will be required to unlock savings elsewhere. I encourage Departments to think in those terms and DFP to show leadership in

encouraging them to do so. I rather suspect that Departments will make many claims for the modest sums that have been allocated to the invest to save fund so far. However, if they are prepared to come forward in the way in which I suggested, that is to be welcomed.

Mr Speaker, with your indulgence, I want to make a brief comment about the Hillsborough agreement, which David McNarry and Declan O'Loan have already mentioned. I am not going to go into the wider political dimensions of that, because I do not think that that is appropriate today. I want to comment on the agreement in the context of the Budget and our economic and financial situation. I recognise that the Hillsborough agreement is a fix, but it was a necessary fix to address many of the poor relationships that have built up within our structures over recent years and, particularly, in recent months. Issues that have been caught in a logjam needed to be freed so that we can move on. If things look unusual — for example, £20 million being spent on language when there are other pressing needs — people need to take a step back and put that into the wider context. If this does not succeed, this society will be in very serious trouble. If the institutions collapse and we return to a form of direct rule or joint authority, there will be major financial and economic implications for Northern Ireland, not least the loss of international credibility and investment, never mind the cost implications of further polarisation on the streets of Northern Ireland.

Therefore, there is a huge, but perhaps hidden, financial and economic imperative to get on and seal the deal. I appreciate that things are very fragile at the moment, and it is important that we do not seek to undermine that. I am not happy with every detail of the Hillsborough agreement. However, most people in Northern Ireland are not focused on the minutiae of that; they are focused on getting stability back so that they can get on with their lives and see the Assembly address bread-and-butter issues. Let us look at where we are in that wider picture. I apologise for making that point, Mr Speaker, and I appreciate your indulgence. However, it needed to be said given what other Members said earlier.

I recognise that the Budget has been knocked off course by events, some of which were external; for example, the economic recession and the impact on property prices. Other events were self-inflicted; for example, the decision,

freely taken by all parties, to defer water charges beyond the date originally set out in the Budget. We are now faced with the situation in which difficult choices have to be made.

There has been a lot of discussion around process and the way in which we address these matters. The SDLP mentioned a new Budget, and I concur with that party on the limitations of monitoring rounds. One cannot drill down as far as one would like into Departments' existing plans because Departments are in control of what they surrender. Therefore, one cannot scrutinise the real priorities in the Departments. Equally, Members can talk about contingency funds or about making the Budget more efficient with respect to how expenditure is handled. Such discussions are welcome and will make some difference. However, they do not really address the fundamentals and do not balance the books. The only way that we can balance the books is by making tough choices on revenue and on public expenditure. That is the reality of where we are. If Members focus on so-called magic solutions that are not magic solutions at all, they do a great disservice to us and to the people.

Jim Shannon mentioned spending on health, and, perhaps, it is worth focusing on that as one example of where tough decisions have to be made. A lot of Members are disappointed that they have not seen any evidence that the Health Minister is willing to engage. It is likely that things will be imposed on him if he does not engage in a pro-active manner.

I recognise that there are problems with our spend on health. Due to our higher levels of ill health, we start with a much higher need per capita than the rest of the UK. We did get some increased funding through the original Budget. However, despite that, we are continuing to flatline in comparison with the rates of investment elsewhere in the UK, while demand is increasing due to greater numbers of people going through the system, more expensive drugs and more expensive technology.

We have to address the imbalances within the existing health budget; for example, the underfunding of mental health services. Although there may be a funding gap of £300 million or £600 million, depending on the figures, the Health Minister did settle for his budget, and that is something that he has to remember when he makes complaints similar to those that we have heard today.

Although I am sympathetic to the problems facing the health budget, the notion that we could insulate it from any re-examination is unrealistic. In common with any other aspect of public services, there are ways of doing things differently and more efficiently. Every Department benefits from a process of challenge and internal change, and the Health Department is no different. Indeed, perhaps that Department is more in need of that process than others. It is unrealistic to seek to exempt the Health Department, and those who make such an argument have to be straight with the people of Northern Ireland and explain where the money will come from if the health budget is frozen.

I notice that the Ulster Unionist Party is rigorous in opposing water charges, even though that would address imbalances in the health budget in one fell swoop. That party also suggests that if we freeze the health budget, all other aspects of the Budget could take the hit. However, that would mean almost doubling the rate of cuts in almost every other Department in Northern Ireland, including those relating to the economy.

At a time when we are trying to rebalance our economy, cutting back expenditure in the Department of Enterprise, Trade and Investment or the Department for Employment and Learning — another Department with an Ulster Unionist Minister — is crazy. That will undermine our ability to transform our society, and we will remain in our current situation with a continued dependency on the public sector and a massive subvention from the UK Treasury.

The emphasis needs to be on our economy; it has to be the number one priority. The economy is the top priority in the Programme for Government and the Budget. I may disagree with how the emphasis is applied, but the economy has to remain the main focus of our society; we cannot continue as we are, because our public finances are not sustainable. We need to bring in more wealth creation and become less dependent on the Treasury by generating more tax revenue in Northern Ireland.

We are seeing the effects of cuts in our economy filtering through. In my constituency, the development of a new art and technology centre, as part of the South Eastern Regional College, has been put on hold. Such a centre would offer training to our young people to help them to become entrepreneurs, start their own businesses, create wealth and employ people.

Therefore, there is a danger that we will lose out and miss what is important for moving our society forward.

I have been on my feet for some time, so I will try to conclude my comments. I reiterate the point that I made yesterday. In the medium to long term, we need to have a proper benchmarking exercise on how we spend money compared with other jurisdictions, particularly our neighbouring jurisdictions. I fully accept that, as a devolved Assembly, we have the right to make our own decisions on our spending priorities and on social, economic and environmental matters. There are areas in which we are doing that sensibly, but there are areas in which we are not. By looking at how other societies balance their expenditure, perhaps we can learn lessons.

There are areas in which our spending is well above the UK average, and there are others in which it is below the UK average. Even in some Departments, the profile of expenditure is radically different from that which one would see elsewhere. The cost of division may be one reason for that, but the issue is much broader. In the medium to long term, we need to look to see where, from an outside perspective, the inefficiencies lie in our public spending and how we can do things better to provide the same level of service to the people of Northern Ireland much more cost-effectively. I welcome the debate, and, no doubt, it will continue over the weeks and months to come.

Mr Bell: I support the Budget. To paraphrase the Finance Minister, a Budget made in Ulster is the best Budget of all. If this House is to mean anything, we must be able to deliver real benefit and bring real change to people. I will point out 14 or 15 key areas in which the Budget will make a real difference to people's lives, not only in my constituency of Strangford but across Northern Ireland. The Budget will deliver real change and a positive way forward.

We have looked at the regional rate, and businesses in Strangford tell me that, to paraphrase Dennis Healey, they have been squeezed until the pips squeak; they have nothing more to give. I congratulate the Minister of Finance and Personnel, because we have sweated the assets of the £13 billion available to us, and both he and his predecessors have shown good stewardship of the economy by freezing the regional rate. That has not been easy, and tough choices have had to be made, but I can tell the Minister that some

businesses in Strangford are operating today purely because the regional rate has been frozen for the past three years. Real jobs and real employment have been sustained, and real businesses have benefited from the hard decisions that were made to freeze the regional rate.

I declare an interest as a member of the South Eastern Health and Social Care Trust, a member of Ards Borough Council, a member of the Committee of the Regions and a governor of Regent House School.

We are in global markets. We find ourselves in competition with China and India. I remember Ian Pearson telling us that Northern Ireland must make tough decisions or China will have our dinner and India will have our tea.

That is the global market in which we operate. It behoves us not only in the Assembly but in individual councils to keep those rates at a level that enables the business community and ratepayers to stay afloat and keep their heads above the water. I congratulate my council, which secured a rate rise of only 0.28% above inflation. That, combined with the regional rate, affords Strangford the opportunity to go forward and compete in the business world.

2.30 pm

Small businesses are the backbone and linchpin of our economy. If we remove small businesses, many of which are family-run, from any constituency in Northern Ireland, economic difficulties will ensue. The small business rate relief scheme in the Budget allowed small businesses to continue to operate in increasingly difficult markets. Although some bigger companies have left Northern Ireland, the small businesses have kept Northern Ireland going, have kept the economy going during years of terrorism and now keep the economy going in times of unprecedented economic recession.

The RPA aims to improve procurement and human resource functions and to increase savings that can be passed on directly to the ratepayer. We seek to provide better shared services, and we aim to deliver those in a manner that is more economically efficient. By doing so, we can pass a direct benefit back to the people. We did that with the regional rate, and we are doing it for small businesses through the RPA.

I turn to one of the major industries in my constituency: construction. Many households

in Portaferry and beyond depend on the construction industry for survival. The main or only breadwinner is employed either directly in the construction industry or in supplying it. Despite the number of people who deny it, the House's courageous decisions on capital spend kept the construction industry afloat. At present, 54% of people employed in the construction industry — more than one in every two — have remained in employment, stayed in their home and survived as breadwinners as a result of the decisions that the House made. That situation is mirrored in the Strangford constituency. That is where the rubber hits the road. We must keep people in employment, make big decisions and support the local economy right through to the household level. That is a fourth area in which the Budget led to gains.

I turn now to the Department for Employment and Learning. Some £203 million has been set aside for the two universities to improve teaching and learning and to provide a constructive challenge for the future. If the priority is education, education, education, the resources should surely follow that mantra. That £203 million will boost teaching and learning and, most critically for universities, which are now research-led to such a great extent, it will boost research. Furthermore, it will keep our universities at the top level, give all our children the opportunity to receive a world-class education in Northern Ireland and prevent the brain drain. That is a fifth area in which the Budget delivered real change for people in Northern Ireland.

DEL has done constructive work to help young people who are not involved in education, employment or training. The Committee for Employment and Learning has shown leadership in addressing the situation of people who genuinely need to be given an opportunity and need a hand up rather than a handout. The Budget delivered for those people. In future, that Committee will want to conduct an inquiry into how the Budget can further help the 50,000 children who are not in any form of education, employment or training.

Mr Storey: Does the Member accept that the situation is extremely serious? In the past number of years, the number of young people who are not in work has risen from approximately 23,000 or 24,000 to more than 50,000. Is that not an indication that, although the allocated money is welcome, we need much more than

money? We require a clear, focused strategy to help those young people because, by and large, they miss out on the economic benefits that arise as a result of the activity around them.

Mr Bell: I fully accept the Member's point. As a social worker for the past 21 years, I worked with young people who, having been the victims of sexual abuse, drug dependency or other chemical dependencies, missed out on their education. The Member is correct that an increase of 27,000 in the number of young people who are not in education, employment or training is unacceptable, and we must reverse that trend. That may have to mean not using more resources but perhaps using the available resources in a smarter way.

The Committee for Employment and Learning heard a brilliant presentation from a young girl who brought herself out of an addiction to crack cocaine. She has been clean for the past nine months and is involved in a proper programme. It may be that we need to use our resources in a smarter way for such young people. The Budget delivered through helping the Prince's Trust, and it gave many young people, as I said earlier, a hand up rather than a handout.

The Budget delivered increased equality to my Ulster-Scots culture. We can point to a number of cultural facilities, such as the refurbished Ulster Museum, and say that those gains for all the people of Northern Ireland were the result of work that was done in the Assembly.

I dealt with agriculture matters during my involvement with the Committee of the Regions. As a result of the Assembly's work on the Budget, £300 million went to the common agricultural policy and directly helped those farmers who are most in need. The Assembly ensured that some £6.7 million was invested directly in farm modernisation to help farmers in my Strangford constituency who depend on aid. The Budget produced real gains for agriculture.

I want to see more work done in education. We must get that process right, and we must do better. I declared an interest as a member of the board of governors of Regent House Grammar School. Many parents choose to use the prep school at Regent House. The Department's contribution to the prep school is £800 per pupil, whereas the corresponding contribution to other good local schools for which I can vouch, such as Castle Gardens Primary School, Newtownards Model Primary

School, Londonderry Primary School and Donaghadee Primary School, is some £1,800. The closure of that prep school will not only contravene equality legislation but will discriminate against many parents who made the choice to send their children there. We must examine that situation carefully. If the closure of the prep school goes ahead — I do not think that it will — the board of governors will be faced with making a number of highly qualified teachers redundant. It would be a shame for that to happen when the Assembly is trying to promote education.

There is a big demand for social housing in Strangford, as elsewhere. We can stand over the fact that, as a result of the Budget, 500 more affordable homes were built. We are well on the way to meeting the target of building 10,000 social houses by 2013. The House can point to the gains that the Budget delivered.

This morning, a part of Portaferry in my constituency was sealed off to facilitate work on a new road. The Castlebawn roundabout and a major new link road have greatly benefited Newtownards. We need to tell people what the Assembly has achieved for them. Real progress has been made in Strangford as a result of a Budget that was made in Northern Ireland.

In the period before the installation of road safety cameras, there were 169 deaths on the roads. Newly released figures show that the number of road deaths is down to 76. There are 93 people alive today because of an effective Budget. We should be trumpeting those significant achievements rather than cynically hiding away from them.

Yesterday's news bulletins carried the unusual story of an ambulance that caught fire and had to be taken away. The Minister of Health, Social Services and Public Safety tells us that as a result of the Budget and a multimillion pound investment — his words, not mine — we will move towards a situation in which no Ambulance Service vehicle is more than five years old. Therefore, again because of the work done on the Budget in this House and as that programme is rolled out, no one will have to get into an ambulance that is more than five years old. These are major gains, and 66 new ambulances are already in service.

I listened to Mr McNarry, who was on his "hobbit horse" earlier. There are some who want to walk in two directions on financial policy, and I would

like someone to clarify the Ulster Conservatives and Unionists – New Force (UCUNF) financial policy for me. Is it the one that is led by Sylvia Hermon, the darling of the Labour Party — that is, the Alistair Darling of the Labour Party — with no cuts and increased investment, or is it the policy of David McNarry, the junior partner to Ken Clarke, whom he was parroting earlier, which is one of savage cuts? We need to know which of those two financial policies the Ulster Unionist Party will follow. It is going in two different directions. Robert Frost wrote a poem that contained the lines:

“Two roads diverged in a wood, and I —

I took the one less travelled by”.

The import of that is that one can only walk one road. We need to know whether the Ulster Unionist Party wants to take us down the Darling road of Sylvia Hermon or the Ken Clarke road of severe cuts. There is political cowardice in not telling us what cuts it will advocate and where those cuts will be. The UUP can no more walk on two sides of the street at the same time than it can try to walk on both sides of the street in opposite directions. We need to know whether Sylvia Hermon is leading the financial policy for the Ulster Unionist Party, as Darling, or whether it is Ken Clarke.

To be fair, David McNarry quoted Ken Clarke, and I am tempted to use the line that I knew Ken Clarke, and David McNarry, you are no Ken Clarke.

Mr McDevitt: Given that all your parties were present at Hatfield House, perhaps the DUP could throw some light on that issue for those of us on this side of the House.

Mr Bell: The DUP policy is clearly outlined by the Finance Minister, and I suggest that the Member reads it.

We cannot have a financially incompetent position where David McNarry tells us that he is going to impose severe cuts, while in another part of North Down his colleague tells us that there will be fewer cuts and more investment. There needs to be some honesty in their position.

I turn to a serious matter, and I declare an interest as an Orangeman and a sir knight. David McNarry raised the issue of the cost of parading. It is regrettable that he is not in the Chamber, because I wanted to reply to his point, and he would not give way earlier. One of the key members of his party, UCUNF, has

referred in his blog to the Orange Order having “sociopathic tendencies”. I challenge the Ulster Unionists to tell us today whether they stand by that remark. Is it UCUNF policy that the Orange Order has sociopathic tendencies? If so, the anger that they feel when they describe themselves as angry men is nothing compared to what I heard at lunchtime in my constituency. For the record, the story is in the ‘News Letter’ today. It states that the blog was written by Mr Peel, a Conservative member, who claims that anyone who wishes to join the Orange Order has “sociopathic tendencies”. The Ulster Unionists need to tell us the costs associated with those comments, at a time when people are working extremely hard and there is goodwill on all sides to resolve the parading issue.

I commend the Orange Order for showing real leadership. At a time when members of my party and others are working extremely hard to deal with the costs of parading, we cannot have David McNarry’s Ulster Unionists and Conservatives saying that Orangemen have sociopathic tendencies. Those are costly comments. The Orange Order of Dr Barnardo does not have sociopathic tendencies. An explanation is required. If that member is to be expelled, so be it.

2.45 pm

I wish to speak about the all-Ireland economy. I appreciate your laxity, Mr Speaker, in saying that Members can refer to many matters in the debate. Jennifer McCann argued for an all-Ireland economy, and I will attack the argument rather than the person who made it. One should not let the facts get in the way of a good argument, but anyone who argues for an all-Ireland economy is not letting the facts get in the way of a bad argument. It is financially irresponsible to talk of an all-Ireland economy at this time. No economist would agree with the argument, because it is the political equivalent of trying to push water up a hill.

I accept the Member’s point that there must be open minds. However, those open minds should consider the benefit of the power block of the east-west relationship. Our relationship with the rest of the United Kingdom is the primary economic block on which to build and take ourselves forward. It will deliver more jobs and sustain more businesses right across Northern Ireland. Indeed, one could argue that it would

be better to twin with Greece or Iceland than to have an all-Ireland economy.

The Chairperson of the Committee for Finance and Personnel:

I was referred to as Alice in Wonderland earlier, but now I am wondering where the White Rabbit is. Does the Member not agree that, although the economic and social needs of his Strangford constituency are perhaps being met, there are people in areas such as the north-west or north and west Belfast who are unemployed and living in poverty? Those communities have not seen the investment that the Member for Strangford has seen in his constituency. Everybody is asking why we would want to join with an economy that is in such dire straits as the South of Ireland. Is the Member saying that it would have been OK to do it several years ago when the Celtic tiger was in play?

Mr Bell: I was in Brussels last Thursday. I saw the heads of state arriving, and I saw the blind panic on their faces at the situation in the euro zone. Is anyone arguing today that we should have placed ourselves in the euro zone? There was fiscal concern and blind panic among those heads of state. I do not want to refer to the Republic of Ireland as a bankrupt country, but that is not far off the mark. People in north and west Belfast and in the west of the Province should look to this Budget, because it delivered a better M2. The east-west economy is a better guarantor of success for those people than an all-Ireland economy.

Mr Campbell: Is it not as straightforward as this: as a Sinn Féin Member indicated, Northern Ireland can either be incorporated into a population of six million inside the euro debacle, or it can remain among a population of 60 million in the sterling zone, with the stability and democracy that that offers us, inside the European Union but outside the euro debacle?

Mr Bell: The Member made his point very well; I cannot add to it.

Dr Farry: Will the Member reflect on the fact that the argument between the euro zone and the sterling zone is overly simplistic? Does he recall that the UK sterling zone had to have recourse to the International Monetary Fund to address its financial situation in the late 1970s? More recently, Iceland, which is not in the euro zone, had to be bailed out. Greece's problems were not caused by the euro zone; they were domestic. Rather, the euro zone

creates a situation in which all the countries in Europe have to show solidarity and rescue any country that falls.

Mr Bell: My learned friend Mr Farry will agree with me that no one, having considered any reasonable length of time, can argue that tying Northern Ireland's interests in with the rest of the United Kingdom is to its economic disadvantage compared to having an all-Ireland economy.

The Minister of Finance and Personnel: We are now into the realms of global finance, but, since the Speaker invited Members to be as wide-ranging as possible, I hope that he will indulge us.

Will the Member accept that part of the problem for countries in the euro zone, especially small countries, is that their problems are exacerbated by the fact that being in the euro zone has removed from them many of the levers that a country would normally have to control its own fiscal policy, exchange rate and monetary policy? They are tied into what suits the biggest countries, which often does not suit the smaller countries, and, when one country is hit with a shock that maybe does not affect the other countries, they find that they are very restricted in their movement. Therefore, as my honourable friend argued, having flexibility and independence as a result of being outside the euro zone is a remedy to that problem, whereas being in the euro zone is the cause of the problem.

Mr Bell: I can only agree with all those points.

I want to pay tribute to those who spent many hours at Hillsborough. My party leader had six hours' sleep over six days as he sought agreement. I say to Members: do not make the perfect the enemy of the possible.

We have to show the public the difference that we made to the economy and how we kept it at a point at which everyone in Northern Ireland will have an economic advantage. We have to show how we boosted small businesses and the construction industry, achieved savings through procurement and how one in every two construction jobs is a result of work done in this House. We have to show how our farmers walk away with £300 million from the common agricultural policy and £6-7 million for farm modernisation; how our roads are in a more improved state; and how we have 66 new ambulances on the road and a programme that will deliver new ambulances within five years.

Mr B McCrea: Since the Member is on a list of remedies, will he state what plans he or his party have to redress the imbalance between the public and private sectors? Will he freeze wages, or will he cut jobs?

Mr Bell: With respect, that question has come from a party that has just parroted Ken Clarke. It will cut more jobs, people's benefits, the Roads Service, the Health Service and the Department for Social Development, and it is now looking for answers. The answers are there if the Member would look at them. The answers are there in the frozen — *[Interruption.]*

Mr Speaker: Order.

Mr Bell: The answers are there in the frozen regional rate, the small business rates relief and in RPA, in relation to procurement and human resources functions. The answers are there. The Member might not like it, but this House delivered proper construction jobs for people out there.

Mrs D Kelly: The Member has detailed places where the answers may well be for his viewing. However, there are no answers in the Hillsborough agreement. There are processes and working groups, but there is no detail. Will the Member point out to me where the answers and the detail are in the Hillsborough Castle Agreement, which OFMDFM is trying to sell across the airwaves?

Lord Morrow: On a point of order, Mr Speaker. Is it in order for a Member to sally into the House not having heard any of the debate or discussion and come in here with, allegedly, some advice? The Member just wanders in here, slithers into her chair and gets up and demands to be heard. How outrageous.

Mr Speaker: Order. I said this morning about how wide the debate may go. However, I also said to Members that it will be vital to try, as far as possible, to stay within the scope of the Bill. The scope has certainly been widened. There is absolutely no doubt about that.

In addition, I am always of the opinion that Members should be in the House for as much of a debate as possible. I know that that is sometimes not easy for Members, but it is important.

Mrs D Kelly: Further to that point of order, Mr Speaker, I thank you for that clarification. As

all Members know, the debate is available for viewing in our own rooms.

Is it in order for the Member opposite to say that a Member "slithers into her chair"?

Mr Speaker: Order. I always advise Members about their use of language in the House and about tempering their language. I remind the House of the importance of the language that Members use.

We are now close to Question Time.

Mr McLaughlin: Further to Lord Morrow's point of order, it seems to me that the Member responded to a Member who had asked the Member who had the Floor to give way. She then responded to the Member who made the intervention. Is that a correct use of asking a Member to give way?

Mr Speaker: I will move on from that point. *[Laughter.]*

Mr Bell: I will conclude. The answers that the honourable Member for Upper Bann seeks lie with the Executive, of which her party leader is a member. Her party leader supports and has endorsed the Budget. I assume that Margaret Ritchie can give the honourable Member the answers that she seeks. However, I will give the Member a quick summary. The Executive have a Minister of Finance and Personnel who has delivered for business through the regional rate and rates relief; he has delivered on the review of public administration; he has delivered for the construction industry, the universities and the agriculture industry; he has delivered greater equality for Ulster Scots, which, in the past, was deprived of its fair share of money; and he has delivered for the Health Service and Roads Service. For all those reasons, I commend the Budget and the good stewardship of the Minister of Finance and Personnel to the House.

Mr Speaker: Order. As Question Time commences at 3.00 pm, the House may take its ease until that time. When the debate resumes, Mr McLaughlin will be the next Member to speak.

The debate stood suspended.

3.00 pm

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

Oral Answers to Questions

Culture, Arts and Leisure

DCAL Projects: South Down

1. **Mr P J Bradley** asked the Minister of Culture, Arts and Leisure to provide a brief summary of the projects planned by his Department for the South Down constituency in the 2010-11 financial year, and the total capital investment in these projects. (AQO 764/10)

The Minister of Culture, Arts and Leisure (Mr McCausland): Seven separate capital projects are planned for the South Down constituency in the 2010-11 financial year. The total capital investment in the projects that are planned for 2010-11 is £1.518 million. Funding for the arts included the allocation of £600,000 out of a total project investment of £1.2 million to Down District Council for the extension to the Down Arts Centre. An allocation of £80,000 out of a total project investment of £107,000 has been made to the Newcastle Glees Musical Society for the refurbishment of its premises.

Funding for sport included the allocation of £49,000 out of a total project investment of £245,000 to St Malachy's GAC in Castlewella for its sports pitch. An allocation of £49,000 out of a total project investment of £245,000 has been made to Drumgath GAC for its sports pavilion. An allocation of £73,500 out of a total project investment of £245,000 has been made to Clonduff GAC for its sports pitch and lights. An allocation of £66,000 out of a total project investment of £220,000 has been made to An Ríocht GAC for its sports pitch. Furthermore, £250,000 out of a total project investment of £5.158 million has been made to Tollymore Mountain Centre for the rebuild of the mountain centre.

Funding for libraries included the allocation of £350,000 out of a total project investment of £1.1 million for a newbuild at Killeel library.

Mr P J Bradley: I thank the Minister for his answer. I certainly welcome the level of spending in my constituency. I know that Mr McCausland,

since becoming the Minister of Culture, Arts and Leisure, has been out and about and fact-finding in South Down, which I welcome.

Is the Minister aware of the delays that are associated with the development proposals for Bryansford GAC? If not, will he undertake to liaise with his Executive colleague Mr Poots to bring forward the project?

The Minister of Culture, Arts and Leisure: I am glad that Mr Bradley noted that I have been in South Down. He very kindly provided me with a tour of the Ross monument in Rostrevor, for which I am grateful.

I can deal only with the funding side of the issue that he raised about the Gaelic football club in Bryansford. I am not familiar with the issue, but I will endeavour to look into it and come back to the Member about the matter.

Mr McElduff: Go raibh maith agat, a LeasCheann Comhairle. Why did the Minister's Department send back £2.5 million in reduced capital requirements in the February monitoring round when projects in South Down and other constituencies that involve grass-roots, community-based sports clubs were ready to spend that money? Could that money not have been re-profiled? How did the Minister magically find £5 million yesterday for the Ulster-Scots broadcasting matter?

The Minister of Culture, Arts and Leisure: I will deal with the last point first. Obviously, Mr McElduff did not bother to listen properly to the news because that money for broadcasting, since it is a reserved matter, is dealt with by the Department for Culture, Media and Sport (DCMS) in London. It does not come out of my Department, nor does the money for the Irish-language broadcast fund. All the money for broadcasting comes from the Treasury through DCMS to Northern Ireland Screen, so we will set aside that matter.

The Member quoted a figure of £2.5 million being returned in the current monitoring round. That figure seems to have been quoted quite widely in the media in the context of an event that was organised by Sport Northern Ireland the other day in the Wellington Park Hotel. I will give an example of why such money is returned. Last year, there was an underspend of £722,000, which was part of a £1 million fund for motorsport safety. That sort of situation is totally unacceptable, and I have asked officials to look into that as an example and as a matter

of urgency. Most of my Department's budget is given to arm's-length bodies. If such bodies cannot deliver with the money that they have, there is a clear problem that I am determined to have addressed.

To take motorsport safety as an example: I have a letter from coroner John Leckey that makes for serious reading. He states, and we agree, that safety is an important issue, but it is the responsibility of a sport's governing body. However, when almost £750,000 remains unspent, we must have answers. That is an intolerable situation that I am not prepared to permit to continue, and I am sure that the public will not appreciate or tolerate it much either. Therefore, questions will be asked about why some arm's-length bodies have not managed to spend the money that was given to them by my Department. If they had spent it, we would not be in the position of having an amount of money — £2.5 million in this case — returned in the current monitoring round. I am sure that the Member will accept that I am determined to deal with that issue.

Mr Kennedy: Will the Minister provide a brief written summary of projects that are planned by his Department for my Newry and Armagh constituency, which borders South Down?
[Laughter.]

The Minister of Culture, Arts and Leisure: All politics is parochial. I have the greatest pleasure in assuring the Member that I will provide the information that he requested.

Kennedy Kane McArthur

2. **Mr Storey** asked the Minister of Culture, Arts and Leisure if his Department has any plans to mark the anniversary of the centenary of Kennedy Kane McArthur's victory in the 1912 Olympic marathon event. (AQO 765/10)

The Minister of Culture, Arts and Leisure: I am aware of the Member's enthusiasm for the celebration of the centenary of Kennedy Kane McArthur's victory in the 1912 Olympic marathon. He has urged Lord Coe to give official recognition to the achievements of Kennedy Kane McArthur as part of the 2012 London Olympics, and all credit to the Member for his determination. He and I met representatives of Dervock and District Community Association and I conveyed my support for its plans to celebrate Kennedy Kane McArthur's Olympic victory.

To that end, I asked my officials to provide ongoing advice and support to the Dervock and District Community Association on how to become involved with the London 2012 games, to identify avenues for potential grant assistance and to identify potential partners for delivery of its intention to mark the centenary of the Olympic victory. That help has been provided, and, at the stage when the organisers can realise their plans, my Department will provide further support to help them to raise the event's profile and link it to the London 2012 games.

Mr Storey: I thank the Minister for his interest in the issue. Northern Ireland must honour such events as the centenary of Kennedy Kane McArthur's win, particularly as it comes up when the Olympic Games will be held in London in our nation. Has the Minister any further suggestions about steps that the Dervock and District Community Association could take to realise its plans to mark the centenary of an achievement by one of our country's key and important historical figures?

The Minister of Culture, Arts and Leisure: It is worth noting that Ulster has many black holes in its history — events that get forgotten. That is certainly true in the realm of sport. Therefore, I am pleased that the folk in Dervock and the Member are committed to marking the important centenary. Such events and individuals can be inspirational to today's young athletes. They create good role models.

As my officials outlined, the organisers should focus their first efforts on partnerships to create a small celebratory exhibition, for which they could apply for a London 2012 Inspire Mark. They could also participate in London 2012's open weekend, which runs from 23 July to 25 July 2010. Organisers could focus their efforts on producing the documentation that is necessary to apply to the events unit for a grant to fund their half marathon. The award of a London 2012 Inspire Mark would provide the official recognition of Kennedy Kane McArthur that the Member sought from Lord Coe during his recent visit.

Mr Leonard: Go raibh maith agat, a LeasCheann Comhairle. Will the Minister detail the criteria by which the Department assesses or selects past sports achievers? How are those criteria applied across the board?

The Minister of Culture, Arts and Leisure: The campaign is not a departmental initiative.

It arose in the community, with the Member's political support. Therefore, it is not a question of setting criteria. The Member and folk in Dervock came forward with a remarkable and impressive story. As well as being inspirational, McArthur was a very colourful character and a remarkable individual. When identifying key figures, others might follow his example.

When we met London Organising Committee of the Olympic and Paralympic Games (LOCOG) representatives, I said that we were keen to see efforts being devoted to looking at Northern Ireland's sporting history and, perhaps, to creating an Ulster sporting hall of fame, because I am sure that other people who reached a world standard have been forgotten, so it would be good to remember them. I have tasked officials with that work, and, in due course, I will come back to the House on it.

Mr McDevitt: It is fitting that we remember K K McArthur and other great Irish runners and Olympians, such as Pat O'Callaghan and Bob Tisdall. In the light of London 2012, what plans does the Minister have for, and how much money does he intend to put aside to ensure that we get, elite training facilities for the region? Furthermore, is he in discussions with his counterpart in the Republic of Ireland about promoting the potential of athletes who plan to compete in London, be it in an Irish or a Team GB shirt?

The Minister of Culture, Arts and Leisure: The Member asked first about elite facilities. Work is ongoing to assess a range of sports bodies' proposals for elite facilities. Recently, I received a paper that gives an indication of the thinking on the current assessment round. Proposals that get through that sift will then require an outline business case, which will take up more time and effort, so the timescale is uncertain. It is easy to erect a facility, but its sustainability is a key consideration. We can all identify sporting facilities, buildings and leisure centres that were provided in the past that may not be fit for purpose now or are proving to be very difficult to sustain. The elite facilities for which there were applications are wide and varied. Some proposals give every indication of stacking up financially and being sustainable, and others may not. It is important that we get the assessment process right, because such projects are not put up simply for the next six months or a year. Their ongoing running costs, from the Exchequer or wherever, is the major

issue. Therefore, we would be unwise and foolish to move ahead with them pre-emptively.

The Member will also be aware that there was a difficulty with two applications, resulting in legal proceedings and challenges. Those cases are still being dealt with, which has delayed matters. The delay is not down to anyone in the Department; the matter was outside our control, and it is still to be fully resolved. However, those cases have been set aside to enable us to proceed with the other applications. That is why we are where we are. We decided to park those cases until they are fully resolved and to move ahead with the others. It would be inappropriate to let those cases hold the others back any further.

I cannot remember the Member's other question. However, if he gets one question answered, he is doing rightly.

Sport: Adult Participation

3. **Mr A Maskey** asked the Minister of Culture, Arts and Leisure to outline any research being undertaken by Sport NI into the levels of adult participation in sport and physical activity. (AQO 766/10)

The Minister of Culture, Arts and Leisure: Sport Northern Ireland is undertaking a large-scale survey into levels of adult participation in sport and physical activity. The survey is being carried out as part of the delivery of 'Sports Matters: the Northern Ireland Strategy for Sport and Physical Recreation 2009-2019'.

The aim of the survey is to enable comprehensive estimates to be made as to the amount of sport and physical activity that adults in Northern Ireland undertake and how frequently and intensively they do so. As part of the survey, Sport NI will also be gathering information on a range of related issues, including levels of participation among different groups of adults, motivations for participation, reasons for non-participation, club membership, volunteering and coaching. It is expected that the findings will be available in October.

3.15 pm

Mr A Maskey: Go raibh maith agat, a LeasCheann Comhairle. Given that the Minister's Department has announced that sport will be a major loser in the Department's revised budget expenditure, will the Minister ensure that the specific Programme for

Government target for a strategy for sport relating to significantly increasing adult participation in physical activity will not be affected by those cuts? I am particularly concerned, as I am sure the Minister is also, about the impact that the cuts would have on areas of social deprivation.

The Minister of Culture, Arts and Leisure:

Quite a bit has been said over the past few days about cuts in funding for sport for the incoming year. Therefore, it will be helpful if I set the record straight on that. Prior to the recent announcement of my Department's proposed budget for 2010-11, Sport NI's indicative budget, and I emphasise the word "indicative" — it is purely an indication — for that year was £13 million for resource and £20.8 million for capital. The indicative budget now provides Sport NI with £11 million for resource and £20.3 million for capital. Despite the reduction from the previous indicative budget, that still gives Sport NI an uplift or increase of £2 million in its resource budget compared to the current year. That represents an increase in expenditure for the next year of 23%.

Some people seem to manage, and I do not know how they do it, because they are certainly not using the arithmetic that I learned at school, to turn an increase of 23% into a reduction or a cut, which seems quite remarkable. There is also a £7 million increase in the capital budget above that originally indicated in the comprehensive spending review for 2008-2011. I emphasise that there has been a 23% increase in the resource budget, because I looked at some of the press statements over the past few days from various interviews, and people have been saying that the proposals would mean that 120 local clubs would face the prospect of no funding at all, 50 or more top athletes would not get any financial help, jobs would go, 24 community sports posts would be under threat, including one in the Member's constituency, and a further five jobs would be lost in schools. However, if there is a 23% increase next year and an uplift and increase of £2 million, I cannot understand why there should be any reductions or job losses at all. It is not as big an increase as we wanted or hoped for, and it is not as big an increase as we anticipated, but it is still an increase.

Mr Gardiner: Has the Minister considered developing any adult-focused sports programme

geared at addressing health defects in the adult population as a result of physical inactivity?

The Minister of Culture, Arts and Leisure:

This brings me to the issue of our strategy, which is called Sport Matters. I must point out to the Member that it was approved by the Northern Ireland Executive in December 2009. The strategy looks at how we make sport more effective, how we ensure that there is a cross-departmental approach to it and how we ensure that it is used in addressing issues of health and obesity, which is the sort of thing that the Member was speaking about. The Executive eventually approved the document in December 2009. I hope to publish it in the near future, and I am considering the next steps in taking forward its implementation. To that end, I have written to the Minister for Social Development, the Minister of Education and the Minister of Health, Social Services and Public Safety, asking them to nominate a senior official from each Department to join a Department of Culture, Arts and Leisure (DCAL)-led Sport Matters monitoring group.

It is my intention to chair that monitoring group, which will be expected to oversee the delivery of Sport Matters.

Mrs D Kelly: The Minister, quite rightly, mentioned the cross-departmental nature of sporting issues. Accepting that participation in exercise starts during childhood and school years, and, hopefully, continues throughout adult life, what conversations, if any, has he had with the Minister of Education with regard to the ongoing delay of the publication of the sport strategy for schools?

The Minister of Culture, Arts and Leisure:

The Member is right to identify the fact that although we were able to proceed on many sporting issues that are solely the preserve of one Department, namely DCAL — we could move ahead on all of those — the fact that Sport Matters was held up for so long affected our ability to get interdepartmental co-operation. That point was not made specifically to the Education Minister, but it was made in a general way on quite a number of occasions. I hope that now that we have reached the point at which it has been approved and is about to be published, we will move quickly towards having the monitoring group in place and will see the results of that in the near future.

Mr G Robinson: Has DCAL or Sport Northern Ireland carried out any other surveys on participation in sport and physical activity by, for example, women, older people, people with disabilities and children?

The Minister of Culture, Arts and Leisure: DCAL annually runs a module in the continuous household survey, which measures the number of adults who have participated in sport during the previous 12 months. The results are published annually on the DCAL website. Continuous household survey data is available on a wide range of different groups of adults, which includes men, women, older people, people who suffer social or economic deprivation and people with disabilities.

DCAL also ran a module on sport participation in the 2007 young persons' behaviour and attitudes survey, which was aimed at those aged between 12 and 16 years. We will repeat that module in the 2010 survey. Those results are also published on the DCAL website. In 2009, DCAL carried out research on the impact of the economic downturn on participation and attendance. That publication, which contains the findings from the May 2009 Northern Ireland Statistics and Research Agency omnibus survey, reports on the impact of the economic downturn on participation in, and attendance at, cultural and leisure activities and events.

Sport Northern Ireland's existing large-scale adult sport and physical activity survey already looks at a wide range of different groups of adults, which includes men and women, older people, people who suffer social or economic deprivation and people with disabilities. Sport Northern Ireland also plans to undertake further surveys on participation by children and young people as part of its broader research strategy.

Libraries NI

4. **Rev Dr Robert Coulter** asked the Minister of Culture, Arts and Leisure what new initiatives and services Libraries Northern Ireland has been able to offer since separation from the education and library boards. (AQO 767/10)

The Minister of Culture, Arts and Leisure: Libraries Northern Ireland assumed responsibility for the public library service on 1 April 2009. Much of its work during its initial year of operation has focused on strategic issues, such as completing the transfer of responsibilities to

Libraries NI and putting in place a framework for effective and efficient delivery of library services; harmonising policies and practices from the five education and library boards to ensure a single coherent service; developing, through public consultation, the future strategic direction of library services for Northern Ireland; and delivering the efficiencies that were projected in the review of public administration by reducing administration costs by £600,000.

Even during its relatively short period of existence, a noticeable improvement to the delivery of library services is evident. For example, Libraries NI has invested more in the library estate in one year than was invested in any previous year. New libraries have opened in Newtownstewart and Antrim. Work on a number of other projects is under way. Libraries NI has increased expenditure in library stock. It is on track to invest £2 per person on stock, which is an increase of more than £1 million from the previous year. It has started a £1 million project called Health in Mind to improve access to information on mental health and well-being.

Rev Dr Robert Coulter: I thank the Minister for his reply. What funding has been made available to the Library Service to enhance community participation and training for the elderly in the use of computers?

The Minister of Culture, Arts and Leisure: I have been looking carefully at the draft allocation of Libraries NI's budget for 2010-11, and we are still looking at that budget. The Member identified certain areas that he sees as priorities, and they are worthwhile initiatives. I will keep those in mind as we look at how Libraries NI sets out its budget for the incoming year. It will put its budget and business plan for the year in front of me, and, at that stage, I will bear in mind the Member's suggestions.

Ms J McCann: Go raibh maith agat, a LeasCheann Comhairle. Given the positive contribution that libraries and libraries provision can make to those in our communities who are socially and economically disadvantaged, will the Minister assure us that libraries that are in areas of social need will be kept open following the current review?

The Minister of Culture, Arts and Leisure: A strategic review is being undertaken, particularly on the Belfast estate. I assume that the Member is referring to that area. The board of Libraries NI is carrying out a public consultation on a

strategic review of the library service in the greater Belfast area. The Libraries NI board agreed unanimously to carry out that consultation. The Libraries NI board includes elected councillors from the Member's party, the SDLP, my party and the Ulster Unionist Party. No final decisions have been made, and I encourage anyone with an interest in the Belfast public library service to participate in the consultation. The consultation process has been extended until 5 April 2010 to give communities that are concerned about developments or who have suggestions for improvements a good opportunity to input fully into the process.

Libraries NI has undertaken that review to improve services. It is not about saving money; it is about providing a better service. Any savings that are made in the review will allow better allocation of existing resources in library stock, longer opening hours, other library services and more outreach services.

One example of good practice is the Grove Wellbeing Centre in north Belfast. That centre is in an area that is recognised as being socially disadvantaged. In that community, the new provision has resulted in a substantial increase in the number of people who are registering as library users and in the number of books that are being borrowed. The important factor relates not so much to buildings as to getting people to use libraries. The more that libraries are used and the more people who read and borrow books, the better it will be for that community, for literacy and for the social benefits that flow from library usage. I am sure that the Member will agree that increased usage has to be a priority. In recent years, there has been a steady decline in the use of libraries, not only in the city but across the United Kingdom. We want to see that situation reversed, and the success of that is dependent on having better services that will attract people.

Mr D Bradley: Go raibh maith agat, a LeasCheann Comhairle. Tá ceist agam don Aire faoi leabharlanna Thuaisceart Éireann agus faoi chúrsaí oidhreachta.

The Minister will be aware that the legislation that set up Libraries Northern Ireland has a heritage brief for Libraries Northern Ireland. Will the Minister explain why Libraries Northern Ireland has delayed in acting upon the heritage brief, especially when specialist libraries, such as the Irish and Local Studies Library in

Armagh, are uncertain about their future? Will the Minister assure me that the heritage brief of Libraries Northern Ireland will be presented to the Committee for Culture, Arts and Leisure without further delay?

Mr Deputy Speaker: Minister, you may answer any or all of those questions.

The Minister of Culture, Arts and Leisure: The Member will be aware that I was a member of the Committee for Culture, Arts and Leisure when the Libraries Bill was going through the Assembly and the Committee. He will also recognise that I was one of the Committee members who pressed most strongly for heavy emphasis to be placed on cultural heritage, particularly that of Northern Ireland. I have spoken to the chief librarian and to others, including the chairperson of Libraries NI, about the matter. They are conscious of the issue.

They recognise the important role of libraries in relation to cultural heritage. We should bear in mind that the organisation was established only on 1 April 2009, but it is considering the matter and treating it seriously.

I have no doubt that if the Committee were to contact Libraries NI, it would be more than happy to come to make a presentation. It is a valuable area of work because it helps to build a sense of social cohesion and a shared and better future. Libraries can play an important role in that. I am sure that the Member will support me in emphasising that point to Libraries NI, because it is fully committed to the matter.

3.30 pm

Executive Committee Business

Budget Bill: Second Stage

Debate resumed on motion:

That the Second Stage of the Budget Bill [NIA 8/09] be agreed. — [The Minister of Finance and Personnel (Mr S Wilson).]

Mr McLaughlin: Go raibh maith agat, a LeasCheann Comhairle. I do not wish to speak at any great length on the motion. Other Members have demonstrated an impressive capacity to do so, but I do not share the assumption that sufficient anoraks exist in society to follow such extensive outpourings.

The context in which we are discussing the Budget Bill has already been set out, and it has been largely uncontested during the debate. The consequences of global economic downturns, the range of reliefs on rates on water, the inability to dispose of surplus land assets because of market conditions and the imposition of efficiency costs by Westminster are obvious to all Members. However, should the Assembly simply manage the impact of the changed economic circumstances or should we respond with confidence, imagination and innovation?

In Jonathan Bell's contribution, he effectively set out how Departments are utilising the funds available to them to invest in quality services, and so forth. However, the financial reach of Executive resources is clearly finite. Nevertheless, there is the ability to continue to address the agreed Programme for Government targets, although people would not know that from the local media as there appears to be a general commitment to engender a sense of failure and pessimism. When I hear some of those comments, I am reminded of David Ervine's words in the Chamber when he said that many people in society were clairvoyant and could see the future, and it was all bad. He was mainly referring to the unionist community, although it struck a chord across the board. However, I do not agree.

I welcome the Departments' disposition in delivering on their briefs within the Budget constraints and the available resources as a first step in defending what is happening here and explaining it in greater detail. That is

why I am bemused by today's criticism of the proposal to explain to people the details of the Hillsborough agreement. We should not be afraid to inform people, and we should not be afraid of informed debate.

Mr B McCrea: Does the Member accept that it would have been a good idea to have had all parties involved in the Hillsborough agreement and not just two of them?

Mr McLaughlin: I am quite certain that all the parties were at Hillsborough. I am also quite certain that a range of discussions and topics were processed and that all parties were involved. I do not argue that the procedures that we are devising in the developing political process are perfect, and I accept that they can be improved. I accept that if there is angst or resentment that the processes are not sufficiently inclusive, that should be addressed. I also accept that efforts to resolve difficult issues require concentrated focus, which perhaps narrows down the range of participation. However, I absolutely accept the general principle that the Member addresses. We should continue to address the challenges and deficiencies.

There were some interesting responses from across the Chamber when Jennifer McCann introduced the issue of the Barnett formula, and I found myself almost responding to those responses in the same knee-jerk fashion. To argue that it is dangerous to review the Barnett formula at the current time is only one perspective on what is a challenge for the Assembly as a whole. The reality is that Barnett is already being reviewed by the Treasury and Whitehall, and they have set the terms of reference for that review. Are we expected to sit back and accept its outcome, or can we engage with it, perhaps to our advantage, if only to debunk some of the misapprehensions?

I have been at close quarters to the Treasury. I was part of an all-party delegation that sat across the table from Treasury officials whose basic starting point was that they were giving too much financial assistance to this region. To leave those officials with that impression would be a strategic mistake. All parties must engage with the Treasury to demonstrate that we have confidence, imagination and valid opinions about what would work in this region and what is important.

The real question is whether people in this region, and the Chamber, begin with a view that

the Barnett formula is fair to the North, and I suspect that many feel that it is not. Most of the MLAs who have engaged in the discussion around the Barnett formula have acknowledged that Departments are struggling with the reality of budget deficits, just as they were struggling in the more benign economic circumstances in 2008, before the restoration of devolution. We had a very ambitious Programme for Government, and, before that, we had a broader range of issues that Members and parties wanted to address.

Those issues were narrowed down, refined and tailored to suit the available resources during the budgetary discussions, but that does not mean that we reached a consensus that we had sufficient resources to begin with. As I have said before in the Chamber, we had to cut our coats to suit the cloth that was available. Whether we continue with that unequal struggle or examine ways of supplementing the block grant or available revenues to address the range of services to which our people are entitled is a question that can become a unifying influence in an Assembly that has seen many examples of discord and a lack of co-ordination.

In the budgetary discussion during the preparation for Government process, a consensus emerged among Members that the Barnett formula was intrinsically flawed. If we are afraid to admit that now, in the aftermath of devolution, what do Members think the attitude of the Treasury will be to such a lack of self-confidence and demonstration of dependency? Do they believe that the Treasury will be impelled to greater generosity? I suspect not; rather it will see this region, the Executive and the parties in it as a soft touch. We must address that by being more forthright in exercising our challenge function and in expressing our view that the Barnett allocation is insufficient to provide the quality of service that is available in other regions in the Whitehall domain.

Today's proposals by the Northern Ireland Economic Reform Group in relation to corporation tax are interesting, because they also highlight the issue of consensus. There is a consensus among all Members of the all-party delegation that met Gordon Brown and his Treasury advisers that a corporation tax adjustment is necessary here.

That consensus was an important and encouraging development. It was not a starting

point for my party, but it was recognition across the board that we had to engage with Gordon Brown and his advisers to demonstrate our ability to agree on what we felt was required to help with the number one priority of rebuilding the economy.

The ability of all parties to address an important platform issue on which they would all agree, and that they would all agree to prosecute, was an important example that we should carry forward. The fact that Gordon Brown and his advisers deflected, and, indeed, rejected, that approach is neither surprising nor as strategically relevant as the fact that the Assembly has given every indication since then of having thrown in the towel on the issue. That has been a huge mistake.

The threat to our economic well-being is of sufficient importance to command new initiatives and a return to achieving all-party mandates. I am responding in part to the point made by Basil McCrea. We should tackle the present-day problems with the same approach that we took in the period immediately before the restoration of devolution.

It may be of some interest to the Minister if I suggest that there may be scope to develop an approach to the economy: perhaps a subcommittee with clear terms of reference that could draw on the experience of the Assembly parties and key stakeholders such as business, further and higher education, the social-economy sector, the community and voluntary sector and the trades union movement. The challenge is to respond rather than to manage.

Some Members referred to the Bain report, about which I will make some comments. There was also a reference to the very interesting concept of invest to save; it is interesting even in combination. The Minister referred to the spectacle of civil servants passing each other in cars, buses and trains on their way to work; that is not a valid response to the intrinsic value of local, subregional economies being allowed to develop and grow through a concentrated and committed policy of relocation or decentralisation.

Mr O'Loan, who is not in his place, referred to Workplace 2010, the collapse of which leaves the Executive with the challenge of addressing substandard — and, in some instances, below substandard — Civil Service accommodation. However, that setback should be turned into

a comeback. We should attempt to address the imperative requirement of addressing Civil Service accommodation through a process that allows us to open our minds to the possibility and benefits — cost and otherwise — of developing Civil Service accommodation in areas outside what might be regarded as the centre of government or the clusters around the centre of government.

This is a small region, and it is perfectly within our capacity, and in the spirit of value for money and invest to save, to look beyond east and south Belfast as options for the location of government offices. It also makes environmental common sense, as it would lead to reduced travel times and less motorised transportation on our roads.

Jennifer McCann drew attention to the equality issue, particularly in relation to gender, and I support the points that she made. I have had discussions with senior civil servants who had to decline opportunities for advancement because it would have meant separation from their families and relocating to offices in Belfast. That was an injustice to them, and it has done a disservice to us, because those were capable civil servants with enormous potential and experience, but because of the glass ceiling, they were, in effect, discriminated against.

The onus remains on the Assembly to demonstrate that we can deal not with the consequences of our own failure but with the failure that developed over many decades and that will not be resolved overnight. Unquestionably, a pattern of discrimination emerged that has resulted in long-standing patterns of regional disparity and some hot spots of social and economic disadvantage that are difficult to resolve. We have to start somewhere if we are to resolve that in the long term, and an opportunity exists through the way in which the Executive distribute the benefits and advantages that flow from relocation and having government go into those areas to provide opportunity and important impetus to the subregional economy.

3.45 pm

My main thesis is that the political and economic crisis must be responded to. All elected representatives should work in collaboration and agreement with one other on the delivery of robust and sustainable government. Our realistic and pragmatic approach to the Budget should not be the only demonstration of our

ability to manage our own affairs. We must demonstrate that that we are looking not only at new ways of working with one other but at delivering quality, robust, sound and sustainable government.

Mr Ross: Some lengthy contributions have been made, particularly this morning, but my contribution will not be quite as lengthy — it certainly will not be as technical — as some of those speeches. A colleague said that the Members who speak earliest are often the anoraks, and I will make a point of not falling out with the wrong people in case I am appointed to the Committee for Finance and Personnel for the next year.

The Speaker was brave when he said that he would allow latitude in the debate for Members to speak on whatever issue they want, and David McNarry certainly took that opportunity. My colleague Jonathan Bell said that he contrasted the view of one side of the Ulster Unionist Party with the view of the other side of the Ulster Unionist Party. One view of David McNarry could also be contrasted with the other view of David McNarry. He talked about trying to be friends with, and about building better relations with, the Minister of Finance and Personnel, yet he came out with unsavoury, unparliamentary language to Members on the DUP Benches, both during and after his speech. I hope that the Speaker will look at his comments.

Mr McNarry made many comments at the start of his speech about the Hillsborough agreement. I look forward to our having a debate on that issue in the House. Today is not the time to do that, so I will not go on to use this occasion to discuss it, but I look forward to having a real debate in the Assembly on the Agreement at Hillsborough Castle in the coming weeks. It was also strange that Mr McNarry seemed to take a negative attitude towards the fact that the Parades Commission will be abolished at the end of the year. I am not sure that too many members of the Loyal Orders throughout Northern Ireland will share either that view or his love of the Parades Commission.

Mr Bell: Is it not the case that the position of the Ulster Unionists and Conservatives, as expressed by Owen Paterson, the shadow Secretary of State for Northern Ireland, is that the Parades Commission should remain?

Mr Ross: I thank the Member for his intervention. In recent weeks, we have heard suggestions

that some members of the Ulster Unionist Party have been travelling across the country and suggesting likewise. That will be met with concern by members of the unionist community.

One positive point during Mr McNarry's speech was the intervention from my colleague the Member for East Antrim Sean Neeson. I hope that Hansard staff picked up on his witty retort, because it deserves to have been noted.

It is clear that today's economic circumstances are different from those that existed when the Budget and the investment strategy were drawn up. However, at that time, when devolution was returned, the Executive put growing the economy at the heart of the Budget. The economy is vital to the future of Northern Ireland. Declan O'Loan argued that the entire Budget and Programme for Government should be scrapped and started again.

Even if our opinions on how we should address those issues differ, the one thing that we can agree on is that the economy should still be very much at the centre of what the Executive and the Assembly do. In that sense, we got it absolutely right when we made the economy our number one priority.

These arguments are a bit old. We have had them before, and we will have them again. The Minister mentioned that the in-year monitoring process has been useful in allowing for adjustments and reallocation of finances to be made during the year to the tune of around £1 billion. In-year monitoring allows for flexibility, and it has been used to good effect over recent years.

Whenever we discuss issues such as this, it is important that we have mature debates. With the exception of a few Members' contributions, today's debate has, by and large, been just that. In the early days of devolution — the party that I am mostly talking about is not actually represented here at the moment — countless motions were tabled that called for the Executive to bring forward one priority or another. Had those sorts of motions been agreed to, the entire block budget would have been spent within a fortnight of devolution returning. It is important that we take these debates seriously, that we recognise that we do not have bottomless pits of money to throw around the place and that we need to treat the issues in question with a level of maturity.

Previous Budget debates over the years have been renowned for Members standing up

and reeling off a list of pet projects in their constituencies. Again, Members have shown a level of maturity today by not doing that. Given that the Minister and I both represent East Antrim, he will be well aware of anything that is on my list. One of the constituency issues that I raised during our first Budget debate was the A8 road. I am pleased that progress has now been made on that issue and that commuters will have safer journeys and quicker travel times between Belfast and Larne. That is good not only for the East Antrim constituency but for the whole of Northern Ireland. That is positive. I noted that the Minister said yesterday that the new road means that he will be able to have a few extra minutes in bed in the mornings. Given his lack of sleep during the Hillsborough negotiations, he probably deserves that more than the rest of us.

There are many things that we would want to do if we had bottomless pits of money. We could scrap student fees or extend free public transport, but to talk about doing that would be to engage in fantasy politics. As I said, today's debate has been more mature, because Members realise that we cannot allow for such luxuries in the current economic climate. The reality is that finances are tight. Over recent years, the Executive have committed vast sums of money to certain projects. The Civil Service equal pay claim and the continued deferral of water charges, which were perhaps mentioned more today than yesterday, are massive commitments for the public purse. I listened to some Members today and yesterday say that we should consider changing our view on water rates. Given the tough economic circumstances that people in Northern Ireland face, I think that the Executive made the right decision in deferring water charges. Many people have lost their jobs, and, consequently, their finances are tighter than ever. It is not the right time for the Executive to ask householders to pay water charges. Therefore, the Executive's decision was the right one. There was also a huge investment of around £22.3 million in the Bombardier CSeries project to secure the economy and safeguard jobs. That showed that this part of the world can deliver such projects. Again, such investments are very important.

My colleague Jonathan Bell talked about the decision that was taken at the beginning of this mandate to freeze the regional rate and about the effect that that had on small businesses in his Strangford constituency. He will be aware

that businesses across the Province are still operating today because of such decisions. It is important that we highlight some of the positive things that have come from the Assembly. Although some members of the media are always negative about what the Assembly has achieved, I think that we can quite rightly be proud of the achievements that I mentioned.

I wish to address briefly some of the challenges that various Departments face. I will focus primarily on those Departments on whose Statutory Committees I sit. I know that the various Chairpersons who spoke yesterday discussed much of this, but I wish to examine briefly some of the issues that face the scrutiny Committees on which I sit.

The Education Department is clearly one of the biggest spenders in the Assembly. For the future of the economy, it is vital that children have the best possible start in life. Therefore, it is important that we ensure that the money going to that Department is spent wisely. Members across the House are genuinely concerned that that money is perhaps not being spent as wisely as it should be.

Budget constraints have led to some uncertainty for those schools that were hoping for new buildings this year or next year. In my constituency, schools in Islandmagee and Larne were looking forward to newbuilds, but that is now very uncertain. When officials came to the Education Committee, as other members of the Committee will know, they ruled out newbuilds totally, saying that no new schools would be built this year or next year. However, when the Minister came to the Committee, she publicly contradicted her officials and said that that decision had not yet been made.

Mr Weir: I see from the budget figure on the capital programme for schools that the level of spend is going down by roughly 10%. Clearly, that will have an implication on capital spend. However, the lack of information emanating from the Department of Education on the capital school building situation is deeply disturbing and very worrying for Members and for their constituencies. Only today, I was given the nebulous answer that the situation is being looked at. Does the Member agree that, in any form of capital build, there is a need for a level of certainty, and that the Department of Education's dragging its feet on indicating how

its budget on capital build will be allocated is deeply undermining confidence in the sector?

Mr Ross: Absolutely, and that is the point that I was making. There is uncertainty, and that is not helped by the fact that when the Minister does come to the Education Committee, she sings a different song to that of her officials. That is something that all Committee members have expressed concern about, and it is a deep concern for those schools expecting newbuilds this year or next year.

Earlier, I mentioned how, in these sorts of debates, it is always tempting for Members to raise their pet projects, but I will resist at this stage. We are aware that one of the Minister of Education's pet projects is Irish-medium education. There is a concern that perhaps she will divert funding towards that medium rather than towards other areas in which significantly more children are educated. For example, the need for funding for primary schools is a great concern, and I am sure that Members across the House will have been contacted by local primary schools that are very concerned that they are not getting the level of funding that they need. One of the biggest issues — it has certainly filled my mailbox in the past few months, and, I am sure, those of other Members — and one which has been looked at seriously by the Education Committee is that of special educational needs. That is a massive issue for the public, and one which must receive adequate funding. It is important that the money that the Education Minister gets is allocated to the right areas and to the areas in which it will make the biggest difference.

Another point that was raised today by my colleague from Strangford, and which was raised yesterday by the Alliance Member for Lagan Valley, Mr Lunn, is the concern around the attempt to withdraw funding from prep schools. The Education Minister will find that it is not quite as easy to do that as she hopes. It has not yet sunk in for the Minister that the changes made under the St Andrews Agreement mean that she cannot go off and make solo runs and that she needs Executive approval for cross-cutting and novel ideas. The Minister will find that more difficult to implement than she previously thought.

The ePIC issue, which has come up in the Environment Committee, has, over the past number of years, been quite a considerable

financial drain, with millions of pounds being spent on it. Members of the Environment Committee went to Scotland to see a similar project. We hope that our version will be more successful, because, on the day that we went over for a demonstration, the whole system crashed and did not work at all. However, projects such as that will, hopefully, be of benefit to constituents in the future.

We are all very aware that the number of major planning applications has fallen in recent years, which, again, impacts on the amount of resource coming back into the Department.

The Environment Committee is also looking at the challenges that local government reform will bring. There will be a debate on that issue in the House next week.

4.00 pm

I am also a member of the Standards and Privileges Committee. We hope that no additional resources will be needed in the next year for issues that that Committee deals with, because that would mean that we would have a lot more work to do and that more complaints had been made about the conduct of Assembly Members. There is a serious point on that issue, because, over the past number of years, quite a few frivolous complaints have been made against Members, and they eat up the time of the Interim Assembly Commissioner for Standards and cost a considerable amount of money that could be spent elsewhere.

The global downturn has had a local impact. When we talk about the global downturn and the global financial crisis, it is probably the local impact that hits us harder than anything. In my constituency, there were job losses at FG Wilson, which is a major employer not only in Larne but in the surrounding area. There were considerable job losses at Nortel in Monkstown, and the recent announcement by Avaya that more jobs may go is of deep concern to local representatives and to those who are employed there and their families.

We know that the Executive are limited in what they can do in such situations. It is not the role of a Government to create jobs; their role is to create an environment in which jobs can be created through investment, foreign or otherwise, and in which the circumstances are right for entrepreneurs to start businesses and create employment. In that role, the Enterprise

Minister and Invest NI should be congratulated on their efforts, particularly with regard to the situation in Monkstown. Last week or the week before, the MLAs for East Antrim were invited to a meeting with the Enterprise Minister, at which she explained the efforts that she has made to save some of those jobs.

The situation is very difficult. Members of the public do not always understand that and are often quick to blame the politicians, even when businesses are acting in bad faith. It is important that the Executive make every effort to save the jobs that are under threat, so that we do not have hundreds more people out of work in the Monkstown area.

One important action that the Executive can take in such situations is to ensure that investment continues to help those who have recently lost their job to help them to train and to get the skills that they require to find other work or that they will require when there is an upturn in the economy and more jobs are available. It is important that the Minister for Employment and Learning continues to fund those training projects, and I hope that he will. We heard about the vast number of young people in our community who are out of work. We should all be concerned about that. We want to see as many of those individuals as possible brought into training and, ultimately, employment.

Over the past number of days, we have heard how the global economic downturn has impacted on all Governments across Europe and the world, and we have had quite a debate about its impact on the Government in the Irish Republic. That does not seem to have put off some Members who have legitimate political aspirations to join the Irish Republic. The financial difficulties in which that country finds itself have not put off those Members from wanting to link our fortunes to those of that country in the future.

Over recent years, we have also had significant difficulties when looking at the assets that we own. Part of the Executive's Budget was based on revenue from asset sales, but, given the property crash and everything else in recent years, we are not getting as much revenue as we had anticipated. Again, that brings challenges and means that there are difficult decisions to take.

In recent weeks, I have heard some Members say — in the Canteen and elsewhere — that they would not like to be Sammy Wilson and to have to make a Budget in the current economic climate. Those Members miss the point: this is not just a difficult time for the Finance Minister; it is a difficult time for the whole Executive and the whole Assembly. The Budget has been agreed by the Executive, and all Members have a duty to make an input to help to find the right approach for Northern Ireland. It is also important that all Departments take some pain in finding the savings. We simply cannot pass on the responsibility to ratepayers; that is an irresponsible approach for government to take.

I am concerned when some Members talk about wanting the Assembly to have tax-raising powers, because politicians are not talking about lowering taxes.

The Chairperson of the Committee for Finance and Personnel: Will the Member give way?

Mr Ross: I will give way in a second. Politicians are not talking about lowering taxes; they are talking about raising taxes. Every instinct in my body is to avoid government that simply increases the tax burden on people and raises taxes.

The Chairperson of the Committee for Finance and Personnel: Does the Member agree that it is the issue of tax-varying powers that has been raised during the debate? The British Treasury raises taxes at the moment anyway.

Mr Ross: Yes. However, if the Assembly obtains such powers, I very much doubt whether Members will want to reduce taxes for the general public. They will only want to increase them. I do not want to promote the sort of politics that just raises taxes for individuals before the Executive take the difficult decisions to find the efficiencies themselves. In recent months, we have debated tax-varying powers. If those powers came to the Assembly, that would impact on the money that we receive from the Treasury. The matter has been argued in detail in recent times.

Over the past couple of days, some Members have suggested that an all-Ireland approach is the solution to all financial difficulties. In fact, the same Members say that an all-Ireland approach may be the solution to global warming or to a range of other issues. I am not entirely sure that businesses in Newry and other border towns agree with that approach, because, in recent times, businesses in those areas have

benefited from the fact that the border exists rather than lost out because of it.

The Chairperson of the Committee for Finance and Personnel: Does the Member agree that a joined-up approach on infrastructure already exists for investment north and south? Moreover, there is already a cross-border approach to stimulating innovation in research and development. Furthermore, does he agree that co-ordinated delivery of services in areas such as education and health would be more efficient, provide more value for money and, therefore, be beneficial to the economy?

Mr Ross: There is a difference between an all-Ireland economy and co-operation between the two jurisdictions in this part of the world. I will return to that issue in a moment.

Regardless of all those issues, we must recognise that there are tougher times ahead and that, irrespective of whether the Labour Party — unlikely as that is — or the Conservative Party provides the next Government in Westminster, there will be large cuts to the Budget and to the Northern Ireland Budget. That will raise challenges for us and will mean that we must find huge savings. That is a challenge for all of us.

The Member has just mentioned an all-Ireland economy, and the issue comes down to cross-border structures versus cross-border co-operation. The current Finance Minister has been working with his counterpart on issues such as the National Asset Management Agency (NAMA). In his previous role, as Environment Minister, he worked with his counterpart in the Irish Republic on the mutual recognition of driving disqualifications. That highlights that the DUP is in favour of co-operation that is beneficial to both jurisdictions. However, we have some difficulty with the amount of wastage and bureaucracy in some existing cross-border structures.

Last year, I spoke during a debate in the House on the cross-border structures and bodies that were set up as part of the Belfast Agreement. Questions have been asked about whether all those structures and the bureaucracy that comes with them is entirely necessary to facilitate good and proper co-operation between Northern Ireland and the Government of the Irish Republic. During previous debates, the Finance Minister said that he will talk to his counterparts in the Irish Republic about important issues and that he has no difficulty

picking up the phone to talk to individuals or to organise meetings. That is a much better way to do things than to have the forced North/South structures, with all the money that is spent on them. *[Interruption.]*

I will give way to the Member now.

Dr McDonnell: Although I neither agree nor disagree with the Member about the bureaucracy in the cross-border bodies, given that they are relatively small, does he agree that there is bureaucracy, duplication and wastage in our local systems? Does he share my concern about that, or is he concerned just about the cross-border bodies?

Mr Ross: I share those concerns. Where efficiency savings are to be made, they should be made at every level. Certain Departments in Northern Ireland should also be making efficiency savings. However, when the Irish Government were seeking significant savings, the first place they looked was the North/South bodies. They identified that huge sums of money were being pumped into those bodies, and, having asked whether such spending was necessary, they determined that it was not. Nationalist Members in particular seem to be wedded to the North/South structures, so there is a challenge for them to see whether we can have relationships with the Irish Government other than those through the structures that are using up huge amounts of money and bureaucracy.

During questions for oral answer to the Office of the First Minister and deputy First Minister yesterday, a Sinn Féin Member, I think, raised the issue of an all-island civic forum. The Civic Forum that we had in Northern Ireland provided no tangible benefit to the people, and huge sums of money were pumped into it for no benefit at all. I do not believe that it should come back, and I certainly do not believe that it should be expanded into an all-Ireland body, given that we are in difficult enough times.

The Minister of Finance and Personnel said yesterday that he did not want to sound like a populist. The Minister could be accused of many things, but being populist is not one of them. He said that there were savings to be found here, which goes back to Dr McDonnell's point: if efficiency savings are to be found in Northern Ireland, we should look here first. We can look at the Assembly itself, but I know that that approach has been criticised in some quarters

as a party political tactic that would work to the advantage of the Democratic Unionist Party. Since 1998, when this place was established, we have been saying that there are too many Members in the Assembly and too many Departments and that we want to reduce the numbers of both. Other parties are hearing that message and can see that there are savings to be made in that area. It is not just a question of financial savings; there is the added benefit of such a reduction resulting in more efficient government by streamlined Departments. We should consider that, because we need to find efficiencies wherever we can.

Today and in previous debates, Members have focused on the Department of Health, Social Services and Public Safety because of the massive efficiency savings that it is required to make. We know about the huge levels of bureaucracy and wastage in that Department. For example, even last year in a response to a question for oral answer, the Assembly was told about how much money was wasted on simple things such as missed appointments. If steps can be taken to reduce the number of appointments that are lost through people not turning up or forgetting about them, we should take them.

More recently, the swine flu issue caused huge financial pressures, and through Assembly questions we have determined that some 60% of the vaccines that were bought to combat swine flu have not been used and are sitting on the shelf. Questions must be asked about how much money the Minister spent on those vaccines and whether the information on which he based his decisions was entirely accurate, given that, at the time, a number of experts warned him against such measures. The fact that 60% of the vaccines have not been used and the threat of swine flu was not as bad as some people had determined should be an issue of concern. The Minister refused to answer my Assembly questions about the money that was spent on the swine flu episode, but that is probably more to do with the protection of the pharmaceutical companies, who have benefited most. We have had debates about the need for that Department to make efficiency savings, and Mr Farry highlighted the lack of movement by the Health Minister and his Department.

Efficiency savings need to be made across the board, and, although this debate gives Members an opportunity to say what they want

money to be spent on, it is an occasion for us to be serious about finding ways to find greater efficiencies by examining the use of our Budget to ensure that people get value for money. Ultimately, it is the people whom we represent who will get the benefit of the Budget.

4.15 pm

Mr B McCrea: I approached the Speaker at 2.00 pm today to enquire as to whether there would be a problem with my speaking to 'Stormont Live' at 2.30 pm. I need not have worried, because Mr Ross had yet to speak. For a man who started his diatribe by saying that he would not take long, to reach half an hour is something of a record. Mr Ross had much to say, but little of it was of any substance.

Important things need to be said on the Budget. There have been interesting contributions from Members that warrant discussion. One of the key points that Dr Farry made was on the need to take tough decisions. I am disappointed that he is not in the Chamber, although I understand why. He used the phrase "political kamikaze". I ask Mr Bell, who is of course leaving the Chamber, whether he would support job cuts or wage freezes. What action would he take to meet the inevitable reduction in public finances to which Mr Ross referred? The simple fact is that discussions will have to happen among parties. There are tough issues for us to struggle with. There is much discussion in the Chamber about a shared future but relatively little discussion about shared responsibility.

The Minister of Finance and Personnel states that this is an Executive Budget and that no party can disagree with it. It may surprise people to learn that none of the four parties in the Executive, as well as the fifth party that is trying its damndest to get into it, can say that it does not agree with the Budget. I agree with the Minister on that. Therefore, I wonder why we spend so long debating the issues. It comes back to the way in which modern politics has evolved, where, true to form, Mr Bell and Mr Ross claim the credit for everything that has happened, whether they were personally responsible or not. However, where blame is to be laid, it is to be laid anywhere but at their feet. It is no wonder then that the people of Northern Ireland look at their political class in dismay. They can no longer trust what is said, because it is all PR spin. It is all about how a situation is managed. I find that disgraceful.

I am prepared, as a Member of this Assembly, to engage in generous and genuine discussion. I am disappointed that Mitchel McLaughlin has left the Chamber. Perhaps his colleagues will relay to him that I noted the generosity of his comments, and I heard him say that, if there are issues of inclusivity to be addressed, we should address them. The Ulster Unionist Party has made no secret of the fact that it does not feel part of the Executive and that the Executive do not take notice of what we have to say. The logical conclusion of what I said about supporting the Minister of Finance —

Mr F McCann: Will the Member give way?

Mr B McCrea: Of course.

Mr F McCann: The Member says that the Executive do not listen. Does he include his party's member on the Executive in what he says, or is he excluded from criticism?

Mr B McCrea: I am grateful to the Member for his intervention, because —

Mr D Bradley: Two members.

Mr B McCrea: Yes, we have two members on the Executive. As usual, I have got the SDLP to do the counting for me. That is tremendous.

I will respond to Mr McCann. The Assembly needs an opposition. If we cannot resolve our issues in an Executive, my contention is that we should have at least a two-party coalition run this place. If parties on the Executive do not accept our contribution, do not want our input and do not want inclusivity, the four-party coalition arrangement is nonsense, and there should be an opposition. Perhaps that answers the Member's question. *[Interruption.]*

Mr Deputy Speaker: Order.

Mr Storey: I appreciate the fact that the Member comes to the House and sincerely tries and that he becomes exasperated when he is not listened to. However, does he not accept that the structures of the House are the result of what his party and his mathematician friends in the SDLP constructed —

Mr Deputy Speaker: Order. The Speaker started the debate by saying that he would allow a good deal of latitude. However, there is latitude, and then there is latitude. We have moved away from the Budget debate altogether. I ask the Member to return to the motion.

Mr B McCrea: In addressing the Budget, there is a question of political stability. Political stability is important for investment; nothing frightens off investment more than political instability. Discussions about potential unity between various parties are ongoing. There is an issue of whether we can agree on a set of principles, values and policies and find a common way forward. However, I hear Members saying, in effect, that their idea is right and that others are wrong. Unless we create some form of corporate governance that shares responsibility, we will be unable to take the tough decisions that need to be taken.

The need to raise taxes has been mentioned. Some Members, such as Mitchel McLaughlin, have said that we ought to do something about corporation tax. A simple answer might be to vary corporation tax or even reduce it to zero, but I do not know whether people would find that acceptable. However, £250 million would have to be taken off the block grant; Members can make up the difference as they see best.

Mr Hamilton: The Member makes the point that a reduction in corporation tax would result in a reduction in the block grant. Does he not accept that that does not mean that he has split the atom today? It was a key element of the Azores ruling of the European Court of Justice. There were three components to that ruling, one of which was that there must be a commensurate reduction in assistance to match the benefit of the reduction in corporation tax. The Member's suggestion is in no way new, novel or unique.

Mr B McCrea: I accept that the principle was outlined in the Azores ruling. My point is that every action has consequences. To have a proper debate on the issue, all eventualities must be taken into consideration.

People have asked what it will take for the people of Northern Ireland to become interested in politics. If the Assembly were to decide to raise taxes, that would certainly get people interested in politics and concentrate minds.

I am pleased to see Mr O'Loan back in the Chamber. He asked whether we should increase rates, bring in water rates and so on. Is he not aware of the pressure that many working and non-working people are under? The private sector is experiencing wage reductions, while the fundamentals in this place carry on unchallenged. Two thirds of our economy is based in the public sector, but no one challenges that

fact. No one gets to grips with that, because it would be political suicide to do so.

Mr O'Loan: I do not know whether I have understood the Member correctly. I am surprised that he seems to be saying that I called for an increase in rates. He either misheard me or is confusing me with a Member who sits closer to him in the Chamber than I do.

Mr B McCrea: I am grateful to the Member for that clarification. However, my question stems from what the Member said about Greece. What would happen if an attempt to take tougher action, as suggested by others in the euro zone, were to lead to civil unrest? If we were to exert similar pressure, how would he deal with any resulting unrest? Only by reaching agreement as an all-party coalition, which the Executive are supposed to be, can we take decisions to tackle the inequalities and inefficiencies in the system. It is not right for people to go into their baronial castles and lob missiles at other Ministers. Decisions have to be made.

Ms Ní Chuilín: Will the Member give way?

Mr B McCrea: I am getting to the stage when I cannot take any more, but —

Ms Ní Chuilín: We are all probably getting to that stage, Basil. I am listening to what Basil McCrea is saying, particularly about the Executive. I thought, perhaps naively, that the Programme for Government, the investment strategy and, particularly, the Budget were founded on unanimous decisions by the Executive.

What Basil has not taken on board — it comes up in every debate on the Budget or the monitoring rounds — is that all Ministers and Departments take some pain. I have heard constituents talk about the immaturity of people in this place and their inability to agree, and I have no doubt that the Member's constituents say much the same. However, his party's Minister of Health, Social Services and Public Safety is a prime example. That Minister's performance when dealing with budgets leads those constituents to think that we are not mature enough to agree, never mind deliver.

I do not expect Basil to agree with my next point, but I will make it nonetheless. I believe that Basil's comments are genuine. However, rather than lecturing the rest of us about maturity and good governance, he needs to have that conversation within his party. To me and

most other Members, good governance means agreeing a Budget. It also means recognising that, somewhere down the line, we will all have to experience some pain, although not necessarily through the loss of front line jobs. I do not agree with the Member's position on the public sector, particularly on health.

Basil needs a hug, because he is getting extremely exercised about the debate. All joking aside, however, time and time again we hear talk about good governance and the construction of the Executive; I find that a bit rich. The Member should have a chat with his party colleagues first.

Mr Deputy Speaker: Thank you for that short, sharp intervention.

4.30 pm

Mr B McCrea: I am pleased to hear that at least some people are listening to what I say, rather than to what they think that I should be saying. I have not included certain issues in my speech today. Perhaps the Member thinks that I should mention the Minister of Health, Social Services and Public Safety amongst others. I am clear that, when the lack of money creates problems, hard decisions will have to be taken. All Ministers must take collective responsibility, including the UUP's Minister of Health, Social Services and Public Safety and Minister for Employment and Learning. I do not know whether the Member misheard me, but I agree with her on that issue.

I would be interested to hear from the Minister of Finance and Personnel, in his summation, whether the Minister of Education is happy with the cuts that have been put to her Department. Other Members spoke about the difficulties that we face. As I understand it — I am open to correction — we spent £250 million on capital expenditure last year.

This year, that was reduced to £170 million. I have been told that, because of the failure of the framework contracts and the inability to use the PPP, there is zero free money available for capital expenditure. I am told by the Department that that is what that means. There is only £30 million left for minor works against a backlog of £240 million. Our schools are falling apart. Perhaps the Minister of Finance and Personnel will clarify for me whether that situation is acceptable to the Minister of Education. Many people in schools are unhappy with that situation.

People talk to me about the revenue side of the Department of Education, but there is £100 million worth of cuts to be made: that is what we are facing. Given that 75% to 80% of the education budget is spent on labour, how can such cuts be made without imposing wage cuts or redundancies? Is this an Executive decision? Is it supported by the Minister? Both health and education are underfunded compared to their counterparts in the rest of the United Kingdom.

When it comes to an issue, if people unite and decide on the right way forward, then I will have to consider that. However, if a party cannot live with what is agreed in the Executive, there is only one place for it to be; namely, in opposition. I say that repeatedly. I am not an economist, but my opinion is that we will experience a series of years in which there will be cuts in available budgets, and very painful adjustments will have to be made. I think that it was the Finance Minister who asked whether we should keep on increasing the rates or taxes, or whether we should deal with inefficiencies and misallocation of funds. This is a trying time; but it is also an opportunity to get public finances sorted out for the next 30 to 40 years.

I long for a concerted effort to be made to deal with the structural inequalities in our system. We must find ways to balance the public and private sectors. It is not right that public sector jobs pay 25% more than commensurate jobs in the private sector. In addition, it cannot be right that wages of working people here are 80% of the wages of those in the rest of the country. On such issues, I want to see the introduction of an investment strategy that will maximise the added value that our economy can deliver. I do not mind whether it is in telecoms, IT or some other sector; but we, as a part of this world, must work out where to invest resources in order to maximise return, and that includes investment in infrastructure.

I want to say something concerning the Alliance Party. It may have been Mr Farry who talked about raising taxes. When it comes to that issue, I find it incredible that a party that is supposed to be trying to build consensus is being destructive when others are trying to mend fences. Members have to find some way of dealing with the issues that face us.

The Executive are responsible for the Budget, and as far as the UUP is concerned, they are dysfunctional. Our litmus test for the Executive

is the resolution of education issues, and I do not just mean the 11-plus: I mean the Budget; investment; jobs; the early years' strategy; funding for preparatory schools; and the changes in the common funding formula, which may see money being taken away from schools with sixth forms and given to others. All those issues must be dealt with on a collaborative and cohesive basis. If, and only if, the Executive can resolve the education issues, can we then have confidence that they are able to handle this Budget or any other powers that they want to obtain.

I know that Members feel that they have been waiting here for a long time. This has been a long debate, and they will ask for what purpose. Part of what I said was new and unscripted. The Members who chose to listen heard me talk about the way forward for the new political dispensation in this place. We will get nowhere without inclusiveness, equality and making sure that everybody is on board. Otherwise, we will only fiddle while Rome burns. The money will run out and all the people of Northern Ireland will suffer.

Mr D Bradley: Go raibh maith agat, a LeasCheann Comhairle. Ba mhaith liom a rá go bhfuil áthas orm páirt a ghlacadh sa díospóireacht thábhachtach seo faoi chúrsaí cáinainnéise. Ba mhaith liom díriú go háirithe ar chúrsaí oideachais i mo óráid.

I am grateful for the opportunity to contribute to this Budget debate. As Mr O'Loan outlined our party position in some detail, I will direct my comments to the education budget, which was mentioned by several Members earlier in the debate. I am somewhat concerned about the state of the finances in the Department of Education. The capital resource was mentioned by a number of Members. We are told that due to pressures on the capital resource, there will be no newbuilds in 2010-11. In fact, the shortfall in the capital budget is £92 million.

Senior officials from the Department told the Committee on several occasions that there would be no newbuilds in 2010-11. The Minister then came to the Committee and told us that her officials do not speak for her. We, as Committee members, are trying to work out for whom they were speaking and whether we believe the Minister or the officials. There seems to be a degree of confusion between the Minister and her officials.

The Minister told us that, depending on the ongoing review, there may be some newbuilds next year. However, the Minister seems to be confused, and the message that goes out from the Department is one of confusion. Schools that were told that their projects would go on site in the spring of this year are confused. They now do not know whether that will happen. That is after a wait of eight or nine years in some cases and after review after review and economic appraisal after economic appraisal until the governors, teachers, parents and education providers are blue in the face, exasperated and frustrated.

The Minister very kindly wrote to the Education Committee on 14 January to obtain our views on how her Department can deliver savings and address pressures in the overall context of her priorities for education. It was very kind of the Minister to invite us to participate in the process. It is perhaps ironic that when the Minister had more money at her disposal, she did not invite us to participate in the process of spending that money, but when it came to making cuts, she was very generous and invited us to participate in the process. Unfortunately, however, some members may have viewed the Minister's invitation as an act of cynicism rather than kindness. Who could blame them? How can members of the Committee give their views on budgetary issues when they are not given the information that is needed to make informed decisions? The Minister may have asked us to make alternative proposals, but how can we do so when we have no sight of important information that is needed to make informed decisions?

Given the current capital difficulties, most people would find it difficult to foresee any newbuild in the coming year or, indeed, in years to come. Add the shortfall in capital resource of £92 million to the backlog in school maintenance of £270 million, and we have a recipe for a crumbling schools estate. That is hardly the facility or the accommodation needed to produce a twenty-first century education system.

The Department of Education's resource budget is not much better. Coincidentally, its shortfall is also £92 million, and there are no solid plans as to how that pressure will be met. The Minister's officials have outlined areas, including C2k, the Council for the Curriculum, Examinations and Assessment (CCEA), the entitlement framework and the school improvement programme, in which total savings of around £30 million can be

made. The Committee has not been given any rationale on those savings. It has not been told what impact the savings would have on the projects concerned. Areas of supposed policy priority are being reduced: the entitlement framework by £5.5 million and school improvement by £7 million. We are being asked to support savings without any indication of their effects and without knowing whether the Minister agrees with the proposed savings.

For example, the entitlement framework is already well behind schedule, as indicated clearly in the 'Together Towards Entitlement' report. The Minister said that work needed to be accelerated to ensure that all schools are up to speed in delivering the entitlement framework, yet she is withdrawing resources from that very area. There is a contradiction in proposals from the Department; a tension between the savings being proposed and the policy areas being promoted.

We are told that a convergence plan will be enacted for education and library boards to produce further savings. That convergence plan has not yet been presented to the Committee. The privileged few who have had sight of it tell us that no figures have yet been set against the various proposals. If Members, including those on the Education Committee, are to assess the Department of Education's finances, we need the information that is required to do so. At present, the Department does not seem to be in a position to provide that information, which is an incredible position for any Department. I fear that, in the absence of achievable proposals being available to Members to scrutinise, we may end up with cuts that go right to the front line delivery of education services.

If the Minister wants our views, let her come forward with firm proposals and a clear rationale for them. Let us see the convergence plan for the education and library boards and the savings that will accrue from that process. At the moment, we are largely in the dark about the Department of Education's finances. The reason for that seems to be that the Minister is no better informed than we are. Perhaps, the Minister and her officials should sit down together to discuss and agree the Department's finances and come to the Committee with a unified message, one that contains the information that Members need to assess the proposals that the Minister is bringing forward. To date, that has not happened.

4.45 pm

Mr Brady: Will the Member enlighten us as to why he is calling for the restoration of the 11-plus?

Mr D Bradley: I thank the Member for his learned intervention, which has nothing to do with the debate. The SDLP is still opposed to academic selection. We have called for the CCEA test based on the primary-school curriculum to be introduced as an interim measure, as his party's own Minister proposed —

Mr Deputy Speaker: Order. The Member should return to the subject of the debate, namely the Budget Bill.

Mr D Bradley: I shall, of course, return to it. I was just taking the opportunity to enlighten Mr Brady on the SDLP's position on academic selection. However, I shall proceed to discuss the Budget Bill.

Last month, we debated proposals arising from the consultation on special educational needs and inclusion. The response to that consultation process was overwhelmingly opposed to the Minister of Education's proposals, yet, in her response to the debate, she insisted that she would proceed to spend £22 million to train teachers to implement proposals that are flawed, are opposed by almost every disability advocacy group in Northern Ireland and, as a result of the consultation, have not been agreed by her Department. In the present circumstances, perhaps that money would be better spent on ensuring that front line services are not impacted upon, teachers continue in their posts at the chalk face, classroom assistants continue to support teaching and learning at the chalk face, and the statutory rights of children with special educational needs are maintained. Here and now, I assure the Minister that my party will not support any Department of Education proposals that impact on front line education services.

What is needed? The Department must sort out confusion about its resources and let Members and members of the Education Committee know the true state of its finances. Schools, teachers and education partners have a right to know. Therefore, without any further delay, the Minister of Education should bring forward clear proposals.

Mr Hamilton: I am used to speaking initially in debates in my capacity as the Chairperson of

the Social Development Committee. My one regret as a result of holding that post is that it sometimes restrains me from saying what I want to say or espousing my party's position much more clearly. By its very nature, chairing a Committee forces one to try to reflect the views of everyone on the Committee, or at least the majority position, and I shall attempt to do that later, when we debate the Housing (Amendment) Bill.

Since being appointed Chairperson of the Committee, I have very much enjoyed my time on it. It would be impossible for any Member to serve on that Committee and not enjoy its cross-cutting impact on his or her constituency work. I have analysed my constituency work in the past year, and more than 40% of the day-to-day work that I do, or, rather, those in my constituency office do on my behalf, relates to social security and housing, which are the core responsibilities of the Department for Social Development. In addition, working in that post, I have quickly learned that there is a raft of policy implementation behind what Members see in their day-to-day constituency work.

I want to address what has undoubtedly been the number one issue for the Department for Social Development since the restoration of the Assembly: social housing. In the context of the Budget debate, we are talking primarily about the financing of social housing. In the past number of years, the phrase "social housing" has rarely been heard without being accompanied by the word "crisis". Often, that "social housing crisis", as it is referred to ad infinitum, is related to financing and the budget available for social housing, and, to break it down to a further subset, to the financing and budgeting for social housing newbuilds.

I want to address the issue and provide some thoughts for the Minister of Finance and Personnel and the Minister for Social Development. People do not refer to social housing as being in a state of crisis without cause, and we only need to look at the Department for Social Development's figures to back up that claim. During 2001-02 and 2007-08, the social housing waiting list in Northern Ireland rose from 25,903 to 39,688. I do not intend to get into the reasons why it rose by that amount, but I think that we all appreciate why that was the case. Nevertheless, over that short period, the social housing waiting list rose by 53%. Through our constituency work, Members regularly have to deal with the impact of that on

individuals and families. However, what is not frequently said in connection with the issue is that over the same period, investment in social housing newbuilds in Northern Ireland increased from £65 million to £156 million — a 140% increase in investment versus a 53% increase in the number of individuals on the social housing waiting list.

The conclusion that I draw is that continuing to do more of the same, and purely investing at current levels, will not suffice. It will not cut the mustard, and it will not achieve anything. My rudimentary mathematics show that even if we were to double our current investment year on year — and we are achieving something like 1,750 starts in this financial year, which is the highest in ten years — it will take us 20 years to clear the current social housing waiting list. That is in the absolutely unlikely scenario that not one single person would be added to the social housing waiting list. This, therefore, is the extent of the problem that we have with the current budget. It is not that the budget is insignificant or insubstantial; it has been rising significantly in spite of the obvious pressures that have been placed on it.

Mr F McCann: I appreciate what the Member is saying, and there is always a good debate at the Social Development Committee when, as he says, one can get me to shut up from time to time. The Member mentioned 1,750 newbuilds, but that is a manipulation of the figures. When that figure is broken down, less than half of the newbuilds are actually built from the ground up. Two years ago, we talked about 1,500 newbuilds, but only about 700 were newbuilds; the rest were brought in from private developers. Therefore, when one looks at the figures, one is not seeing the truth.

The Minister said that she would put the construction industry back to work, but aspects of the industry say that more people are employed in the provision of maintenance, such as Egan contractors, and they will take the hit in the proposed cuts to the budget.

Mr Hamilton: I thank the Member for his intervention. He made a couple of interesting points, which will lead into some points that I am going to make. His first point is right in that when the numbers are scrutinised they may not be what they appear to be at first glance: but, what is new about statistics and figures? I appreciate the Member's argument that there

are 1,500 newbuilds, and that maybe a lot of them were off-the-shelf. There are 1,750 this year, and some of them are also off-the-shelf.

I concur with his point that off-the-shelf purchasing does not always represent best value for money. It should, and I hope that any existing off-the-shelf purchasing does represent best value for money. One would expect that the unit price for newbuilds would be less than off-the-shelf purchases, particularly at present, with land prices, construction costs and the housing association grant having come down. That will not be the case in every instance. However, one would imagine that it would be so in the majority of cases.

There are almost 40,000 people on the social housing waiting list. Although the Member may disagree, my point is that, if someone has been on that waiting list, perhaps in a chronic state of homelessness — goodness only knows that person's background or circumstances — I would hazard a guess that it probably does not matter to that person whether the house that he or she moves into, which he or she has longed for, waited for and dreamed about for years, has been constructed by a housing association through traditional procurement routes, is an off-the-shelf purchase, or whatever.

I will comment on some other possible methods of social housing provision, which is vital to unlocking the problem of financing social housing in Northern Ireland. I will return to the point that I made initially: if Albert Einstein were here and saw the way in which the Assembly invested record levels in social housing newbuilds and how waiting lists have lengthened, he would be right to say that we are insane. If the Assembly continues in the way that it has been going for years, it will not achieve the step change in delivery of social housing. It must do things differently.

I want to put on record that I do not believe that the current model is sustainable in the long term, particularly in a climate in which there are severe pressures on public finances, especially on the capital side. Many Members have mentioned that, and I may address some of their points later. If the Assembly did not make the dent that it hoped to make on social housing waiting lists when it was pouring record levels of money into newbuilds, what will happen when times are tighter? It will make even less of an impact.

The Assembly can no longer subject social housing to the vagaries of the property market, whether that be land sales or house sales: that point has been made several times by Committee members and other Members of the House, and it seems to be commonly accepted. However, for many years, the Housing Executive did pretty well out of land and house sales, which more than covered investment in social housing, whether that was for newbuilds, maintenance or repairs.

Members must all accept, therefore, that, moving forward, we have to take the rough with the smooth. The financial realities of the downturn simply make different methods of delivering the same objective of social housing, through newbuilds or other methods, more important than ever. The largesse of the past 10 years will not be there to the same extent. There is now a greater imperative to consider different delivery methods than there was in the past when there was no incentive. When land and houses were being sold and more money was coming in than was going out, there was no incentive to consider different ways of delivery.

The Assembly must be smarter, more agile and think of different ways to achieve the same goals. It is about achieving the same goals that all Members share. That imperative exists because the Assembly will simply not achieve that objective if it continues as it is.

Earlier, I used the analogy of splitting the atom. It is not as though Members sit here in splendid isolation, have no ideas in their heads and no ideas are being put out by different people. It is not as though there is not best practice in the rest of the United Kingdom and even beyond about how the Assembly could deliver better and have more sustainable financing for social housing in the future.

The Commission on the Future for Housing in Northern Ireland, which is considering a vision for 2020 for housing in the round, has partly addressed the subject of more sustainable financing for social housing. It talks about a more strategic role for the Housing Executive, changing its landowner function and issues such as an asset management strategy and tax incremental financing. I could not answer many questions in detail on tax incremental financing: anybody who can deserves a prize.

It sounds interesting.

Mr Weir: Perhaps someone will intervene.

5.00 pm

Mr Hamilton: I will give way if anyone wants me to; I am happy to take a break at this stage.

There is a caveat to all the ideas that I mention. I am not saying that any of the ideas that I recall others telling me about, that people told us about in Committee meetings or, indeed, that we have not looked at or examined yet are the right answer for Northern Ireland. However, I hazard a guess that somewhere within all of them is something that we can take on board and adopt or adapt for Northern Ireland's circumstances. At least the housing commission is talking about different ways of getting more sustainable financing for all aspects of social housing. That is to be encouraged.

The housing commission is building on or working alongside work that has been achieved already by the Housing Council. Everybody, certainly those from a local government background, should be aware of what the Housing Council does. It is representative of all 26 councils, and I think that the five biggest parties of the Assembly are represented on it. It came up with a fairly courageous paper called 'Bridging the Gaps', which looked primarily at addressing the current funding problem that exists in social housing. It also tried to look to the future to make that more sustainable, and that is what I am talking about.

The Housing Council made several proposals on a cross-party basis. One of its ideas related to stock transfer. Under that proposal, housing stock that is currently in the ownership of the Housing Executive would be moved to a housing association. The Housing Council proposed that initiative particularly for dilapidated properties or houses that are in need of much investment to bring them up to the standard of decent homes. I think that there is a pilot under way in the Creggan in the Foyle constituency, and we await with interest the report and evaluation of that pilot. There is scope in certain circumstances for that to be used as a way forward. Let us transfer certain types of stock over to housing associations so that they can gain finance on the back of the asset, which would allow them to do the repair work, and then housing that has not been in use will be brought back into use. The proposal has a limited utility, but it has some usefulness.

The Housing Council also talked about leasing, and, in the past number of weeks, the Committee for Social Development has looked at the idea of block leasing good housing stock. We can talk about what constitutes good housing stock in the private rented sector and how that aim can be achieved, whether through mandatory or voluntary registration. The housing would have to meet high quality standards. It would be worth examining the viability of block leasing houses in the private rented sector to people who are on the social housing waiting list. I think that such an initiative is ongoing already.

The Housing Council talked also about better exploitation of joint ventures. There is huge potential in joint ventures in which any number of organisations can work together. Councils could work with the Housing Executive, housing associations and private landlords. All sorts of people could work together in a joint venture model. That is somewhat similar to what happened in the past, but they would have to operate within the rules of procurement to get the necessary injection of cash and finance. That would be worth examining.

The Housing Council talked bravely about rent convergence and the need to tackle the estimated £90 million difference in rents between the Housing Executive stock and housing associations. I know that there is a debate and some conjecture around that. The housing associations say that there is no need for rent convergence and that their average rent is much the same, but the Housing Executive has publicly disputed that. Whatever the case, the Housing Council has raised that issue. I am not saying that it is the answer. I do not know whether it is the answer; more work needs to be done on the issue. I do not have all the facts and figures in front of me, but the Housing Council has raised the issue. Therefore, it is something else to look at.

The Housing Council has touched on a big issue that the housing commission also mentioned. It argued that the Housing Executive should have new governance arrangements. The Housing Executive has £3 billion worth of assets. Sometimes we forget what a major force the Housing Executive is. It can be derided sometimes, as any public body can, but it has done a good job through the years. Independently evaluated, it has maintained some of the finest housing stock in the whole of these islands, if not the whole of Europe,

through long-term, persistent investment in its housing stock. It deserves praise for that.

The Housing Council has realised and others are catching on that, in meeting the objectives that we talked about in delivering on social housing need, the current arrangements are not correct. Those assets that are worth £3 billion — the 90,000 homes in the Housing Executive's ownership across Northern Ireland — have a market value. We do not think of them as assets that have a value; we think of them as homes for people to live in. However, like any property, they have a value. That value may not be as high today as it was five years ago, but one would hope that, in five years' time, the value of those properties would be back up to the value of the past. Those assets should give one the ability to raise finance on the back of them. That cannot be done at present because of where those assets reside in the public sphere.

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

The Housing Council has talked bravely and courageously — what it has said is worth greater exploration, backed up by the likes of the housing commission and its suggestions — about whether we could move and rearrange the Housing Executive so that it has a strategic function. Having a strategic authority would be to our benefit, as Northern Ireland is envied for its region-wide housing authority. We let it do what it does best with regard to policy, but we take the landlord function and, possibly, the development function, which was never taken away from the Housing Executive — the practice is now that it does not happen — and we allow it to borrow on the back of its assets, so that that can be reinvested in its stock, perhaps in developing and maintaining its current stock. We can get a little obsessed — I know that I probably have — with social housing as newbuild. However, the Housing Executive's current stock needs to be maintained on a regular basis. If that does not happen, it will not achieve the high standards that the Savills report highlighted.

There is a need to look at the governance arrangements to see whether there is the scope to adjust the Housing Executive in some way. I know that there are hurdles to get over, including the sizeable debt — the crippling debt — that the Housing Executive carries. That must be examined.

Other ideas are floating about, although they are not necessarily attributable to particular reports. I have heard Members talk about using the assets of the credit unions to help the development of social housing. There are private equity opportunities, although that would not be everyone's cup of tea. At least one private equity firm has developed an interim idea of how it could deliver massive investment in social housing newbuild, and it is worth exploring that.

Other jurisdictions, notably Scotland, have restricted the right to buy. I must lay my cards on the table: I am not in favour of that. However, in the round, it is something that could be explored. Even if we did not restrict the right to buy, there are options about looking at the discount that homebuyers would receive. Looking at that in the round of an improved environment —

Mr F McCann: What the Member says is interesting. Much of what he said comes directly from the recent report by the housing commission, which, hopefully, will generate debate on how we put together an effective housing strategy. It would be foolish of anyone to rule out any aspect of what is on offer or what is being discussed.

We have a responsibility to provide social housing for those most in need. We also have a responsibility to those on low pay. In many ways, housing associations in the private rented sector are out of the reach of those people. The Member referred to the house sales scheme. Over the past 20 years, the Housing Executive has sold off 120,000 houses, and it is becoming almost impossible for it to find re-lets to rehouse people in need. We need to be careful, and we need to continuously build up the stock. We need to ensure that it impacts on the people who need social housing. That does not rule out the possibility of examining a whole range of issues that will allow people to tap into the idea of getting more houses for less money. Developers' contributions and other issues have been up for discussion in the past, but we have not had an effective strategy that will allow us to move forward.

I hope that we can finish the conclusions of the housing commission, take part in that debate and ensure that we have an effective strategy for the next 20 years. That is obviously where the need will be.

Mr Hamilton: I thank the Member again for his useful intervention. He, I and other Members are coming from the same perspective. We want to see the problems sorted out.

Mr Cobain: Oh.

Mr Hamilton: I am sure that even Mr Cobain, who is catcalling, is at one with us. That is probably what is worrying him.

Mrs M Bradley: I am old enough to remember when the Housing Executive had its own direct workforce. That was a time of high deprivation and little housing, yet the Housing Executive was able to house many thousands of people quickly and efficiently by using its own workforce. Perhaps we should consider going back to that system. It may be less costly.

Mr Hamilton: The Member's idea may not be viable due to procurement laws, but I welcome the contribution that she and others have made. I wanted to provoke some thought on the issue of social housing; not in the yah-boo way as has been the case in the past when one side of the House said that there was not enough money, and the other side said that there was, and nothing was done. That approach gets us nowhere, and now is the time to move the debate on.

Other Members and I have mentioned at least 15 different ideas that are currently being discussed, but, by our own admission, we are not the fount of all knowledge —

Mr Weir: Surely not.

Mr Hamilton: Well, perhaps some of us believe that they are the fount of all knowledge.

No doubt there are other ideas. A sizeable number of ideas are floating around at the moment, and they must be tied down in a Northern Ireland context.

I welcome the work that the Northern Ireland housing commission and the Housing Council have done. Indeed, the Committee for Social Development thought it was valuable to make a contribution to the housing commission's key issues paper, and it has unanimously agreed a response to it. I welcome the fact that the Committee agreed to do that. There has been a positive response to that paper, and that is a sign of growing consensus. We may not know which of the dozen to 15 ideas will work best or which

of them will be right for Northern Ireland, but there is consensus that they should be explored.

I am aware that the Department has already taken forward pilot schemes for some of the ideas that I have mentioned, and I welcome that. However, I feel that our guiding principle in social housing should be that the right type of social housing is delivered for the right people, in the right place and at the right time. As I said before, it does not matter to me one jot who built or financed a house or how it was financed. My workload in the first six months as an Assembly Member was dominated by people who needed housing. Demand has perhaps tapered off a little, but it is still pretty steep. For those who still regularly come into my constituency office wanting to be housed it does not matter who built a house or how it was financed, and that should be our guiding principle. We should not get hung up for ideological or historical reasons on the best method of delivering housing. It does not matter to the people who are waiting for years on a housing list whether the Housing Executive is one homogenous group or whether its landlord function is split from its strategic function, so long as there is greater investment.

If we were to take the cocktail of ideas and distil it down to a handful that are viable for Northern Ireland, we would not suddenly wipe out the housing waiting list overnight, but we could make a greater dent in it. The time for mapping out those ideas has long since passed. We must get down to what is viable, credible and doable in delivering more sustainable financing. We must also put all aspects of social housing, including newbuilds, maintenance and supporting people, on a much firmer foundation.

5.15 pm

If I could do anything today, I would send a message to the Minister for Social Development that there is growing consensus across the board, in politics and in society, about the need to address the issue in a much more positive way than simply looking for money. I sympathise with the predicament that she has found herself in over the past couple of years. It has been difficult for her. She has had to take decisions, and, although I may not always agree with those decisions, at least I understand why she has taken them. The system has not been fleet of foot enough to deal with some of those ideas as

quickly as possible. However, that can all be set to one side if a concerted effort is made now.

I encourage the Minister for Social Development to grasp the potential of that growing consensus in the Assembly and outside the Assembly, in the Housing Council and in the work that the housing commission is coming forward with. She should take heed of that growing consensus and come forward with genuinely radical ideas as to how we can put the financing of all aspects of social housing on a much firmer foundation for the future than has been the case until now.

I notice the time. There were lots of other things that I wanted to say at this stage, but I do not think that I will. *[Interruption.]* That has elicited the best response of the day, so perhaps I will go on.

I will go back to the initial point that I made: if we believe that we are going to address the problem in a satisfactory way by continuing to do what we have always done, we are kidding ourselves. If this place is to be about anything, surely it ought to be testing different, new and radical solutions to our problem. If we are going to continue to do what we have always done, what is the point in us being here? We should grasp the nettle that has been presented by the current crisis and seize it as an opportunity to come forward with new, radical and different ideas on how to address the problem.

I encourage the Minister for Social Development and the Minister of Finance — finance will have a critical role in any assessment of the viability of those ideas — to take heed of the consensus that exists and bring forward those ideas. If she does that, she will find not only a sympathetic ear but enthusiastic backing for all those proposals.

Mr Weir: I rise as possibly the thirteenth Member to speak, including the Minister, in a debate that has already gone on for almost five hours. *[Interruption.]* I can see that the heckling is already starting. I briefly wondered whether I had been co-opted on to the Committee for Social Development, albeit in a voluntary capacity. I am at least thankful to the Member who spoke before me and who told me earlier in the day that he had two speeches ready: one on the social development aspect of the debate and one on the financial aspect. I am sure that the House shares my gratitude that he kept to one of the two speeches, otherwise we would be here even later tonight.

Mr Hamilton: I thought that I would use the points in my other speech during interventions.

Mr Weir: I am more than happy to take interventions from anyone else in the House, but not Mr Hamilton, because of the dangerous threat that he might launch into another half hour of speaking on the other side of the equation. As the thirteenth Member to speak in a debate that has gone on for five hours — to be perfectly honest, the light at the end of the tunnel of this debate is still a long way off — it is difficult to find anything novel to say, particularly when cast in the role of a mere hobbit, as some of us were when being castigated at an earlier stage. As someone reminded me, the hobbits eventually won in the books, so perhaps I can accept that analogy.

One option would be to indulge in the level of factual accuracy that we got from Mr McNarry earlier, in which case I could regale Members with tales of my successful ascent of Everest, my hat-trick in the World Cup final or the century that I recently scored at Lords. Mr McNarry said a lot of things. I want to respond to a few of the things that have been said in the debate on a more strategic level, but is important to nail at least one of the accusations that Mr McNarry made, which has implications for the Budget. He said that the DUP was involved in a deal with Sinn Féin to secure £20 million of additional money for the Irish language. For anyone who is not as mischievous as Mr McNarry, I highlight the fact that we did not agree to that and we did not negotiate it. Sinn Féin pressed the British Government for additional money and secured it from Westminster, so, even if Mr McNarry's claim were taken at face value, the suggestion that money will be diverted from other projects in Northern Ireland is somewhat erroneous. It will not come from the block grant, and the attempt to draw analogies with our Budget shows the level of mischief that pervaded Mr McNarry's speech.

A range of options have been put before us on a way forward for the Budget. The SDLP and, to some extent, Mr McNarry believe that the panacea is to constantly produce a new Budget and that the success lies in the process. They feel that, rather than what has been put forward, a completely new and radical Budget in each of the past three years would have produced some degree of solution to the current financial position. There are two fundamental flaws in that argument. First, it does not seem to bear

the reality of the reallocations that have taken place in the past number of years. Earlier in the debate, reference was made to the fact that several hundred million pounds, perhaps around £800 million, has been reallocated in combined monitoring rounds in the past three years. That does not even take into account the fact that, as a result of the two major pressures that have emerged in this year's Budget, a reallocation of around £370 million was made around Christmas. The idea that there is not, in that sense, a new Budget and a new budgetary process does not bear a great deal of examination. The second flaw —

Mr Hamilton: Will the Member give way?

Mr Weir: Yes, I am happy to give way, as long as it is for less than 28 minutes.

Mr Hamilton: If you do not stop me, I am sure that the Deputy Speaker will. One of the best achievements of the Executive is not connected in any way to having a new Budget: getting rid of the chronic underspend of the past. In the last financial year, there was an underspend of only £27 million, compared with an inherited underspend in the last year of direct rule of £255 million. The Executive have spent £200 million more by virtue of good financial management.

Mr Weir: Undoubtedly, that is the case. Probably for my crimes against the Ulster Unionist Party, I was put on the Finance Committee in 1998-99, and I have had the dubious honour — *[Interruption.]* I hear a degree of heckling from the side, so I am obviously being volunteered as the Assembly scapegoat.

Around the turn of the century and in the period of direct rule, it became abundantly apparent that each monitoring round threw up vast amounts of money. Departments were unable to meet their targets, they were unable to spend their money and there was a degree of weakness because of financial mismanagement. It is clear that there has been a much better system of management, and I will also talk about the reductions that have been made in overcommitment.

The other fundamental flaw in the argument for a new Budget is the underlying assumption that simply producing the appearance of a new Budget will, in some way, generate more income, revenue and capital. However the cake was divided among Departments, it would have remained the same on each Budget, irrespective of

whether an adjustment was made on the initial Budget or whether a fresh Budget was produced. Consequently, a degree of false promise is created by the concept of a new Budget.

The route taken by the Executive was to look at the existing Budget, take account of the pressures and make adjustments accordingly. That suggestion was put forward by the Finance Minister and was endorsed by every party in the Executive through their Ministers, as some Members indicated earlier. I know that the Health Minister has distanced himself from some of that, but there is no doubt that this suggestion was supported. Indeed, when officials were questioned about this, there was no doubt that it was supported by the leader of the Ulster Unionist Party in the same way as it was supported by Ministers from the Democratic Unionist Party, Sinn Féin and the SDLP.

The only alternative put forward is some degree of raising additional revenue. During the debate, two alternatives have been suggested. To be fair to Mr Farry, there has been a degree of consistency in his approach and that of the Alliance Party with respect to the golden bullet of the regional rate. They have suggested consistently that increasing the regional rate would greatly ease the financial burden. In a shaft of honesty on the issue and as Mr Farry acknowledged earlier, had the Alliance Party's proposals been accepted at face value and had we seen a rise in the regional rate commensurate with inflation over the past three years, the revenue raised would have been somewhere between £25 million and £30 million. My understanding is that a 1% rise in the regional rate may generate just under £3 million.

Yesterday's motion on the Supply resolution referred to £13 billion and £15 billion. I am reminded of the 1980s and 1990s, when the Liberal Democrats suggested consistently that an extra penny should be added to the rate of income tax. Suddenly, that became the Liberal Democrat's panacea for just about every problem. It seems that the regional rate has become the Alliance Party's panacea for this problem. At least the level of income generated by an extra penny on income tax would have created a much greater effect, proportionately, than a change in the regional rate. I commend Dr Farry for that part of his remarks.

It has been highlighted by a number of Members, including Basil McCrea, that freezing the regional

rate, in conjunction with the other measures taken by the Executive, such as the proposed rate for small business, has alleviated pressures on businesses and the public.

There has also been reference to an all-Ireland economy. That issue has been somewhat flogged to death, so there is probably not a great deal of point in me dealing with it today. The other substantive response from Sinn Féin that the Finance Committee Chairperson and Mitchel McLaughlin gamely pursued was the idea of tax-varying powers. I reiterate some of the remarks that I made about that yesterday. There is real concern that the Treasury would use tax variation as leverage to say that, if we increase income tax by 3% or 4%, it will simply cut the block grant and that, if we want to maintain the same level of services, we should increase income tax correspondingly. I think that it is a wise to have a public debate on that issue, but I caution against going down that route.

A second fundamental concern about tax-varying powers that has not really been put forward up to now relates to the issue of parity. It is accepted throughout the UK that there can be a degree of variation in local rates or the regional rate when it comes to local council services. However, there is a sense of parity when it comes to taxation, which is linked to the sense of parity in social security matters. There is a real danger that, if tax-varying powers are thrown into the lap of the Northern Ireland Executive, a certain amount will also be allocated to us for social security purposes, and we will be left to try to live within our means on that front also.

5.30 pm

Given the level of economic subvention, breaking parity on tax and social security could lead to higher taxation. There is a danger that that would create a pressure on social security bills and put many people at the lowest end of the socio-economic scale under pressures that they would not otherwise have to deal with. At the very least, I caution against taking that route.

Despite the consistent claims of black holes in the Budget, as put forward by the Chamber's amateur astronomer, Mr McNarry, the Executive have lived within their Budget. The £370 million reallocation is due to two factors.

First is the Civil Service pay claim, which was ignored for too long by successive Administrations — by devolved Administrations,

in the early part of the century, and, prior and subsequent to that, by direct rule ones. It is right that we faced up to our responsibilities and met that claim. I understand that some people missed out. However, in dealing with the legal position, the approach taken by the Minister was the right one. From a practical point of view, simply to go back 20 or 30 years and pay out to everyone who served could cost perhaps £1.5 billion rather than £150 million. Those who missed out have, to some degree, a grievance. However, it is not with the current Executive; it is with those who let them down in the past, and, for some, with those who did not give them proper advice.

The second issue, and one that has been consistent, is water charges, which represent about 60% of the £370 million. As Basil McCrea said, that is an area in which we have to face up to some of the hard choices that were made. In deferring water charges, there was an opportunity cost. As the Minister would say, there is no such thing as a free lunch, and, therefore, the implication of meeting those charges will be cuts in other budgets. However, all parties in the Assembly went into the 2007 Assembly elections with a promise — and I have not heard anyone resile from that position — that they would try to protect people from having to pay an excessive amount in water charges. No separate water charge has been imposed, and the effect of the Budget will be that no separate water charge will be imposed over the lifetime of this Assembly. It is right that Members live up to that claim.

As Mr Hamilton said, there has been good management. However, I share the concerns that other Members raised about whether that good management extends beyond the Executive and DFP's handling of the economy to every Department. To use a local example, the failure of the Department of Education to produce details of its capital build is creating uncertainty. There has been criticism of the somewhat irresponsible attitude of the Department of Health, which seems to want to hide under a blanket and hope that this will all pass over. The Budget shelters, to the maximum extent, the Department of Health, as cuts or reductions of its budget are much less than the average that other Departments face.

As Mr Farry said, the Health Department cannot be immune to the overall budgetary situation. If we were to ring-fence the health budget, the

additional burden that that would place on other Departments — on education, on roads maintenance, and on a wide range of other services — would leave us in an appalling situation.

Studies show that there is wide-ranging opportunity in the Department of Health for a strategic look at what changes can be made to ensure that we get the best value for money and that the maximum amount is put towards front line services. I understand that the Minister was reluctant a week or two ago to impose PEDU on his Department. Given the share of the Budget that the Health Department receives, the Minister would be showing a great deal of wisdom if he invited PEDU into his Department to see what structural changes can be made to ensure better value for money.

The Budget follows other measures that have put the economy first. Some of the advantages that the local economy has accrued from previous actions were highlighted by Members, and I do not intend to repeat them. However, it is important that we place the economy at the heart of the agenda. The recession has hit people hard, but there has been work to protect their financial position, and the Enterprise Minister, Arlene Foster, has worked to attract new investment. That work has mitigated some of the circumstances caused by the recession.

Harold Wilson said that if a household has only one person and that person is unemployed, the unemployment rate of the house is 100%; for those who have lost their jobs, that will be of little comfort. However, some people have gained jobs due to the sound economic strategy that the Executive have implemented, which has cushioned the blow.

The reduction in underspend was mentioned. As the Minister said yesterday, over the past couple of years, there has been a reduction in overcommitment from £176 million to £90 million. That figure will eventually disappear completely. That trend is a sign of better financial management from the Executive, because they are ensuring that what is committed to us is spent properly.

As we move towards the future, there will undoubtedly be additional pressures on the Budget. I am sorry to keep coming back to him, but I was struck by Mr McNarry's remark that Northern Ireland would suffer disproportionately from cuts made by the next Government, regardless of who wins the next general election.

That may turn out to be the case. However, it strikes me as strange that, despite UCUNF forming a special relationship with the Conservative Party, it predicts that we will suffer disproportionately from cuts. Perhaps that shows a lack of negotiating skills on UCUNF's part.

Mr Hamilton: Mr McNarry made the enlightening comment, yesterday and today, that Northern Ireland would suffer disproportionately from the type of severe cuts that the shadow Business Secretary was espousing at the weekend. Does the Member agree that, in light of that acknowledgement, it seems very strange that Mr McNarry and his colleagues have sought and invited swingeing cuts that will adversely affect Northern Ireland? Does he also agree that they have done so with a degree of relish?

Mr Weir: Regardless of our political perspectives and whether the next Government is Labour or Conservative, it is important that the Executive unite to deliver the best deal possible for Northern Ireland. That means applying whatever pressure is possible at a national level to minimise whatever budgetary position that we are left in. Although it is important to be realistic, I am concerned that sometimes the remarks of Mr McNarry and others verge on defeatism; they are almost throwing in the towel.

There will be tough times ahead, and, consequently, I want to make my final remarks on the budgetary position. One of the most significant elements of the Budget is the invest to save fund, which the Minister set up. That fund is very different in nature and quality from previous Executive funds, because it enables Departments to make structural changes that can lead to financial gain in the long run.

Everyone can see that the cost of any structural change will always be front-loaded and that the benefits will be realised subsequently. An initial £26 million has been set aside for that. That is the Minister's best guess at what can be afforded at this stage. However, the Minister's appearance before the Committee showed a willingness to increase that fund if other Departments are prepared to bear pain. There is a strong case for long-term investment.

Mrs M Bradley: Does the Member agree that Northern Ireland has an unprecedented rate of high deprivation among children? We really need to deal with that issue.

Mr Weir: We need to tackle a wide range of areas. That is why initiatives such as the invest to save fund and PEDU have an important role in ensuring that we get the best possible value out of all money that the Executive receive from the block grant. The money must be focused on front line services, whether to tackle child poverty or other issues.

Members always focus on the pure economic aspects of PEDU because it is seen as saving money for Departments. However, they ignore the wider context at their peril. That is, PEDU is also about how government services are delivered and the benefits that arise from that. There is no doubt that, on an ongoing basis, the proposals for the invest to save fund and PEDU improve the Executive's long-term financial position. The Budget faces up to a degree of responsibility, provides a reasonable share to Departments and, above all, maintains the economy at its heart. Consequently, I commend the Budget to the House.

Mr Savage: I declare an interest as a farmer; my comments will be relevant to that. I broadly support the Budget Bill. However, I want to voice some concerns.

In the past two days, the clear and explicit need for the Executive to balance their books has become apparent. In doing that, cutbacks have been made across the board in all Departments. I want to put on record my concern at how the Department of Agriculture and Rural Development had to give back £9.7 million, £3.4 million of which should have been spent on capital projects and the remaining £6.3 million of which should have gone on current expenditure. That has resulted in the postponement of veterinary facilities at Belfast port, of work at the Agri-Food and Biosciences Institute at Hillsborough and of the financing of environmental schemes. That has a big impact on the agriculture industry in Northern Ireland.

Having said that, I welcome the Department of Agriculture and Rural Development's decision to streamline administration costs. That must be only the beginning. I am not calling for job cuts. However, I and many other Members are calling for greater efficiency and greater productivity.

Given that many farms and farm businesses are now classed as small businesses, including those in the private sector, it is incumbent on the Executive to do their utmost, especially when we are, hopefully, coming out of a

recession. Each and every Member must do all within their power to enhance and encourage business development and to send a message far and wide that Northern Ireland is open for business. That will, in turn, greatly assist the growth of our local economy. I have always said — I make no secret about it — that some of the most successful businesses in Northern Ireland started in somebody's backyard.

For that reason, it is important that we promote the ideas and the possibilities of new businesses across our Province. If we do not do that, we have a great roads infrastructure in Northern Ireland that allows us to get in the car and go down to the big enterprise centres that are an hour's drive away and are waiting for us with open arms.

5.45 pm

I appreciate that there are constraints and pressures on the Executive and on their Budget. The Minister of Finance and Personnel has sent out a clear message today to all Departments: no more recruiting and get your houses in order across the board. I assume that that is the Minister's message, and I congratulate him for it.

Let us make no mistake about it: we must do everything to ensure that we are not in a similar position next year. I say to the Minister that if the Executive had been a normally run business, we would have been out of business. We have to get our house in order. Will the Minister assure us that he will do all that he can to ensure that we are not in the same position next year as we are in today?

There is an old saying: anyone can make money, but it takes a wise person to spend it, and to have credibility when it is spent. I look forward to the Minister's response with interest. I know that he has had to listen to Members letting off hot air for the past two days. I want to know how he will address all those issues. Members have duplicated their remarks, probably myself included, and I know that the Minister is in a difficult situation, but he has broad enough shoulders to take it on board and come out fighting. I look forward to his reply.

Mr McGlone: Go raibh maith agat, a LeasCheann Comhairle. I want to make a brief point. A few comments have been made today about the disadvantages and demerits of the all-island working economy. I did not hear an awful lot about that two or three years ago when people

were driving across the border for their fuel and for other business, nor did I hear much about it recently in Sprucefield, Belfast, Newry, Strabane or Derry, for that matter. When we are looking at such issues, we should look at their practical realities and outworkings while people go about their daily business and get on with their lives.

I know that there is a big commitment this evening to be brief, so that is exactly what I will be. Speaking as a recent addition to the membership of the Committee for Agriculture and Rural Development and as my party's spokesperson on agriculture and rural development, I know that the Committee's structure allows it to conduct its business efficiently and effectively. Indeed, you, a LeasCheann Comhairle, have contributed to that. However, as we seek to scrutinise the Department, to view its efficiencies and how it does business, I have to say that I have been singularly unimpressed with a number of issues.

It is apparent that the pressures that the Department faces will have a significant effect on its PSA targets in the Programme for Government. Indeed, there are major issues to consider, such as the gross over-evaluation of the Crossnacreevy site, which resulted in a negative capital investment budget of £174 million. That valuation was totally inaccurate and unsubstantiated by the Department. There is the issue of EU disallowances. The Department may face disallowances arising from non-compliance with EU regulations that govern area-based payment schemes. A disallowance of £30 million has been proposed for 2004-06, with an additional £30 million for 2007-08. The risk of those disallowances being applied in the current budgetary period has been determined by some in the Department as being quite high. That is an issue in the departmental budget itself.

I previously raised the matter of rolled-up modulation and match funding, particularly for the axis 3 elements of the Northern Ireland rural development programme. You were present, a LeasCheann Comhairle, when I raised it. We are in a credit crunch and there is huge, growing unemployment. Those of us who represent rural areas want to see projects that enable job creation, and those projects must be rolled out quickly and efficiently.

I was astonished to learn that a requirement relating to axis 3 funding had not been inserted into the Budget. The Minister of Agriculture and

Rural Development fielded questions about that during Question Time yesterday. It appeared that the rural development programme was moving on, but, on deeper probing, it seemed that there had been glitches and problems along the way. I am glad to see that the Department has woken up to that reality, because that was not apparent from departmental officials who appeared before the Committee. When questioned about match funding, they did not know what the issues or problems were, and they certainly did not offer any solutions.

Those of us who represent and speak for rural areas feel that the investment needs to be made urgently. We need to see economic activity encouraged and jobs created. People who live in rural areas need to see that happening. The nature of agricultural evolution has been that, as pressures have been put on agriculture, many in the farming community diversified into construction. Therefore, we have heavy reliance on construction in many rural areas.

The Department has put in a bid to secure those moneys from rolled-up modulation match funding, totalling some £27 million, which is apparently held by DFP. The Minister is not in his place at the moment, but it would be extremely useful if he could provide us with clarification on that pot of money. Was that application made, has it been received, and what commitments can the Minister give to those of us who are the rural voice that those moneys will be released to provide the catalyst to many of our rural economies to stimulate rural economic activity and to help to create those vital jobs? Two hundred and fifty rural entrepreneurs have already been encouraged and approved by the Department to commence investment in projects, yet the Department did not find itself in a position to match that investment. It is vital that the Minister provides us with that clarification.

The Committee has recognised other issues, such as the land parcel improvement scheme, which is a drive to bring about better compliance with EC area and scheme regulations and reduce the risk of Commission disallowance. As I stated earlier, given that the Department faces a £60 million disallowance, that project would be very useful for improving IT systems, maps, data quality, rules about eligibility of claims and standards of inspection, and it would involve significant cross-departmental working with Land and Property Services. The overall cost is

around £14 million. However, when measured against the potential reduction in future EC disallowance, payback would be achieved within two years.

There are other concerns, including the badger prevalence study. Bovine TB is a complex disease. As a relatively recent recruit to the Committee, I have been trying to get my head around some of the presentations that have been given, as you, a LeasCheann Comhairle, will understand. They are quite technical, scientific and hard to comprehend, as is the nature of the problem. However, the figures are not hard to comprehend.

At £22 million, the TB control programme is one of the most costly, and it addresses very challenging animal health problems. The cost of the badger prevalence study over two years is £2.5 million. There are concerns about the direction, type and quality of that study, as well as the direction of the policy, which does not appear to tackle the increasing TB incident levels.

The eradication of TB will save the public purse in excess of £22 million per annum. A programme to eradicate TB would include the removal of all animals that are susceptible to bovine TB. We need a proper programme to elicit the nature, source, types and causes of TB so that it can be eradicated adequately.

Mr Elliott: Does the Member not accept that, at this stage, a selective cull of badgers may be appropriate in certain areas?

Mr McGlone: I heard one of my constituents Mr Kelso, whom I and many Members know, speaking about that issue on the radio the other morning. He highlighted his concerns about the serious harm caused by badgers and stated that it led to the obliteration of a good part of his premium herd. There are issues to be addressed in respect of that problem. Culling has worked in other areas, but we are yet to see the full details of the proposals.

I am not entirely convinced that culling would work, and I have not bought into the idea entirely. If there is an outbreak of bovine TB in an area where there are badger setts close by and the evidence clearly points to those badgers as the cause, culling is a no-brainer. However, I am not sure whether an overall cull of badgers will achieve anything other than the eradication of badgers.

The Deputy Chairperson of the Committee, Mr Elliott, mentioned the fact that DARD officials spoke about the potential for bankruptcy given the financial pressures caused by this problem. Those officials seem to focus on the negative. When the Minister was out of the Chamber, I pointed out the huge potential and support for measures that could be introduced to revitalise rural economies. However, such revitalisation will require the Department to be committed, positive and capable of identifying where the problem lies and coming forward with ideas to deal with it. Rather than officials outlining the range of problems that they face, I would like them to identify solutions that are in their gift.

We need money, and we need money to be realised. We have been told that a bid was made to the Department of Finance and Personnel for the realisation of match funding for axis 3 of the Northern Ireland rural development programme. That bid is an attempt to realise money and allocate it to job creation schemes.

There has been a series of self-inflicted problems in relation to the Budget. Those include the gross overvaluation of the Crossnacreevy site; the continuation of non-compliance with EU scheme rules at a cost of up to £60 million; and the pursuit of a flawed policy on the eradication of bovine TB at a cost of £200 million over the past 10 years. Those essential moneys could have been better used to pump-prime our local economy and to create jobs at a time of credit crunch. There are both latent and acknowledged higher unemployment levels in rural economies, and those economies need investment. The Executive urgently need to spend money efficiently on projects in rural communities.

Having spent time on the Committee for Agriculture and Rural Development, it is with some reservation that I support the Budget. The Department needs to put much more effort into coming up with solutions. I hope that I delivered my contribution with the required brevity.

Mr Deputy Speaker: I know that it is getting late, but I remind Members of the Speaker's ruling on not walking in front of a Member who is speaking. Two Members walked in front of Mr McGlone while he was speaking.

6.00 pm

The Chairperson of the Committee for Education (Mr Storey): For those Members

who may require clarity, I will speak first as Chairperson of the Committee for Education, lest there be any doubt.

It is important for the Committee to place on record what it has already highlighted to the House about the Department's £52 million resource pressure in the 2010-11 Budget and the £40 million pressure that the Minister of Education already has for 2010. That gives a total of £92 million in resource pressures.

The capital budget pressure for education happens to be the same figure of £92 million, which is made up of an Executive-proposed saving of £22 million and £70 million capital requirement to start on-site plan new school build projects in 2010-11. I will return to that issue when I speak as a private Member.

The Minister of Education informed the Committee in her letter of 14 January 2010, and again when she was before the Committee on 3 February, that her main means to address the 2010-11 resource pressure was through a convergence delivery plan to remove duplication, to streamline management and administration in education and to create greater efficiencies. That, of course, was as a result of the fact that the education and skills authority (ESA) did not come into existence on 1 January 2010. I hope to expand on that point in a moment.

In her letter to the Committee, the Minister said that it will be critical now more than ever to ensure that the convergence programme is implemented quickly and effectively. The Committee was informed by a departmental official on 3 February 2010, in the presence of the Minister of Education:

"We hope to achieve the same level of savings"

as under the ESA plan. That is, savings of £21 million per annum by cutting some 430 management posts. That was on the basis of a £50 million ESA Invest to Save fund. The Committee was also told that the Minister was lodging a bid to get back some of the £23 million of ESA money that she surrendered to the Invest to Save scheme.

The Committee has repeatedly asked for sight of what it deems to be a critical piece of information; namely, the convergence plan. We have a letter dated 10 February 2010 from departmental officials that says that the plan will be sent to the Committee "at the

appropriate time", which obviously means after the education and library boards have been briefed on the matter.

In a letter to the Committee dated 14 January 2010, the Minister wrote:

"I am keen to obtain the views of the Education Committee."

The Committee for Education wishes to fulfil its statutory duty to scrutinise, consider and advise on the Department's budget. Clearly, however, the Committee cannot do any of that unless it is provided with the detailed plan and detailed information, is fully briefed on that plan and has the ability to question the Department on the consequences of going down a particular route.

Time is moving on, and the beginning of the new financial year will soon be upon us, yet the Committee remains in the position of not having had any sight of that critical and, what I would call, high-risk plan, as we move towards a convergence in the reconstituted education and library boards.

As to capital pressures in the education budget for 2010-11, the Committee is in a similar position. It has asked the Minister repeatedly for information on the review of the education capital programme. The Committee is concerned as to what criteria the Minister may adopt to prioritise school building projects, some 80 of which are approved and await construction.

That ends my comments as Chairperson of the Education Committee. I turn to the issues that have been raised as a result of some of the points I have made.

Members need to be aware of one fact: politics is often seen as a confrontation between my party and that opposite, or as a battle of ideologies, because of the Minister of Education. However, let me say this: none of us, whatever our party, can escape the crisis over the lack of funding in education. The issues that I want to address will highlight the serious financial position in which education finds itself.

It is easy to come to the House with wish lists. I wish that the parties in this House had not so many political wish lists. All their rhetoric — about the need to have the children at the centre of all we do, how much we care for the children and how much we are concerned for the future of those children — is reflected in political realities when it comes to asking for

money, even if it happens to come from the British Exchequer and Government. We all need a reality check, and I include myself in that, when it comes to prioritising for all our children's futures and not just for a select number.

Before I talk about the detail of some of those things, I will comment on some points which the Minister of Finance, my colleague Mr Wilson, made yesterday in his winding-up speech when, unfortunately, I was not in the House. He referred to comments that I had made with respect to the £9 million capital and the STEM money, which are important issues for education. The Minister said that that money:

"was rightly surrendered because the rest of the money had not been used for the purposes for which it was given." — [Official Report, Vol 48, No 3, p165, col 1].

That is absolutely correct, and the Minister was right to highlight it. There are rules that govern the surrender of moneys. However, the point I was trying to make, which cannot have been well made for it bears repeating, is that the failure lies with Departments that do not have the foresight or the mechanisms available to identify situations which inevitably lead to the surrender of money.

With respect to the capital surrendered by the Department of Education, how have we come to a situation where there is almost a £92 million shortfall in capital, but £9 million is surrendered? One needs no crystal ball if there is an investment strategy and if, according to the Department's own documentation, it has a maintenance survey that is carried out on an ongoing basis. Problems ought to be clearly identified and well known. That was the point I wanted to make: not only the Minister of Finance, but every Minister, should be able, with all the mechanics of Government at their disposal, to identify the way in which the money could be spent in a more strategic and long-term manner. That would lead to better efficiency.

I have heard Members make comments today about the merits of monitoring rounds, and whether, as a system, those are the best way to redistribute money. Departmental efficiency in identifying clearly what they want money for ought to be a priority.

Mr Elliott: The Member indicated that the education budget was £92 million short with respect to capital, yet £9 million was returned

— I apologise if I have gotten those figures slightly wrong. The Minister of Education and her departmental officials are not here at the moment to give us an explanation. Can the Member explain how those figures came about? It is intriguing that despite such a shortfall, money was still handed back.

The Chairperson of the Committee for

Education: I think that Mr McGlone made reference to the difficulty: whenever one asks officials why a particular amount of money was surrendered, one gets into all sorts of technical arguments about why they were not able to spend the money. However, the explanation given was that there were no off-the-shelf projects at that time that would have fulfilled the criteria and enabled the £9 million to be spent. That is the reason why I am saying that there should be more forethought and advanced-planning on how a certain amount of money is spent, given the fact that the second largest budget in this House is for education.

I appreciate that there are particular variants when it comes to determining where a school is built because of issues relating to numbers and sustainability. I also appreciate that demographics change. Over a period of time, however, there must have been a considerable degree of stability that allowed for the identification of projects that could have been ready to go; but that did not happen and the money had to be surrendered.

Mr McCartney: Earlier today during Question Time, it was put to a Minister that there were on-the-shelf projects that were ready to go forward. However, the Minister said that those did not proceed because of other reasons. Projects may be in on-the-shelf positions, but that does not necessarily mean that they are easily transferred. That can explain why money is handed back.

The Chairperson of the Committee for

Education: I appreciate what the Member has said. The way in which our business is carried out becomes very technical and bureaucratic, and I think that that leads many of us to frustration. Sometimes, it seems as though we have a system that has a presumption against rather than a presumption in favour, and we run the risk of thinking that the glass is half empty rather than half full.

Recently, I visited a new school in Fivemiletown, which borders my colleague's constituency of

Fermanagh and South Tyrone. When one sees new schools, one appreciates that there has been investment in education. When we see the new school that was built not far from this building, we all appreciate the value that that brings to the educational experience. However, that is cold comfort to schools that have been on a list for six years. I declare an interest as a member of the board of governors of Ballymoney High School. Some schools have been through all of the various categories and stages of procurement, and are now told that they will be put back into a bigger pot. They are being put back into the educational washing machine. They may also have to go through the spin dryer, and we do not know what will come out. That is not a very fair way of dealing with the issue of newbuilds for schools.

6.15 pm

I will return to capital spending issues in a moment or two, but I come now to an issue of real concern that I mentioned earlier: the convergence plan. I welcome that, at long last, and despite telling me in a letter 18 months ago that it was not possible to do what she is embarking upon, the Minister is working on a convergence plan that will be based upon reconstituted education and library boards. What the Minister tells us, the statements that are made and the papers that are issued all contain the term "transitional". There is no such thing as a transitional education and library board. Education and library boards will be reconstituted under the law, subject to the House and the Education and Libraries (Northern Ireland) Order 1986. It is paramount to make that very clear. The Minister told the House some time ago that those policies would be within the law.

The important financial point is that the 1986 Order includes a provision that allows education and library boards to have voluntarily agreed services. That already happens with legal services, on which the South Eastern Education and Library Board leads. The Western Education and Library Board leads on C2k. Boards already have collaborative mechanisms, which, to a degree, could be described as convergence. However, and I hope that the point that I am about to make is conveyed to the Minister, any attempt to bring about convergence outside the law, or to dilute the legal position of the composition of education and library boards, will not be accepted, because that goes to the

heart of equality of treatment. I would be very disappointed if the Education Minister were not in favour of equality, but I would not be surprised if she tried to do something else.

If we set aside those caveats, why is the convergence plan important? It is important that the structures, as they are, deliver efficiency. I raised that issue earlier, when I referred to my colleague Mr O'Loan as we discussed the redeployment of public sector jobs. It is important that County Hall retains its position as the employer of a considerable number of people.

Mr Deputy Speaker: I ask the Member to be seated. We are discussing the Budget Bill. I have given a fair bit of latitude to education issues, but the Member must return his focus to the Budget and how it relates to education.

The Chairperson of the Committee for

Education: Thank you, Mr Deputy Speaker. That is the point. If efficiencies are to be made; if the Budget clearly indicates that efficiency savings must be made and baselines have to be changed, we cannot ignore the consequences of taking that route. The convergence plan is a key element of the way in which efficiencies will be delivered. That is because the current educational structure has five education and library boards and the Council for Catholic Maintained Schools (CCMS), all of which cost money and duplicate service delivery in some form.

I now come to capital works, which is a serious issue for the Department of Education's budget. Departmental officials have said that there will be no capital works in 2010-11. The Minister clarified that by taking the unusual action of issuing a statement on 11 February to say that there will be approximately £170 million of capital spend. Speaking as Chairperson of the Education Committee, I highlighted that we still have not seen the criteria that the Minister will use to determine where schools will be built.

In previous correspondence to the Committee for Education, the Department set out the criteria that would be considered when determining how or when a school will be built. However, I am worried about the amount of promised school builds that will not go ahead because of a separate agenda to facilitate a particular sector and to disadvantage another. Therefore, the capital build issue is important, and the budgetary pressure that has been brought to bear will complicate the situation when we come to consider newbuilds.

I shall conclude by raising an issue of grave concern, namely whether numeracy is a problem in the Department as well as in schools. That has a bearing on the education budget, because it impacts on how money is spent and on how the Department plans to use its money. The Minister announced that prep-school funding will be removed. Currently, children who attend prep schools are subsidised by some £800 a year; whereas, the amount of money that goes to a child in a primary school varies between £1,200 a year and slightly more than £2,000 a year. The Minister of Education has not done the sums, because, if we end up in a situation in which that £800 is removed, that will place an additional pressure on the education budget of some £5 million per annum. Currently, it costs £2 million a year to educate 2,500 children in prep schools. However, if those schools do not receive funding and those children are dispersed into the education system, it will cost £5 million a year to educate them. Let us do a simple sum. In total, there are approximately 3,900 primary and post-primary schoolchildren in the Irish-medium sector. The Department of Education, through the Minister of Finance and Personnel, gives roughly £5,000 for each pupil per annum to Irish-medium schools. However, prep schools achieve outcomes for £800 for each pupil per annum. I suspect that we get better value for money from prep schools. Therefore, when it comes to considering how we finance schools, we must move away from platitudes and into the realm of reality.

Realistically, major problems lie ahead. Let us celebrate our successes and welcome the investment that has been made. However, given the difficult financial circumstances ahead, in which the delivery of reductions could cause, in the Minister's words, "some pain" and given the small amount of money available — 70% of the education budget is spent on salaries — prudence ought to be the order of the day. Actions should be guided by informed decisions and based not merely on ideology but on objective criteria that we can all see and judge.

Dr McDonnell: Unlike others, I will aim to get the prize for the shortest speech rather than the longest one. I believe that the Budget can, and should always, be used to trigger economic change, where possible, and be a catalyst for positive change in our economy, and I am worried that that has not happened here.

We are living in tight, difficult times, but some innovation and initiative needs to be built in that will make a difference. We will always have differences of opinion, and, God knows, we have heard plenty of them today, but, to my mind, that is a good thing, because it allows us to tease out the good, the bad and the ugly.

I have many concerns across many of the Departments and views as to how we might spend our money better and more efficiently in every Department. However, in the interests of brevity, I shall focus mainly on one or two particular aspects of the economy, or rather the opportunity that we might take to stimulate the economy and prepare it for a better day ahead when a recovery comes.

I was one of a privileged few Members today — I think there were only two of us — who bothered to look in at the launch by the Economic Reform Group of a further case for a reduced rate of corporation tax in Northern Ireland, and I was very impressed with the efforts that it made. The group produced a useful document, and I have given the Minister his copy and hope that he has pleasant bedtime reading tonight. However, it reopens the whole corporation tax debate, and I feel that we need to move on it.

The debate ran for the past 15 years and was shot down three years ago by Varney and by Gordon Brown, but this report does more than just deal with corporation tax; it puts the economy and economic issues and challenges back at the heart of our political debate. It tells us that, 12 years after the Good Friday Agreement, viewed from a British perspective, we are still the poorest of the many regions. Unemployment dropped initially, but it has risen again to the point where we are the third-worst region. There is a tremendous need for tax-varying powers, and we have not even begun to tackle that challenge yet. There is a need outlined here for reduced corporation tax, and we need to reopen that debate and robustly take responsibility in the Chamber, because we need a partnership between the political community that inhabits the Chamber, the academic community out there that has the bright ideas, and the business community that puts the ideas into action.

The corporation tax models show that it would be self-funding. It would begin to balance itself after as little as six years, and certainly after 10 years, and any investment or initial losses

would be fully clawed back after 11 years. Some 90,000 extra jobs would be created over 20 years, and, despite what we were told before, EU rules permit the reduction of corporation tax in a region within a member state. Reduced tax rates were declared legal under the Azores judgement in the European Court of Justice in 2006. In the end, even Varney conceded — even though it had to be dragged out of him tooth and nail — that it was legal and possible if there was the political will to do it.

I will admit that corporation tax is only part of the equation. We must use the Budget as a catalyst to trigger economic growth in general. I would have liked to have seen some more comfort for the hard-pressed construction industry. Two men were telling me this afternoon that, two years ago, they employed 200 people, and, today, they employ 130, and they are struggling to keep that workforce going. That is a serious difficulty, and it affects every one of us, because our friends, neighbours and relatives are caught up in that.

Like Dominic Bradley, I would have liked to have seen some greater effort towards building schools.

That would have greatly helped the education system and the construction industry. I would have liked to have seen greater development of new social housing, which, again, would have given comfort to the beleaguered construction industry and taken it out of its difficulties.

6.30 pm

I return to my main point: in the medium and long term, the economy and its ability to generate wealth will determine the quality of our lives. The Budget should not just look at balancing the books in the narrow sense, important as that may be; it should, in many ways, provide seedcorn for our economic future. It must lay the foundations for a better economic future.

I want to draw particular attention to one point: in my mind, the seedcorn for the future of the economy is R&D. The Assembly has failed to invest in that area. The Budget does not indicate or appear to invest enough attention and resources in R&D. If the Assembly allows that failure to continue in future Budgets, our place in the global economy will be in serious difficulty. In the future, the Budget must prioritise R&D and innovation to ensure that

the economy is positioned to succeed when the recovery comes.

Mr Kinahan: I am pleased to be able to speak in the debate. I thank the Minister for being here. I am amazed that he is still awake after some of the long speeches that have been made. I was keen to hear the wide-ranging debate that Members were allowed to have, which has ranged from European policy to many discussions on Hillsborough, but I want to make one or two key little points on the Budget.

Earlier, the DUP Member for Strangford made a speech that was one of the most disgraceful that I have ever heard. He claimed that he would make 14 points and then made seven. Most of his speech was full of innuendoes, inaccuracies, errors and petty point scoring and actually did not add to the debate. I am in the Chamber waiting for the debate on the Water and Sewerage Services (Amendment) Bill to start. The Member's speech incensed me so much that I thought that I would just stand here and say my penny's worth. Had he been a football player, he would have got a red card.

Members should look at the speeches from the debate and think about the cost of it. Think of the Minister, who has sat here for six hours, the MLAs who are waiting around upstairs and the staff, who are all waiting. Despite that, the debate has not really achieved a great deal. We see that frequently. Often, there are unnecessary debates. The Health Minister has had to respond to 60 motions. I believe that the nearest number of motions to which another Minister has had to respond is 30. Think of all of the time that is wasted by Ministers in planning for debates to ensure that they have the right answers. The same goes for unnecessary questions for written answer. The Assembly must review the way that it does business. It is relevant to point that out in the Budget debate because people's time and money are being wasted. The Assembly needs a reality check.

The Member said that he wants more houses to be built. Who will buy them? The Assembly wants more social houses. However, DSD needs more money. His points continued very much along the same line. There was a great deal of self-congratulation and many interruptions from Members on his own side, who, sadly, have all left the Chamber. It did not achieve anything.

The Northern Ireland public want to see proper debate. They want to see a functional Government who talk to one another and work with consensus. I reiterate Mr McCrea's point, which was that the real test is education. If agreement cannot be reached on education, progress cannot be made on anything else. The public want the Assembly to concentrate on what matters to them, which is education and health, not make endless little snide comments about the Health Minister's budget being cut. The Health Minister is the only one in Europe whose budget is being cut. Therefore, the Assembly should fight his case.

The Minister of Finance and Personnel:

The Member has accused another Member of inaccuracy, innuendo and wasting the Assembly's time. Perhaps he should have checked his facts before he stood up and made the inaccurate statement that he has just made. In England, the health budget has been cut by £4 billion this year, which is a much greater cut per head of population than the reduction that the Health Minister in Northern Ireland has been asked to make. If the Member is going to accuse other Members of inaccuracies, perhaps he could get his own facts right.

Mr Kinahan: Thank you, Minister, for correcting me. I was under the impression that the health budget in England had been frozen. I will take back my comment about that, but there were many other inaccuracies.

We also want to see the economy and the employment situation improve. Those are the issues that matter to people. We want to see a Government who function.

I congratulate the Members who made constructive contributions today. We have had long and very good speeches from many, although there are some who, I think, prefer the sound of their own voice. However, some of you might accuse me of that in a minute.

Mr McCartney: Name and shame.

Mr Kinahan: I would love to, but I will not. When I listen to debates, I find that too often parties spend their lives attacking each other rather than being constructive. There were numerous occasions today when the DUP attacked the UUP. I found that strange, since, a few weeks ago, they were trying to talk to us and wanted to work with us. At the same time, they attacked our links with the Conservatives. However, who was at Hatfield House

a few weeks ago talking to the Conservatives? Jonathan Bell talked about a Conservative member's blog, in which the Conservative criticised the Orange Order. That individual has been disowned by the Conservatives. I think that I needed to make that point.

Mr Deputy Speaker: Order. The Member needs to return to the motion. It is getting late in the day.

Mr Kinahan: It is on my next card, Mr Deputy Speaker. I am member of the Committee for Regional Development. In my patch, a new dual carriageway to motorway scale is being built on the A8 and the A6. When it comes to roads, let us concentrate on maintaining the roads in the countryside and everywhere else before we commence the new large projects. They are necessary, but they do not need to be done today.

The Final Stage of the Water and Sewerage Services (Amendment) Bill will be debated later this evening. We have hard choices to make about water. Let us get ourselves ready for the future with regard to water, ensure that we have got the data right and ensure that we budget our way out of the problems in the future.

I am also a member of the Committee for the Environment, where we have seen the great new computer system, e-PIC, fail us, as mentioned by Alastair Ross. It constantly develops problems and keeps costing more. When looking at budgets when times are hard, we should avoid moving down the new route when we do not fully understand it.

I want to see better government. I apologise for some of the criticisms that I made, but they had to be made.

Mr Gallagher: I am a member of the Committee for Regional Development, as is Danny Kinahan, and I want to add to his comments on the roads budget. I cannot overstate the importance of improving the roads budget, particularly for road maintenance. A detailed report on the state of our roads has been published since the most recent Budget was agreed here. The work was carried out by Professor Snaith. The report identified the backlog of required road maintenance and the sum of money that would be required to address that backlog. We would need to spend £700 million, if we had it, on clearing the backlog of required road maintenance. Failing that, the report stated that £109 million per year was required to prevent any further deterioration of our roads.

The roads in Fermanagh and Tyrone, in particular, are in need of maintenance. That is important in itself, but it is important for the economy of those areas, where there is no rail transport and where public transport is poor.

The Minister for Regional Development is not required to be here for this debate, but I want to refer to the Department's strategy in bidding for money for roads maintenance and other things. We have discussed that in Committee. To put in one or two bids per year, as DRD is doing, and hope for some top-ups from the monitoring rounds is not the best strategy. Given the picture that I have painted of the state of our roads, DRD should have a strategy that will have a better chance of achieving closer to the £109 million a year that I mentioned.

Every Member accepts that, in the difficult economic climate, we do not want householders to be put out any more. However, the water subsidy runs out at the end of March, and the cost of supporting Northern Ireland Water must be found from somewhere. Can the Minister tell us what effect ending the water subsidy will have on the Budget in the next financial year?

The cuts in the health budget have been mentioned: more than £20 million on capital costs and close to £90 million, as I understand it, on recurrent costs. That will have an impact all over the Health Service, not least on the elderly and other weak and vulnerable members of the community who are in need of healthcare. Is the Minister aware of the impact that those cuts will have on the plans and the financial arrangements for the new hospital in Omagh? Although the new hospital in Enniskillen is going ahead and, hopefully, will be almost complete in another year, the healthcare arrangements in the south-west are based on two sites and encompass two new hospitals, one in Enniskillen and one in Omagh, and we need to make progress with both those projects.

Several Members, mainly from the DUP, referred to North/South arrangements. They said that certain moneys could be found by cutting North/South arrangements and North/South structures. The North/South arrangements are part of the Good Friday Agreement. We have the North/South structures for the nationalist community and the east-west structures for the unionist community. The unionist community can have its east-west structures. That is fine; it is not a problem. However, the nationalist

community will have its North/South structures. They will not be pared away, and they will survive any attempt by any party to cut back on them. The North/South structures contribute to the economy. Tourism Ireland, InterTradeIreland and Waterways Ireland strengthen and put money into the economy and create jobs. Therefore, it is important to support those organisations and to do more for them. We should do much more for the North/South arrangements than we have done during the lifetime of this Executive.

6.45 pm

Mr Attwood: I want to pick up on some of the issues that I raised in my speech yesterday on the spring Supplementary Estimates. The SDLP's essential point and that of other parties is that for Ireland to position itself in the global economy post-recession, bearing in mind the financial constraints and the nature of other competing economies, the North/South aspect needs to be deepened. To be fair to the Minister, he replied to that yesterday. He made some comments that appeared to acknowledge and affirm some of the opportunities that exist with North/South bodies. The Minister said he recognised that:

"economies are integrated: what happens on the other side of the border will have an impact here. If there is prosperity in the Republic, there is the chance of prosperity here."

That was a fair comment and a good observation from the Minister, but he then added that:

"I just do not happen to believe that we need to do that by setting up expensive structures. It should be sufficient for Ministers to work genuinely to encourage co-operation between two states that have an impact on each other's economies ... I am fully committed to that dialogue." — [Official Report, Vol 48, No 3, p164, col 2].

However, that actually misses the point for three reasons. I tried to go out of my way yesterday on behalf of the SDLP to acknowledge that the Minister has adopted a pragmatic approach to some of the issues that affect the economies of Ireland and the interests of the island, but the attitude that we do not need to set up expensive structures and that it should be sufficient for Ministers to work genuinely to encourage co-operation is not the full response that is required for three reasons.

First, if the current Minister of Finance examines the record of his predecessor Nigel Dodds,

both as Minister of Finance and as Minister of Enterprise, Trade and Investment, he will find that Mr Dodds had to be dragged kicking and screaming to meetings with Ministers in the Republic of Ireland on matters of common concern and mutual benefit to the economies and the peoples north and south. Even on that basis alone, it is not sufficient to leave it to Ministers to work genuinely to encourage co-operation, because it falls to the whim of any one Minister to go beyond genuine co-operation or fall short of it. Mr Dodds fell very short of genuine co-operation, never mind the SDLP's conception of full-blown North/South co-operation.

Even if the Minister does not accept that argument, he has been contradictory. He said yesterday that:

"I am fully committed to that dialogue. Indeed, this week, I will again meet the Finance Minister in Dublin to talk about banking, among other issues."
— [Official Report, Vol 48, No 3, p165, col 1].

The reason why the Minister is talking to his counterpart in the Dublin Government is the threat to the island economy caused by the banking crisis. Without prejudice to NAMA as a proposal, an expensive structure has been created, with an advisory council with people from the North on it, to deal with a threat to the national interest. On one hand, the Minister has said that:

"I just do not happen to believe that we need to do that by setting up expensive structures. It should be sufficient for Ministers to work genuinely to encourage co-operation".

Yet, at the very same moment he is going to Dublin to discuss with the Minister for Finance an expensive structure that has been set up to safeguard the economies and the banking system north and south.

The Minister of Finance and Personnel: There is a huge distinction between a North/South body that is set up primarily for political reasons and NAMA, which is set up for operational reasons. NAMA has been set up to look at how toxic accounts that are held in banks are dealt with and managed over a period of time. I do not know whether NAMA will be expensive, but the Member is trying to draw a parallel between expensive political North/South bodies and a body that actually has an operational reason for its existence. However, he probably knows full

well that there is a distinction to be made and that he should make it.

Mr Deputy Speaker: I ask the Member to return to the Budget debate.

Mr Attwood: I am taking up themes from yesterday's debate that run across and weave in and out of the budget of virtually every Department. If you look at the Budget, Mr Deputy Speaker, you will see in virtually every budget line for every Department specific budget streams for North/South issues. Therefore, my points deal very much with the Budget debate.

I will return to the Minister's point. When he reads what he has just said in tomorrow's Hansard report, I wonder whether he will find it curious to see that he has conceded the very point that I was making. He accepts that, where there are operational reasons, there could be a North/South body, including an expensive body such as NAMA. That has significant consequences, Minister, because, if you accept that there are issues on this island, North and South, that for operational reasons require a body to be in place, I warmly welcome that.

That moves the debate on North/South issues to a new dimension. The Minister, on behalf of the DUP and the Executive, is saying that there should be a body if there is an operational imperative for one, if it affects the North and South and if it is important to the economies of the North and South. I completely concur, and I thank the Minister for what he has just accepted.

The Minister of Finance and Personnel: I am not going to engage with that.

Mr Attwood: I know that you are not going to reply to that.

Mr Deputy Speaker: I ask the Member to address his remarks through the Chair. This is not a debate about North/South bodies or co-operation; it is about the Budget, so I ask the Member to return to the debate.

Mr Attwood: I appreciate that. I will return to the Budget and outline the third reason that I thought that the Minister was wrong yesterday.

When one looks at the Budget, some things jump out dramatically. Even if the Minister had not said what he just said about the operational reasons of such a body and even if he did not accept what I said about his predecessor, there

are areas of the Budget that would save money, maximise efficiency and serve the interests of people north and south if they were developed on a North/South basis. If anyone were to look at the economic, health and innovation elements of the Budget, they would see examples of that.

Sourcing my comments in the Budget, I ask the Minister whether he accepts some core points. Let me start with the issue of health. Although there may be some debate about what the percentages are — the Minister of Health may not necessarily concur with these points — 48p of every pound of the Budget that is spent in the North is spent on health.

Lord Morrow: Yes.

Mr Attwood: I thank Lord Morrow for confirming that. In the South, a minimum of 25% of every euro is spent on health. Even that is an underestimation, because some health spending in the South is not generated in the Department of Health. Therefore, around 33% of every euro and every pound spent on the island of Ireland is spent on health. I suggest to the House and to the Minister that, if we cannot get our heads around that, we are missing enormous opportunities, because, more than any other sector of public expenditure on this island, health proves the case for “North/Southery”, for better budget spending both north and south and for better budget planning in the Budget that we are discussing.

I will give some examples. As I understand it, the Health Departments, North and South, commissioned a report on how to develop North/South health co-operation. That report made 37 recommendations, but it has not yet seen the light of day. In the next six months and certainly if the Tories are in power, the Minister will have to come to the House with some bad news. That bad news can, to some extent, be mitigated by looking at the health budgets, North and South, and at the 37 recommendations in respect of future health provision in the North.

One of the costs of partition is that there are doctors on each side of the border, there are specialties in Belfast and Dublin, and there are two bureaucracies. There is duplication all over the place, and it costs an enormous amount of money. Without prejudice to all the other points that I made, if the Executive do not get their head around that report, publish it and take

forward its recommendations, we will be cutting off our nose to spite our face when it comes to future finance on this island.

If the issue is put down to some narrow concerns, the irony of it all is that Belfast and the regional hospitals in the North that have specialties would be the main beneficiaries of better integration and co-operation in health services generally, because some of the specialties and skills are in the Northern Health Service rather than the Southern health services. Even if the issue were viewed in narrow terms, therefore, there would be benefits to and a money flow into the Health Service in the North. That issue should be addressed, but, if we do not engage in that debate, the Minister will have bad news for people on front line health services in the event of budgetary constraints from London, and that is not a healthy way to go when there is an alternative.

I understand that Alasdair McDonnell gave the Minister some bedtime reading in relation to the economic report that was issued earlier today in the Building. I want to hand the Minister a report for daytime reading: it is the comprehensive study on the all-island economy that the British and Irish Governments published a number of years ago. It gathers dust somewhere in the bureaucracy of the Government. If we do not take that report forward and if we do not deal with the issues that affect this Budget Bill and every future Budget Bill, we will be cutting off our nose to spite our face. The foreword to the report states that it:

“sets out a compelling vision of a strong competitive and socially inclusive island economy with island wide clusters whose strength and development is not impaired by the existence of a political border. This must be our aim if we are to compete on the world stage and deliver sustained economic benefits for everyone.”

That is a summary of what I was trying to say yesterday. It is especially relevant post-recession and in a global market that is aware of the growing Far Eastern and Chinese economies and of the three billion people who live in Latin America, who are beginning to compete more aggressively in the world economy, with prices that are cheaper than our island economy. If we do not take on board that compelling vision of island-wide clusters, whose strength and development is not impaired by the existence of a political border, we will live to regret the outcomes.

The report, which is 60 pages long, states that greater co-operation in:

“health and education, can result in more efficient use of new facilities, better value for money, more balanced regional development and improved access to services and facilities throughout the island.”

If that does not become a term of reference for this Budget Bill and every future Budget Bill and everything that the Minister proposes and which the Executive plan, we are missing out gravely.

7.00 pm

I will make two further points. I wish to flag up the issue of capital projects, in particular the policing college and the proposed mother-and-baby hospital in west Belfast, to learn how those will be funded in the coming financial year and future financial years.

I am sure that the Minister will appreciate my concerns about the policing college because of the period that he spent on the Policing Board. He might have gathered from correspondence from the Policing Board that there is an anxiety, to put it mildly, about the devolution of justice and policing, which cannot come a day too soon. Policing Board members are concerned that the block grant will be transferred en masse, that the Minister or some of his colleagues around the Executive table will try to cream off some of that budget line for purposes other than policing and justice and that that might have consequences for the overall shape and character of policing and justice in a devolved context. It may have particular consequences for the policing college. The police have advised the Policing Board, as the NIO will confirm, that the policing college proposal is at a very delicate stage. That is because the management board of the policing college will have to commit significant funds in the near future in order to take that project forward. I am sure that Mr Spratt, who sits on the Policing Board, will concur that that view is being expressed at the moment.

As a consequence of that, in the earliest days of the devolution of justice and policing powers, a definitive, final, unambiguous and irreversible decision must be taken on whether to go ahead with the policing college. I hope that that will happen. I hope that there will not be gremlins in the system and that further uncertainty will not arise, given that that project has been plagued by uncertainty over the years. If the Minister is not in a position to comment today on capital

projects in general and on the policing college in particular, because policing and justice powers have not yet been devolved, I ask that that he ensures that there is no further uncertainty about the policing college being rolled out and that that will be taken forward urgently at the point of devolution.

I wish to refer also to a constituency issue about the proposed mother-and-baby hospital at the Royal Victoria site. The Minister will be aware — I know that this issue perhaps crosses over to the health side of the Budget — that there is some hope that one part of the mother-and-baby hospital might be built and be operational by 2017. Although there was a proposal many years ago to build more than one mother-and-baby hospital, it appears that the height of the Government and the Minister's ambition at the moment is to build one hospital by 2017. All the mothers and children who have been accommodated at the Royal and all the nurses and doctors who have provided an excellent service over the years require certainty about whether that project is going ahead.

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

I wish to put down a strong and stark marker. Somewhere in the system, I presume that civil servants are beginning to mutter that a hospital for children and babies should not be located at the Royal site at all but, rather, that it should be located elsewhere or bi-located in south Belfast and Dundonald, because they think that that would be cheaper. I do not know what the truth of that is, but I heard hints at a meeting with the Minister on 18 January that that project may be located or bi-located elsewhere. Over and above wanting to hear confirmation of the financial commitments to that hospital, I want to hear a commitment that it will be on the Royal site.

We cannot lead patients and families up and down the hill only to declare subsequently that the hospital will not even be in the constituency of West Belfast. We cannot have a situation in which a hospital of that pedigree and character, which has served people so well over the years in an area of extreme need and disadvantage, is suddenly, in a puff of smoke, moved elsewhere. We cannot have a situation whereby the hospital, despite the best clinical advice from Mr Donaldson and many others over the years that hospital services for mothers and babies must be co-located because of clinical, surgical and medical needs, ends up, in a puff of smoke, being split.

I will hear whether the Minister can offer any reassurance on that matter when he replies to the debate. Such a move was hinted at during my meeting with the Minister on 18 January 2009. I put down a marker now that if, after all this time, that should come to fruition, it would be intolerable. It would be a slap in the face for doctors, nurses, patients and families, and for West Belfast.

Mr McDevitt: The Minister will be glad to hear that I do not intend to rehearse the points that I made yesterday. However, I start by referring back to 25 October 2007, when his predecessor, Mr Robinson, laid down the Budget that we are still debating tonight. I want to pick out a couple of passages that are a relevant anchor to my comments.

Mr Robinson said:

“The days of direct rule Budgets with Labour Party priorities are over. This draft Budget comes with the proud stamp: “Made in Northern Ireland.” — [Official Report, Bound Volume 24, p491, col 1].

He then said that success lay in our hands and that we must seize the opportunities that are before us. “Hear, hear”, we all say to that. He said that the first draft Budget of the new era must lay the foundations for a better and stronger North.

Mr Robinson went on to talk about the importance of the economy and why it was central to the Budget, the three-year budgetary cycle, and the Programme for Government. He said:

“Despite that favourable transformation in the labour market, there has been no material improvement in our relative prosperity. Indeed, our GVA (gross value added) per capita, when benchmarked against the UK average, has actually deteriorated in the past five years.

That is confirmation of the fact that we must change tack in economic development policy, and it is a warning that we cannot be complacent about the serious economic challenges that confront us. The focus should now be on creating better jobs — not just more jobs.” — [Official Report, Bound Volume 24, p494, col 1].

There is no question that we all agree with that. Had the situation not changed so much and had there been no world recession, we would probably still be celebrating those words and some degree of success. However, only last year, the independent review of economic policy noted a serious disconnect between the stated

commitment to the economy and the Executive’s follow-through on the delivery of an economic revolution.

As I said yesterday, I wish that we were debating a new Budget. I wish that it was a Budget for today and that it was made not merely for Northern Ireland but for the Northern Ireland of 2010, with all the problems and pressures that we face and all the new opportunities that we enjoy. Such a Budget would take account of the Matrix report and of the innovation opportunities in the region and across the island. It would be willing to explore new and imaginative revenue-raising opportunities, something which, for some reason, the Department of Finance and Personnel has been reluctant to do since its first devolved incarnation in 2001-02.

Why, in this region, can we not have a debate about simple developments, such as home insulation programmes that could be funded through a charge on property? That would release money back into the local economy, and it would stimulate employment in many rural areas through the use of contractors and other skilled personnel. Why can we not have a debate about renewables at the domestic level of micro-renewables? Again, that could be funded through levying charges on property. That power is already in our hands, and, as a former Minister of the Environment, the Minister of Finance and Personnel will know that it was often exercised by the former Environment and Heritage Service in an attempt to protect listed buildings.

Why can we not have debates that explore the opportunities of the smallness of our region yet take advantage of the great potential beneath our feet? In 2006-07, that potential was recognised by the Tellus survey, which found that our resource base was more favourable than that of most comparable regions in these islands.

In fact, why can we not have a debate about taking ownership of the foreshore? The royalties that accrue from that region for precious metals and other finds do not come to us; they go to London. That is the sort of debate that we should be having, but are not. I will leave my visionary stuff and come back to the reality of today.

It was referred to already, but today was a significant day in economic policy terms. A group of economists, who were very much Ulstermen, came here today. Indeed, those Members who express deep scepticism about all-island

economics should understand that there is a huge difference between all-island economics and all-island politics. I do not know a single businessman in the region who does not favour greater economic integration on this island. In fact, I do not know a single businessman in this region, or a serious economist for that matter, who does not favour the development of an all-island economy, not because it makes political sense, but because it makes economic sense.

Today, six eminent economists professed to us that it was time to reignite the debate about introducing a 12.5% corporation tax, which would harmonise us with the rest of the island. That is a challenging debate, and it comes with a potential economic cost, because, in order to avoid state aid rules, we would have to devise a formula that will ensure that the policy does not result in one-way traffic. We must consider how the money that we would raise through revenue would be compensated for from the block grant. That is a debate that we will not be able to have all year, because we are not dealing with a new Budget that would allow us to have such a debate.

I also want to talk about health, which we have spoken about a lot recently. It has been noted that the Health Minister has yet to go to either the Health Committee or the House with any significant proposals on how he will tackle the pressures that are on him. I have huge sympathy with the Minister of Finance and Personnel, because it is deeply unsatisfactory that there is a Minister in the Executive who controls so much of the Budget, as Mr Attwood pointed out, but is unwilling and unable to admit that, by failing to openly discuss where efficiencies could be found in management and in the senior echelons of his Department and the health trusts, he will preside over stealth cuts in the spring.

There will be stealth cuts to front line services; there will be ward closures; we will see more pressure on carers, which will particularly affect the elderly; and we will see what Age Concern described as a “caring crunch”. That is all because we are failing to be strategic about how we plan services within the very limited resources available to us.

In another document published today — it appears that today was the day for publishing documents — Age Concern raised an issue that is directly relevant to budgetary planning

and to the debate tonight. The document notes that our population is ageing — a statement of the obvious — and points out that there will be a significant increase in the number of people aged 65 and over in Northern Ireland over the next 30 to 40 years. Age Concern reckons that expenditure in supporting and caring for such people will double, and will do so in a much shorter period.

Why are we not having a budgetary debate that recognises that and carries with it the opportunity for bringing a small regional Government to the fore, allowing us to sit down and have an honest debate? We should not be debating, line-by-line, a bunch of programmes that we inherited from the British Government, rebranded into our own and recycled every year to make them look as if they are better than they were last year? Why do we not look at and address the needs of the people who live in this region and the needs of the economy of this region?

Undoubtedly, the duplication of services at a regional level is an issue, and it is fuelled by the division that is inherent in our communities. It is slightly academic as to whether we accept the figures that were bandied about in the infamous Deloitte report that was never quite published but found its way into the public domain. The point is that we still know that the problem exists. I know that the Minister is not entirely blind to the issue; he accepts that there is a debate to be had on it. In the next year, I hope that we are able to see the Department of Finance and Personnel trying to understand the cost of division in the region and ascertaining what steps we should be taking across all Departments to find efficiencies so that we can guarantee that we are not perpetuating a problem that we are determined to end.

7.15 pm

Reference was made earlier to North/South bodies, and Mr Attwood quoted the Minister's remarks from yesterday's Hansard report, in which he said that the North/South bodies were set up simply for political reasons. I am sure that Members across the House know that the tourism sector does not believe Tourism Ireland to be a political body. In fact, I have yet to meet a hotelier who thinks that Tourism Ireland is in any way a political body. It is a central part of the tourism industry's economic future, the core of its business planning and a major part of its recent success.

Moreover, I do not know many business people who consider InterTradelreland to be a political body. In fact, most businesspeople whom I know are very interested — Mr Hamilton referred to the matter yesterday in a number of contributions — in increasing trade across the jurisdictional boundaries on the island and are keen to deepen the level of collective wealth that is accumulated on this island for our mutual benefit. It is well past the time to have debates about “North/Southerly” along political lines.

I am sure that we all share an ambition to make this region work, to make the public finances in this place as efficient as possible and to secure the best possible value for money. However, to make this region work, we must make it work in the context, as John Hewitt the great Ulster Protestant Labour poet would have said, in which this region sits. We must not fail to see the Ulster beneath our feet. However, we must also recognise the island that our Ulster is on and understand that that island is part of an archipelago that is part of a great continent. To ignore that — I made this point yesterday but will make it again — is to ignore the economic and financial opportunities that are available to us all.

I will not speak for too much longer, but I want to make a brief point. I apologise to Mrs McGill, who is valiantly flying the flag for Sinn Féin. It appears that Sinn Féin has left the debate. However, should we really be surprised at that? Outside Dáil Éireann during the Lisbon referendum, Gerry Adams said that Sinn Féin is:

“not interested in managing the economy.”

That is a sad indictment of a senior partner in the Executive, a sad indictment of where our politics is and a sad indictment of the priority that we should put on scrutinising the work of a Minister who has been sitting in the Chamber for about seven hours today.

Mr Hamilton: Does the Member not view Mr Adams’s infamous comments some months ago as, perhaps, more of an embracement of free market economics and of less state interference in the running of people’s lives?

Mr McDevitt: I guess that neither Mr Hamilton nor I can quite figure out why anyone who holds a public office would ever make such remarks, regardless of their political opinion. In the famous words of Conor Cruise O’Brien, it is “GUBU”-esque.

I welcome the investment announced yesterday in broadcasting funds for the Irish language and Ulster Scots. They are important steps and will do quite a bit to stimulate economic activity in this great city of ours. There is quite a vibrant media industry here, which probably stands to benefit from that investment. However, when Irish republicans went to Britain to negotiate a deal, I wish that they had not refined it to such matters. I wish that we had had news of an increase to our block grant, of some acknowledgement of the special circumstances that we face here or of the opportunities that we are unable to realise because of the British Government’s historical underfunding of many aspects of our public services. I wish that side deals did not simply secure £25 million, important as it is, for language but secured something that will change the lives of the many, not just the few.

I will leave it at that. I have sympathy with the Minister in that he is recycling what is now a very old recycled piece of material: perhaps it is because of his new-found commitment to sustainability and the green agenda. I hope that, this time next year, we are debating a new Budget that is not only made in Ulster, as the Minister likes to say, but made for the Northern Ireland of today.

Mr Deputy Speaker: I call the final contributor. I emphasise the word “final” to encourage you all and to rekindle your will to live. I call the Minister of Finance and Personnel, Mr Sammy Wilson.

The Minister of Finance and Personnel: This morning, when I read out the speech that had been prepared for me by my departmental officials about the Vote on Account, Supply resolutions, Standing Order 32, the Consolidated Fund, column 1 of schedules 1, 2, 3 and 4, operating and non-operating accruing resources and the Government Resources and Accounts Act (Northern Ireland) 2001, I thought that the debate would not last too long. Surely there would be no extensive response to all that. How wrong I was.

We have had a wide-ranging debate. Perhaps that was encouraged by the Speaker, who invited Members to talk widely on the issues. I thank all the Members who took part in the debate for the contributions that they made. I mean that genuinely, even though I have had to sit through the debate for seven hours. Despite

Mr Kinahan's contention that we had wasted Hansard's time, the staff's time, our own time and my officials' time, this debate is part of what happens in a democracy: we discuss the issues and deal with the various proposals that are brought before us. We are debating a Bill, the content of which is important, as I said yesterday, to the lives of people in Northern Ireland, because it determines the kinds of services that they are going to get, the services that they got last year and will get next year. Therefore, it is important that we give proper attention to the Bill.

The Chairperson of the Committee for Finance and Personnel has apologised to me for not being here. I want to start off by addressing the points that she made. I did not agree with most of her speech; I was happier with the part that was written for her by the Committee Clerk than the Sinn Féin fantasy economics that she came off with later. Nevertheless, she raised a number of points. I thank her for the work that her Committee did and for the way in which it allowed the Bill to go through by accelerated passage. I will also look at the points that she made in relation to her own views.

The Chairperson of the Committee reiterated a theme that was aired continually on that side of the House today: that if, somehow or other, the Budget had been produced in an all-Ireland context, we would have avoided a lot of the difficulties that we have. I made the point yesterday and I will make it again: I do not gloat, nor do I take any satisfaction in the fact that there are economic difficulties in the Irish Republic. What happens in their economy will have an impact on what happens in our economy and vice versa. Equally, there is an even stronger economic pull between Northern Ireland and the rest of the United Kingdom. Therefore, we have to recognise the synergy that exists between the two jurisdictions. There is no benefit in gloating when one country or the other hits economic difficulties.

The Chairman of the Committee talked about greater co-operation with the Irish Republic. She wanted more tax-varying powers that would relate more closely to the fiscal policy in the Irish Republic. I suspect that there are many things in the Irish Republic that she would not be all that happy to have replicated here in Northern Ireland.

For example, does she really want the kind of health budget that there is in the Republic, which makes it more difficult for people to gain access to GPs? Is that the kind of thing that she wants? Does she really want to see the swingeing cuts in public sector pay that have been imposed across all levels of the workforce in the Irish Republic? I suspect not, but she did not make that distinction.

I doubt that the increasing burden on the taxpayers in the Irish Republic is something that the Chairperson wants to be replicated here. I also suspect that, given the burden already on the taxpayers in the Republic, they may not welcome having to make a contribution to the subvention that this part of the United Kingdom receives from Westminster. Maybe there is an element of having your cake and eating it, whereby one gets all the good things from that co-operation, and any other money that must be found would come from Britain. I suspect that she did not want to go quite as far as that.

The second matter that the Chairperson mentioned was tax-varying powers. Other Members raised that point, and it is especially relevant today because of the report on corporation tax, which Dr McDonnell made available to me, that has been produced by the Economic Reform Group. The Chairperson talked vaguely about tax-varying powers, as did other Members, including those in the SDLP. None of them, apart from Dr Farry, had the courage to say that, in referring to tax-varying powers, they meant tax-increasing powers. All the Members said how beneficial it would be to have tax-varying powers so that we could lower taxes. Of course, as Mr Weir and others pointed out, tax-varying powers work both ways.

Let us not be under any illusions and let us not send a message from the Assembly that tax-varying powers would mean that everyone would experience the good life and get reductions in their taxes and that businesses would benefit from that. Given some of the wish lists that came later on, I suspect that those tax-varying powers would be tested to the limit in having to increase taxes. That would have an impact on workers in Northern Ireland.

The Chairperson also spoke about the review of the Budget process, and she indicated that there had been a promise that the Budget process would be reviewed. As I have said on other occasions, that work will be completed shortly

and should be available as soon as we have finalised the 2010-11 spending plans. There is an important linkage between spending plans and outcomes. At this first stage, it is important that there is clarity as to what the priorities are in the Programme for Government and how they are developed in the Budget process.

The Chairperson of the Committee and others raised the issue of the Barnett formula. There are flaws and weaknesses in the Barnett formula because it relies on only population as a basis for allocating resources. It takes no account of the relative level of need. The Scottish and Welsh Governments, as well as a House of Lords Select Committee, have produced reports indicating that any reform should involve an assessment of relative need. However, and I introduce some caution here, the calculation of relevant need is a subjective assessment. If we used that to replace the current Barnett formula mechanism, there is no guarantee that we would get a more satisfactory solution for Northern Ireland.

Even the Scottish and the Welsh recognised that fact when they indicated that there should be an independent mechanism for dealing with the differences between what Administrations believe that they should receive and what HM Treasury decides that they should receive.

7.30 pm

The Chairperson of the Committee for Finance and Personnel said that the needs base should be determined through local assessment. I cannot envisage a situation in which HM Treasury asks us to identify what we need, we hand it a bill, and then it simply gives us that money. I do not want to be too unkind, because the Chairperson is not here to defend herself. However, in her role as Sinn Féin spokesperson, she expressed unrealistic attitudes and spoke about what I call fantasy economics.

She argued that we should have tax-varying powers to allow us to lower taxes. She wants us to identify our needs and then go to HM Treasury and demand the required funds. She believes that we have a Budget review in which we can simply list all the things that we want, for which someone else will pay the bill. With that kind of economic policy, it is no wonder that Gerry Adams was rejected by people in the Irish Republic when he tried to act as an economic guru during an election campaign.

Mr Shannon talked about the efficiency savings in the health budget. I do not want go over all the points again. The health budget in Northern Ireland accounts for 48% of the entire Budget. All Departments are committed to that Budget, and no Department can be exempt. Certainly, no Department that takes up almost 50% of the entire Budget can be exempt from efficiency savings. An opportunity still exists to achieve those efficiencies in the health budget.

No Department can claim that it spends every pound effectively. Indeed, the Appleby report indicates that £200 million worth of savings could be generated were we to increase Northern Ireland's productivity level even to the level of England's. Every Minister, including the Health Minister, must consider the opportunities to make significant savings.

Mr McDevitt: We all share the ambition of achieving those efficiencies in the Health Service. However, I am sure that the Minister recognises the importance of protecting front line services. Is he willing to explore the possibility of having a mechanism to ring-fence front line services in a budgetary sense? The Minister could bring that proposal to the House, perhaps in conjunction with the Health Minister. Such a mechanism would allow us to target efficiencies where they need to be targeted outside front line services.

The Minister of Finance and Personnel: The Health Minister said that he was having difficulty in making the required efficiencies. Therefore, in November 2009, I suggested that PEDU could examine how the Health Service might deliver better performance and efficiency. However, the Minister rejected my offer. We are always happy to examine what can be done where Ministers and Departments are struggling, and other offers have been made. Consultants have brought about high levels of savings in hospitals in London without affecting service delivery, but the Health Minister has not taken up that opportunity. Ministers have a responsibility to appear before Committees to examine the work that Committees do and to seek guidance on working within a budget.

I will now deal with Mr McNarry's contribution. Mr McNarry started off very badly this morning. He spoke about the accusation that his party is the grumpy party. He then sought to go out of his way to prove that he is Mr Grumpy by attacking everyone in sight. I will not digress

totally, but this point was made, so it has to be answered. Mr McNarry started off by saying that he was grumpy because £20 million had been got for the Irish language as a side deal at Hillsborough. His accusation was that that was something that the DUP had negotiated with the Government at Hillsborough. He asked why such emphasis had been placed on negotiating a £20 million deal for the Irish language when people required money to heat their homes and when money was required for hospitals. He went through a whole litany of needs.

I want to make it clear that no side deal was negotiated by the DUP with the British Government or the Irish Government for the Irish language. If £20 million was obtained for the Irish language, and if that was a priority that was attached to the negotiations, the Member should at least have had the decency to direct his fire at the party that took that to be a priority, and that is the party opposite. Sinn Féin has to make the argument to its people, because a number of Sinn Féin Members spoke about needing money spent on this, that and the other. They have to explain why £20 million for the Irish language was more important than money for other services.

For Mr McNarry to try to say that that was part of a DUP deal illustrates that he did not approach the debate in a spirit of helpfulness, yet he went further still and sought to create dissent where there was no cause for it. At the end of his contribution, of course, he spoke about wanting to have a better working relationship. Strange way of doing it.

He went on to come out with other fairy tale stuff. He said that the £20,000 that will be spent on advertising the Hillsborough agreement will be a waste of money. Let me make it clear that the Executive have allocated no additional funding in order to advertise the Hillsborough agreement. Surprisingly, he forgot to mention that, after the Belfast Agreement, when his party was the biggest power, it was not £20,000 but hundreds of thousands of pounds that was spent on advertising that deal, from television advertisements to publications that went into every home. Again, a degree of double standard was at work there.

When he did eventually get on to the subject of the Budget, Mr McNarry talked about priority-based budgets. I agree that it is important that the Executive have a clear understanding of

their priorities as part of the budgeting process. Indeed, that was helpful in the Budget review that we undertook. We knew the priorities, so when I interviewed Ministers, we looked at those priorities, and when the Executive made decisions, they concentrated on those parts of the Budget to which they had attached priority.

However, there is one difficulty in determining which services will not be priorities. I listened intently to Mr McNarry, and although he talked about the need for priority-based budgeting and about how it was impossible to budget without that, I did not get an inkling in all the time that he was speaking of what he would make the priorities in the Budget. We simply got throwaway lines.

Mr McNarry mentioned priority-based budgeting for health. However, priority-based budgeting does not mean that this Department or that activity has priority and should be handed a blank cheque so that it can spend money as it wants. That seems to be the infantile view that Mr McNarry holds. He is not here to defend himself, which is a great pity. I would have taken interventions so that he could clarify what he meant, even though he was not prepared to take interventions during his diatribe.

Because an area has priority, one cannot say that how it spends its money should not be questioned; that would totally negate the benefits of priority-based budgeting. Set priorities; but ensure that even the areas prioritised are subject to close examination on how they spend their money.

Mr Hamilton: I listened to the Minister's comments on Mr McNarry's proposal for priority-based budgeting. Did the Minister note, as I did, that in setting out his priorities, Mr McNarry listed health, addressing social need and job creation? Given the vast proportion of the Budget that those areas account for, can the Minister tell the House how much of the Budget would be left from which to take money and reprioritise?

The Minister of Finance and Personnel: In that case, nearly 70% of the Budget would be a priority, and any reduction would fall on the remaining 30%, which would create great difficulties.

The next point that Mr McNarry made was raised by a number of other Members: the savings that might come from the Civil Service

pay bill in 2010-11. We asked for a study of that suggestion, but it is one of a number of silver bullets that Members offered during the debate: if only we did this or that, we would solve all our problems. Public sector pay is suggested as a remedy to all our problems. Mr McCrea made that point as well.

When the private sector is taking severe hits, we cannot afford to be profligate in the public sector. However, scope is limited, even if the sums involved rise through inflation. The annual increase, in the part of the Civil Service pay bill over which we have direct control, is about £25 million. In the broader context, the Government at Westminster announced that they intend to exercise pay restraint, although we do not know what form that will take or what savings it will make. However, most of those employed in the public sector are affected by national pay agreements; therefore, if there is scope for savings, it will come from what happens nationally rather than locally. Even in the local picture, there are contractual obligations. Contractual obligations add about 2.4% to the Northern Ireland Civil Service pay bill every year, and unless we break those obligations, we will face that pressure annually. Members know that I have not run away from the issue; where we have been able to make reductions on bonuses etc, the work has been done and decisions made.

Mr McNarry and others asked about the effect of a further slowdown in public spending in 2010-11 and beyond. It is difficult to know what the effect will be because, to date, we have not been able to get information from the Treasury. One has only to look at the confusion in both major parties in the United Kingdom to see the problem that we face as a local Administration. On one hand, Alistair Darling says that there must be severe cuts; on the other hand, the Prime Minister says that perhaps the Government can be a bit more lenient. The leader of the Conservative Party says that there will be swingeing cuts, but we are then told that we do not need them. Some say that we need cuts immediately after the election; others that we can wait until the next financial year.

7.45 pm

Against such a background, it is difficult to know where exactly we will be in the next financial year. The best available estimates are that there will be no increase in current spending funding at all — there will be a flat rate — and that

there will be a significant reduction in capital funding. I think that the reduction will be about 6-9%. Ministers should be making preparation for that. Of course, the invest-to-save fund is designed to help them.

Mr McNarry and other Members talked about the inability of the in-year monitoring process to address emerging pressures. In previous years, significant emerging pressures, including water charges, the shortfall in capital receipts and the response to swine flu, were dealt with in the in-year monitoring process. However, it was recognised that pressures were building. For that reason, we have reviewed the Budget and moved away from the level of overcommitment, which stood at £100 million two years ago. It will be reduced to zero this year. That is a recognition that pressures exist and that we cannot depend upon an overcommitment at the end of the year. We cannot hope that some of the anticipated spending will not take place. People have asked what we are doing to plan, and we have responded by reducing the overcommitment to zero.

A number of Members were concerned about the Education Minister's proposals to cut support to prep schools. As many Members pointed out, it appears to be a short-sighted view probably more driven by ideology than economics because £800 per pupil goes to prep schools. Some may argue that not all prep schools would close without that £800 per pupil, but there would be a significant reduction in the numbers going to prep schools and, of course, the cost of their education would fall fully on the state. Some Education Committee members suggested that the ministerial decision could lead to an increase of well over £1,500 per pupil. I have written to the Minister telling her that since I believe this to be a contentious issue, the ministerial code requires her to bring it to the Executive, and I expect her to do so. There is a mechanism to ensure that that will happen, and the issue can also be brought to the House for a cross-community vote.

Mr O'Loan said that this was the wrong Budget; he said that it was not radical and that there were no new priorities in it. He talked about how we had not embraced the changes that were required. He went as far as commending the budget that his party made public in April of last year. I think that it was called 'New Priorities', but I am sure that he will remind me. It is a bit rich for Mr O'Loan to say that this is the wrong

Budget, that it is not radical enough, and that we ought to look to his party for a solution.

Let Members consider how radical his and his party's proposals were. The SDLP's proposed changes to current expenditure equated to less than 1% of the planned spend in current expenditure in 2010-11. That is hardly radical. The proposal did not even address the tough issues such as what should be done about water charges, equal pay or further cuts from the Treasury.

Some of the figures were not even right. According to the SDLP proposals, DSD faced a shortfall. I can understand that they might have got it wrong because they did not have information from Departments. However, I would expect them to at least get the figures right for the Department for Social Development, because the party has the Minister in that Department. Nevertheless, it predicted a shortfall in DSD housing receipts of £200 million. In fact, the figure was closer was to £100 million, so, when it came to it, they could not even get those figures right.

Mr Attwood raised the issue of a women and children's hospital at the Royal site. He suggested that £20 million should be allocated to the project: £10 million each in 2009-2010 and 2010-11. They forgot that about another £300 million was needed. That is the kind of Budget that the SDLP proposes that we should consider. The party advocates a radical approach and claims that it will lead the way. I could go through its suggestions for the Budget a bit further, but I will not, because I am not going to spend as long on Mr O'Loan's submission as he did. However, I will give way because I mentioned him.

Mr O'Loan: I thank the Minister for giving way and for the attention that he has given to our document, albeit not with total accuracy in all cases. As I said, we presented a document for discussion. We know that some elements required finessing. We would have welcomed his party and others opening up a debate that allowed us to take what we proposed as valuable starting points, some of which were adopted by his party's Ministers. Had we embarked on the process of using the political resources in the Assembly to address the challenge that confronted us, as we discussed, we would be in a much better place today.

The Minister of Finance and Personnel: I do not think that we would be in a much better place had we adopted the inaccurate and inadequate proposals that Mr O'Loan commended at the start of his speech to the Assembly. We must deal with the Budget as presented. I say to him and to the House that the proposals that were presented by the Executive and endorsed by his leader, who is sitting on the Benches behind him, were, as I reminded him earlier, much more radical and probably much more relevant than those that he commended to the House in his speech.

Regardless of that, Mr O'Loan raised a number of points, the first of which was the need for a fundamental reprioritisation of Departments' budgets. He indicated that the Budget does not meet the demands of the economic downturn. One must consider the amount of money in the Budget and the in-year monitoring. I think it was Mr Hamilton who intervened during Mr O'Loan's speech to point out that during the in-year monitoring over the past two years, £800 million was redirected from one form of spend to another, which is fairly radical and reflects the changes. Some of that money went directly to issues that had to be addressed because of the downturn. Therefore, the Budget was fundamentally changed. The in-year monitoring up until now was also subject to much more significant changes than some of those that were suggested by Mr O'Loan.

I am glad that the Member welcomed my proposal to establish the invest to save fund, which has been well received by Departments. I said that, before finalising the Budget in June, I would welcome the Assembly's views on the matter. Nonetheless, although we have only £26 million, Ministers have bid for £89 million, so it is clear that the idea has resonated with them and they recognise its importance.

The Member raised the redistribution of economic activity, particularly with respect to the Bain report. We had a long debate about the Bain report, and I am not going to go over all the issues again. All that I will say is that the Bain report indicated that its proposals were not value for money. Therefore, in a time of economic restraint, we should not go down the route of adopting proposals that the author of the report admitted do not give value for money.

Mr O'Loan talked about the reduction in capital investment. In 2009-2010, the net change in

capital investment is only 1%, compared with the 10% or 15% that the Member suggested. As I pointed out when I spoke about the SDLP's proposals, he is not great with figures. Although we would prefer to have seen capital growth, the reduction amounted to only 1%. Of course, the downturn in the construction industry provides opportunities to achieve better value for money, and, hopefully, that will enable us to deliver more projects. I must also point out — although I do not blame her for it — that the Royal Exchange project, which falls within the Minister for Social Development's remit, is one of the big pressures on capital receipts.

I was interested to hear Mr O'Loan quote extensively from the CBI report into the need for public sector reform. I agree with him; we need to look at different ways of doing things in the public sector. Those are some of the tough choices that we have to make, because we have to reduce the productivity gap between the public sector and the private sector and between the public sector in Northern Ireland and that elsewhere in the United Kingdom. That is why the performance and efficiency delivery unit is there to assist Departments.

As I have said time and again in the House, I am disappointed that Ministers have not taken up the opportunity to look at what PEDU can do in their respective Departments. In my Department, Land and Property Services has faced difficulties. Mr McNarry referred to the problems faced by LPS in collecting arrears, although, during a recession, one must accept that it is more difficult to collect some taxes. I am not satisfied with the service's performance, and we will be looking at how it might improve, so I am not being complacent about the matter. Nevertheless, I would like to think that Ministers would bring PEDU in to look at how their respective Department's performance could improve.

Although Mr O'Loan ducked the issue, another implication of the CBI report into reforming the public sector is the need to go out to market testing, privatisation or the use of the private sector in the public sector — call it what you want. Given that that is not in line with of his party's policy, I was surprised, therefore, that he seemed to embrace some of the CBI's ideas.

8.00 pm

Perhaps he wishes to demur from that — I am happy if he does — but, when he wanted to make the point about the CBI criticising the

Budget, he was happy to read out extracts of the report in support of his arguments. If he has had time to think about it, I am happy to give him the chance to put it on the record, because I would not like him to be wrongly accused on the matter.

Mr O'Loan: I will make three remarks. The Minister referred a couple of times to value for money, and I will ask him and other Members to think when they use that term. We need to think hard about the word "value" and what we actually regard as providing value. That brings us to the comments that I made about the kind of society that we want to achieve, because there is more value in that than can be measured by the slide rule or the calculator.

If the Minister examines the record, he will find that I did not dodge his comment about the CBI report, because he intervened at that point. I addressed the point head on, and, if he looks at the record, he will see that I did not shirk from that and that I am open to any kind of examination of that matter and to a serious examination of our public sector. He said that he was with me on this one, and, if he wishes to start that debate, I assure him that I will be with him on a serious engagement on that issue.

Finally, he offered PEDU as a serious response to the issue of public sector reform. However, we have been told that PEDU has a staff of about four. They are not all full time, and the Minister regrets that the unit is not being given much work to do. Therefore, I have started to build up an image of an office door in some DFP corridor marked "PEDU". There are four people in the office with four desks, and two of those people are not there all the time. They are sitting twiddling their pencils waiting for the phone to ring to invite them to come and have a look at something. That seems to be the level at which PEDU is operating. Therefore, if that is a serious attempt at public sector reform, it leaves something to be desired.

The Minister of Finance and Personnel: I do not think that the Member should denigrate the work that PEDU has done. In fact, when I was Minister of the Environment and was having difficulty with the Planning Service and looking at how we could make it more efficient, I was more than happy with PEDU's work. The work was significant, and it was the result of a combination of factors. It is not a case of someone coming in and telling others what to

do; it is a case of people coming in and looking afresh at things and working with others. However, it was significant that, by the end of that year, the targets for all levels of planning applications had been met for the first time. Therefore, let us not denigrate PEDU's work. I do not think that I was offering it as the answer to all public sector reform. Indeed, much more fundamental changes could be made. I have noted what the Member said, and, when he started to intervene, I thought that he was going to change his earlier stance. Clearly, however, he has not, and I am pleased to hear that.

The Member and a number of other SDLP and Sinn Féin Members made the point about greater co-operation with the Irish Republic and the fact that the Irish Republic was a master of its own fate. They asked whether we should not desire that independence as opposed to a lot of economic decisions that have impacted on us being made at Westminster. Of course, the truth of the matter is that the Irish Republic is not a master of its own fate; it has been constrained by being a member of the euro zone. Indeed, some of the tough decisions that the Irish Republic had to make in its Budget were made because of the threat of having its bond credit rating reduced. Therefore, its being a stand-alone country does not mean that it is master of its own fate. Equally, we must recognise the strength of the United Kingdom. As a committed unionist, I would say that, but the strength of the United Kingdom is important to us, especially when there are global economic forces that a small place such as Northern Ireland could not resist by itself.

The Member also, quite rightly, raised the issue of asset management. I was actually getting a bit worried because I found myself agreeing more and more with his comments. He talked about having to "sweat" assets. Such phrases are lovely until one discovers what they mean. Sweating public sector assets has involved such measures as car parking charges at hospitals and more charging for groups who wish to use school premises in the evenings, which the Member mentioned. He also talked about sweating the assets of schools and hospitals. Let us be clear what is meant by that. Members talked about tough choices. If the Assembly needs to discuss such measures, let them be discussed frankly and openly. All I am trying to do is delve in behind words that sound good when they are thrown out in the public domain

and discover what they actually mean for the people who will be affected by such decisions.

The Member also raised the issue of NAMA. I will be meeting Minister Lenihan tomorrow. I have noted people's concerns about NAMA. I have also spoken to the Institute of Directors and to a number of other people in Northern Ireland. They have raised concerns. The issue will have an impact in Northern Ireland. Therefore, I look forward to continued co-operation with the Finance Minister in the Republic. There is no doubt that people will ask questions in the House after that meeting. I am more than happy to report back on how I get on with the Minister on that issue. He has assured me that we will co-operate. I am quite happy to do so.

Mr O'Loan also mentioned the boiler scrappage scheme. As far as that is concerned, there was a Barnett consequential of £700,000. Of course, the Assembly has the warm homes scheme, which targets resources — particularly for new boilers and completely new heating systems — on households on the basis of need. The Member will accept that, if the Assembly receives a Barnett consequential, it should not simply spend it as it has been spent at Westminster. We make independent decisions in Northern Ireland. It is not as though there are no opportunities for people who have difficulties with their heating system. It is better that they are directed to people who are in most need, as is the case through the warm homes scheme.

As far as Mr Farry is concerned —

Mr Attwood: I thought that, as the Minister was replying to Mr O'Loan's remarks, it was best that the conversation was between him and Mr O'Loan. However, it is important to correct a number of matters.

The first concerns a figure that the Minister relied on in his contribution. He said that the loss of capital assets in DSD is £100 million. Will he confirm that there is a difference of view between DFP and DSD on that matter? The view of DSD, which has custody of the assets, is that the loss is, in fact, £200 million. It is not fair or balanced to tell the House that the figure is £100 million when the Minister knows that there is a conflict of opinion between his officials and those in DSD. Before the debate proceeds, I ask him to correct that matter in order to ensure that the full picture about what he believes and what DSD believes is on public record.

The second matter is that, when the SDLP outlined its proposals for public assets, it was careful about the assets of which it spoke. In its document entitled 'New Priorities in Difficult Times', which was published in April 2009, the party proposed the sale of public assets such as car parks. Is there not an argument for the sale of certain car parks in the North? Although they are worth less now than they used to be, given that money from their sale would be invested in public contracts that also cost less than they once did, the gain and loss would probably cancel each other out. Is there not an argument, as the SDLP has pointed out, that discreet and discerning sale of public assets is actually a good and proper measure to deal with some of the current Budget shortfalls?

Although the Minister may want to beat up on the SDLP's document that was produced last April, he knows and I know that behind the scenes his party and DFP realise that as an opening proposal it stacked up on a lot of fronts. In private, the DUP was saying that at least somebody was trying to get their head around the financial situation in the North in a time of stress. The Minister should be straight with the House and say to Members that, for all the beating-up of what he thinks are weaknesses in the SDLP proposals, behind the scenes DFP and the DUP realise that there is a lot of argument in what the SDLP outlined.

The Minister of Finance and Personnel: I will not concede the Member's last point. The document was not radical or accurate, and the figures that were presented were incorrect. The proposals also ignored a range of big pressures that we are facing, and it ducked the decisions on the big pressures that were facing the Executive. Therefore, I will not accept that, privately or publicly, we felt that there was any value in the document that was produced.

I have told Ministers that we should sell assets that can be sold in situations in which we can get value for money for them. Even on occasions when, perhaps, we will not realise what we assume to be the full market value, we should sell, because that money may well enable us to carry out lower-priced contracts. That message has gone out time and time again.

The Budget proposal regarding the shortfall in the receipts in DSD was agreed by the Executive. Therefore, it is not my position nor that of DFP or DSD; it is the Executive's position,

and the Minister for Social Development agreed that Budget when it was before the Executive. On all those counts, I will not concede that there is a difference.

Mr Farry is not in the Chamber. I always find his contributions to be thoughtful and engaging. At least, he shows a bit more political courage than some other Members. When he says that he believes that something should be done, regardless of how unpopular it is, he will defend his position. He raised a number of issues, including the funding for health. He argued that health should not be exempt from efficiency savings, as did other Members. I have emphasised that time and time again. Despite what Mr Kinahan said, no health budget has been protected anywhere in the United Kingdom or in the Irish Republic. It is accepted that, since health takes up such a big proportion of the Budget, it cannot be ignored. If there are efficiencies to be made, they should be made.

Mr Farry also raised the issue of rates bills and asked whether the freezing of the regional rate was a good thing. I know that tax-varying powers and varying taxes have been debated, but I think that it is only Mr Farry who has been honest enough to say that having those powers would mean that we should increase some taxes. Remember the furore that there was under direct rule, when the regional rate was increased by 8% per annum. If Members think back to that time, they will understand that the freezing or unfreezing of the regional rate or increasing revenue through the imposition of local taxes are not popular options. It might be easy to discuss such matters in a Chamber such as this or at a Committee, but they will not be popular with the public.

8.15 pm

If we want public services, we must pay for them. If we have an honest case to make for improved public services, we should argue that we will not get them for nothing. It is difficult to do that if it is believed and there is still substantial evidence that we do not use the money that we have effectively. That is what I say to Mr Farry and those who think like him. Only in that context will it be possible for us to argue that we should increase revenue by increasing taxes.

Mr Farry also talked about the costs of division and the invest to save fund. I note that no Department has put forward an invest to save

proposition to deal with the cost of division. Perhaps that says something about what Committees — what Alliance Party Committee members — ought to be saying to Ministers. I have made my position clear: if money that is spent unnecessarily because of division in our society can be saved, I will tell Ministers to make the changes to avoid spending that money. I have no ideological opposition to that, but we must recognise that some of the costs of division will not be eradicated easily. In some cases, it is more about social and economic issues; in others, divisions are so deeply seated that it will not be possible to deal with them quickly.

One issue that has been talked about time and time again is the extra expenditure per head on education in Northern Ireland. The Alliance Party argues all the time that significant savings could be made in education by doing away with the dual school system — or the four-school system that we have now in Northern Ireland. However, a significant part of that expenditure is due to the fact that we have more people of school age in Northern Ireland rather than simply the costs of having separate systems. I will be saying to the Minister of Education that there are situations where it is feasible to have only one school in an area. Why would we duplicate or triplicate the number of schools? We will start to move towards that situation with local discussions on schools.

Mr Farry also talked about benchmarking public expenditure so that we had comparisons. It is right to compare with other parts of the United Kingdom, and, when we do, we find that it does not always come out well for us. To go back to the Barnett consequentials, in some cases we would find it difficult to argue why spending is 22% higher per head of population in Northern Ireland than in the rest of the UK, why we have 5% more to spend on health, 8% more to spend on education and 34% more for economic affairs. However, at least those benchmarks give us something to look at.

The question of corporation tax was raised by a number of Members. The recommendations in today's report from the Northern Ireland Economic Reform Group should be treated with considerable caution. There is a simplistic analysis that could have a serious negative effect on the funding for Northern Ireland if the Government sought to implement the report's proposals here. The report does not suggest what part of the Executive's funding should be

cut, and it also understates the fact that any additional future corporation tax profits generated would go to HMRC in London. It ignores what other parts of the UK are likely to do; I cannot imagine Scotland or Wales accepting such a proposal. We must recognise that, at least initially, the proposal will take money from the public sector and give it to shareholders. Any reduction in corporation tax will come off public spending in Northern Ireland and, initially, will go to the shareholders in companies that are affected by the retained profits.

We have been told that having a differential rate of corporation tax in Northern Ireland could generate 90,000 jobs over a 20-year period. However, there are some facts that we must tease out and have a proper discussion about before we take what appears to be an attractive route. Mr Farry also raised the issue of household bills and the fact that household taxation in Northern Ireland is lower than in other parts of the United Kingdom, factors that might come back to bite us if the Barnett formula was reopened.

Mr Bell drew attention to the good work that the Executive have done for the people of Northern Ireland and the effect that that work has had in his own constituency of Strangford. We must remember that the debate is actually about how money has been spent and the impact that that has had.

Mr McLaughlin, who is not in his place —

Mr McCartney: I note that the only person the Minister has been able to rebut is Mr O'Loan. Given the length of time that Members have been in the Chamber, maybe the Minister will consider writing to those who did not come in to listen to his rebuttals and address only those who are in the Chamber. Furthermore, the suggestion was made that PEDU is not very busy at present. Maybe it could be employed in creating efficiencies in the writing of speeches and listening to what the Minister has to say.

The Minister of Finance and Personnel: I said at the start that, as I have had to sit and listen to people for seven hours, I would be indulging myself by replying to them and putting my comments on the record. However, I will rush through my replies, because many of the later Members have made some of the points.

Mr McLaughlin talked about the level of efficiencies and the savings that would impact

on the block grant. I remind Mr McLaughlin that efficiencies are issues for individual Ministers, and it is up to Committees to ensure that Ministers are driven to make those efficiencies.

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

Mr McLaughlin also mentioned the Barnett formula, and I have already commented on that. I am reluctant to reopen the Barnett formula, for all of the reasons that I have given: we have higher spending per head; needs assessments are very subjective; the Treasury will look at the level of taxation that we impose in Northern Ireland; and we may not get the result we want.

Mr Ross discussed the capital receipts shortfall, and I think that I have already covered that in relation to DSD during my response. Mr Ross also talked about the reduction in capital spending for education, and there are challenges in that area. However, as mentioned by several Members, capital spending in education, even with the reductions, will be 32% higher next year than it was in the fiscal year before the Assembly came into being. There has been a considerable increase in the capital budget of that Department.

Mr Ross also mentioned Nortel in his own constituency, and having spoken to Arlene Foster I know that DETI is working to retain the jobs in that company. As for the e-PIC system, additional money has been made available so that that system can go online. Other Members also mentioned that system, and there will always be teething problems with all new computer systems. The system is also over-budget and well behind schedule, but once it goes online it will help to improve the planning system.

Mr Ross also mentioned the efficiencies in North/South bodies. I do not make any distinction between North/South bodies and the Northern Ireland Departments, nor do I particularly zone in on them. However, the bodies should be subject to the same efficiencies as the Northern Ireland Departments, and the Ministers in the Irish Republic share that view. It is not a political issue, but, when public money is being spent, we must ensure that it is spent in the best possible way and that we achieve the best value for money.

Mr Basil McCrea made a fairly rambling speech. There was an irony in that speech, because he said that the Member for Strangford Mr Ross had not addressed the issues and had little of substance to say, but then after seven

minutes the Deputy Speaker had to pull him up for not speaking on the subject. There was a certain irony in that, which he seemed to miss. He spoke about the need to take tough decisions, but I did not hear one tough decision mentioned during his speech. There were no firm proposals. I still do not know whether he wants public sector pay cuts or water charges introduced or in what Departments he wants to see reductions made. It is a pity he is not here, because I would let him intervene. He talked about the shortfall in education, but the only thing he seemed to say was that more money was needed for that. There was good rhetoric at the beginning of his speech about the need to make tough choices, but I did not hear any tough choices mentioned.

The Member also spoke about the public relations spin. Given that a Minister from his party is the most eager advocate not only of opposing decisions in the Assembly but of making sure that he gets plenty of publicity for opposing those decisions, it seems a bit strange that he should talk about that. He also talked about public sector pay, which I have already addressed. I listened to what Mr McCrea said about tough decisions being made, but he is at the head of almost every protest that is held outside this Building about cuts; he acts as a spokesman for those protests. There is an irony in the way that Members say one thing in here which does not seem to relate to the decisions that they make outside.

The Member also mentioned the education budget. I have pointed out that the education budget will actually have more money in it next year than it had last year. It has not gone up in line with inflation, but it has increased. Had he looked at the figures in the spending plans, he would have seen that, last year, current spending on education amounted to £1,879.4 million, and this year it will be £1,909.4 million — that is an increase of 1.6%. I accept that it is not an increase in line with inflation. There is a reduction in capital funding for education, and he asked whether the Minister had agreed with that. I point out that everybody in the Executive agreed to the Budget; it has been agreed by the Ministers. Dominic Bradley also mentioned the Budget shortfall. I point again to the figures that I have just given.

Mr Hamilton raised the issue of social housing. We are on target to meet the social and affordable housing targets of — I think that I

gave the figure yesterday — 1,750 houses to be built this year. I commend the Minister for Social Development on that achievement. She will accept that, as a result of Executive decisions, her budget has been financed in such a way that she has been able to produce those houses.

Mr Savage raised the issue of the review of the 2011 spending plans and asked whether we would see a repeat of those. I can assure the Member that those plans will not be repeated at the same time next year, because, unfortunately, we do not have any plans in place yet, and we are not in a position to do so because we do not know what the funding from Westminster will be.

Mr Weir spoke about the reduced underspends and improved financial management. I have already mentioned the way in which that has impacted on the Budget, in that we have not been able to have the same amount of money for in-year monitoring. However, with the level of underspend being reduced to zero next year there should be some opportunity for in-year monitoring to look at that.

Mr Weir also talked about the Invest to Save fund. I have already mentioned how popular that is and the number of bids that we have had for it.

8.30 pm

Mr McGlone raised the issue of modulation match funding. That was put in place prior to the imposition of the end-year flexibility (EYF) restrictions by Her Majesty's Treasury. When EYF was restricted, it removed the automatic access to funding that was held in relation to modulation match funding. A bid must now be made every year, and DFP will discuss access to that fund with DARD annually. We have to do that annually because EYF is now restricted.

Mr McGlone also raised the issue of the sale of land at Crossnacreevy. The fact that the envisaged capital receipt of £200 million could not be realised has contributed to our capital difficulties. I understand that DARD is producing an estate strategy, which it aims to complete this year. That should enable DARD to look, at least, at the investment opportunities that are available, the opportunities for rationalisation and the options for disposal.

Mr Storey talked about the education budget, which I have already dealt with.

Mr McGlone talked about DARD's invest to save proposals. DARD has put forward three

invest to save proposals. One is for better land management to reduce the risk of CAP disallowance, which is a big factor. The other two proposals are for a badger-prevalence study in relation to bovine TB and the relocation of the agriculture college. All of those proposals are being considered.

Mr Savage raised the issue of DARD savings. I think that he was referring to DARD's savings in this year's Budget of £9.7 million, £6.3 million of which will come from current investment and £3.4 million from capital investment. The Member asked whether the Minister of Agriculture and Rural Development had agreed to those savings. They were part of the Executive's proposals, and the Minister was present and agreed to them.

Mr McDonnell raised a number of issues. I was disappointed in his speech, because he is usually very thoughtful, but all I got was a list of things with which we should help. He said that a Budget should be designed to help the economy, and then he gave me a list of things that he wanted. He wanted more schools, help for the economy, more social housing, reduced corporation tax and a balancing of the books so that there could be seedcorn for research and development. That is all very well, but he did not say where the money would come from.

In fact, he was not very accurate on the subject of funding for research and development, because the Executive have emphasised the growth of a dynamic economy and an economy that emphasises well-paid jobs. Had he looked at the additional funding that is being allocated for innovation projects during the Budget process, he would have seen that an additional £90 million has been allocated to research and development for those innovative projects. That includes £45.4 million for research and innovation capacity and £14.5 million for innovation stimulation. That funding will complement the EU's competitive programme, which has allocated some £140 million for innovation.

Mr Kinahan was disappointed in the standard of the debate. All I can say about Mr Kinahan's speech is that at least it was brief. I was a bit disappointed in the standard of his response. He criticised Members for petty points-scoring and for not having anything new to say, and he then proceeded to attack Members from my party and said that the debate was one of self-congratulation. He talked about the functions

of the Assembly and the time that was wasted in attacking one another. Towards the end, he said that he wanted more money to be spent on roads and that hard choices had to be made on water charging, although I do not know which side of that hard choice he falls on. He said that the ePIC system for planning was not a good idea. That was a wee bit disappointing.

Mr Gallagher raised the issue of roads maintenance. He asked what the cost of the water subsidy will be for next year: it will be £213 million. The roads budget will increase by 20·9%, but the way that that is allocated is up to the Minister for Regional Development. Whether Mr Gallagher can persuade that Minister to spend more of that money in the west of Northern Ireland or elsewhere is his responsibility. He also raised the issue of Omagh hospital. My information is that the hospital is going ahead and that the Health Minister is committed to providing an enhanced hospital for people in the Omagh area. As far as I am aware, the Western Health and Social Care Trust has reviewed the business case, including the procurement route, and has submitted a revised business case for the new Omagh hospital to the Department of Health.

Mr Gallagher also raised the issue of North/South structures. This is the kind of thing that brings the Assembly into great disrepute. He did not use the term “you lot”, but he said that if unionists want to have their east-west structures, nationalists must have their North/South structures. If that is the only reason for having North/Structures — you lot get something, so we have to have something — it is not a good rationale. I must point out that the North/South structures cost significantly more than the east-west structures. I have made it quite clear that I would prefer it if business was done in a businesslike way between Ministers so that we did not have to set up all those costly structures.

Mr McDevitt: I am sure that the Minister will agree that what Mr Gallagher actually said was that those structures reflect the relationships that are central to the essence of this very House. We have structures that reflect east-west relationships and North/South relationships, and those structures also tend to reflect the respective national identities. I am sure that the Minister will accept that that is what Mr Gallagher meant and that that is the spirit in which his remarks were made.

The Minister of Finance and Personnel: I do not think that Mr Gallagher said it quite as eloquently as that. Perhaps the Member for Fermanagh and South Tyrone would have liked to have said it like that, but he did not actually do that. I think that the record will show that what Mr Gallagher said was more along the lines that I have suggested. My point is that I do not believe that, in many cases, business needs to be done through those structures, regardless of whether they are east-west structures or North/South structures. Business can be done in other ways that are far more flexible and effective and far less costly.

Mr Attwood raised the issue of the police budget, but since that has nothing to do with this Budget, I am not going to say anything about it. He also asked whether there are plans to change the location of the proposed children's hospital. I do not know the answer to that. As far as I understand, the Health Minister is still committed to that. However, I would have thought that having a hospital built was more important than where it was located. As I say, I have received no indication of the current thinking on that.

Mr McDevitt, who came in at the tail end of the debate, asked me why I was not having a debate on visionary issues such as home insulation — I thought that we were doing that in the warm homes scheme, so perhaps he should talk to his Minister about that — the issue of renewables, and the foreshore, although I was not quite clear what he meant by that. I am not responsible for that; I am not the Business Committee. This debate is about the Budget Bill, and that is what we are discussing at present. I am sure that the Member will have ample opportunity to discuss all those visionary issues.

Mr McDevitt: The point that I clearly failed to make was that there are other obvious revenue-raising mechanisms available to the Executive and the Assembly under the devolved powers but which are simply not being used.

Whether it is looking at alternative means of funding insulation programmes or micro-renewable projects, or looking at how we realise the value of the resources beneath our feet, such things could bring revenue into the region and into the coffers of the Minister of Finance. That is revenue which, I presume, he would be happy to receive. Those are the sort of things that I never see reflected in the

Budget. It is the job of the Minister of Finance to show leadership on those issues, and to be willing to be brave and make some interesting suggestions about ways in which we can raise revenue without having to put taxes up.

Mr T Clarke: Will the Minister give way?

The Minister of Finance and Personnel: Let me answer the Member's point.

Of course those issues are in the Budget. Home insulation has been going on for some time, through the warm homes scheme, and is something that we spend considerable money on. That money comes from various sources of revenue, including a tax on property — the regional rate. If the Member wishes to raise those kinds of issues, there are ample opportunities for him to do so. He can bring along the relevant Minister who can see how that might be included in the programme. A lot of the other points that the Member raised have already been discussed.

I know that the Member wants to project an image of not being steeped in the traditions of the past and of being a new kid on the block.

Mr T Clarke: Will the Minister give way?

The Minister of Finance and Personnel: I will give way in a minute; I want to finish my point.

As I listened to the Member, I thought that he really has not got out of the SDLP mode. Let me give an example. He quoted the Minister of Finance from two years ago, but, when it came to it, he could not bring himself to say the quote, even though it would have been no reflection on him at all. Peter Robinson said that he wanted a Budget that was made in Ulster for the people of Northern Ireland. The Member could not even bring himself to say the words, "Northern Ireland". The record will show that he talked about "the North".

When it came to his interpretation of that, he said that we should not be blinded by our political prejudices. He said that everyone that he talked to was quite happy with Tourism Ireland and InterTradeIreland. I sat on the Northern Ireland Affairs Committee at Westminster when it took evidence on tourism, and one of the things that came through, even from people who were making a political point, was that Tourism Ireland very often ignored Northern Ireland, even in its publicity materials. There was real anger about the amount of

money that was spent on that. The Member may see things through the eyes of someone who cannot bring himself to say "Northern Ireland" and who sees cross-border bodies as a wonderful thing. However, I want him to know that the prejudice that he believes we, on the unionist Benches, have, is shared, whether he realises it, by him. Not everyone has a rosy picture of how worthwhile North/South bodies are or how well they serve people in Northern Ireland. I recognise that those bodies are there and that we have to work with them. However, I also recognise their deficiencies and some of the things that need to be done to deal with those deficiencies.

I have gone through nearly all the points that I wanted to cover. In conclusion —

Mr O'Loan: It has just occurred to me that the £26 million that the Minister is putting into the Invest to Save fund is the very sum that was involved in the Northern Bank robbery three years ago. I wonder whether, during the recent negotiations, that money came to light. *[Laughter.]*

8.45 pm

The Minister of Finance and Personnel: It was not suggested by one of the Sinn Féin Members. If it had been, I may have shared the Member's suspicions. However, at this late hour, I will leave it at that.

In conclusion, the Bill brings to a close the financial year 2009-2010, which, as Members said, has been challenging. That was the year in which we were supposed to fall into the black hole. I was very pleased that the black hole was not mentioned in the whole debate, apart from once by one of my colleagues. Here we are at the conclusion of that financial year, with public services delivered and the public finances in balance.

The Bill also makes provisions for the —

Mr B McCrea: Will the Minister give way?

The Minister of Finance and Personnel: The Member probably wants to mention the black hole, and I do not want to disappoint him, so I will give way to him.

Mr B McCrea: That is very kind. Why is the Minister so pleased that the black hole was not mentioned? Is it because he has filled it in, or is it because we were wrong to mention it? What

gives him that good humour to his step? Why is he so happy?

The Minister of Finance and Personnel: I am pleased that, after months of trying to persuade Ulster Unionist Members that there was no black hole, they appear to be satisfied, because they have not even bothered to raise it. I am pleased that my persistence has paid off.

Mr T Clarke: Will the Minister give way?

The Minister of Finance and Personnel: Yes, I will.

Mr T Clarke: At last.

The Minister of Finance and Personnel: Having not contributed to the debate all day, the Member now wants to get his name on the record. *[Laughter.]*

Mr T Clarke: Like other Members, I watched most of the debate on the monitor in my room. *[Laughter.]* Except when I was in the canteen.

The Minister said that he has not heard much about the black hole. He did not pick up on Mr McDevitt's mention of the Tellus project that flew over Northern Ireland. How will he square that with his colleague from South Antrim if there is ever a suggestion that a black hole of lignite is going to be dug again in Crumlin?

The Minister of Finance and Personnel: I have no answer to that. It was a fairly cheap shot just to get on the record. *[Laughter.]* Does the Member really expect us to believe that he is so sad that he sat watching the debate on his monitor? If I was him, I would not want that put on the record.

The Bill makes provision for the early months of 2010-11. The Assembly is well aware of the issues that we face in that year. Those issues were discussed during the Committee's take-note debate in the House, and they will be agreed before the beginning of the new financial year.

As we enter 2010-11, one thing that we can be sure of is that there will not be any decline in the demand for public services or for public funding. Such demand will continue to drive the efficient delivery of services and greater level of value for taxpayers. I look forward to the delivery of an ambitious infrastructure programme — new hospitals, schools, colleges, roads, water infrastructure and housing — and its positive spin-off for our construction industry in these difficult times. I look forward to providing

practical support to local businesses and the local community and to responding to the needs of our community and the most vulnerable in our society. On that note, I ask the House to support the Bill.

Mr Deputy 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 the Second Stage of the Budget Bill [NIA 8/09] be agreed.

Executive Committee Business

Housing (Amendment) Bill: Consideration Stage

Mr Deputy Speaker: I call the Minister for Social Development, Ms Margaret Ritchie, to move the Consideration Stage of the Housing (Amendment) Bill.

Moved. — [The Minister for Social Development (Ms Ritchie).]

Mr Deputy Speaker: Members will have a copy of the Marshalled List of amendments detailing the order for consideration. The amendments have been grouped for debate in my provisional grouping of amendments selected list.

Members will see that there is a single group of amendments, and therefore we will debate all the Bill's amendments in that group. The amendments deal with technical amendments to housing legislation in areas including homelessness, introductory tenancies and houses in multiple occupation.

I remind Members who intend to speak that they should address each amendment in which they are interested, as the issues are to be dealt with in a single debate. Once the debate has been completed, any subsequent amendments will be moved formally as we go through the Bill, and the Question on each will be put without further debate. The Questions on clause stand part will be taken at the appropriate points in the Bill. If that is clear, we shall proceed.

Clause 1 (Homelessness strategy)

The Minister for Social Development (Ms Ritchie): I beg to move amendment No 1: In page 2, line 4, at end insert “() district councils;”.

The following amendments stood on the Marshalled List:

No 2: In page 2, line 9, at end insert

“() the Department of Health, Social Services and Public Safety;”. — [The Minister for Social Development (Ms Ritchie).]

No 3: In clause 2, page 4, line 4, at end insert

“(4) In relation to the form and content of advice under paragraph (1) the Executive shall have regard to any guidance issued by the Department.” — [The Minister for Social Development (Ms Ritchie).]

No 4: In clause 5, page 5, line 14, leave out “21” and insert “28”. — [The Minister for Social Development (Ms Ritchie).]

No 5: In clause 5, page 6, line 19, leave out “21” and insert “28”. — [The Minister for Social Development (Ms Ritchie).]

No 6: In clause 9, page 13, line 10, at end insert

“(3A) In Article 148(3)(b) (orders and regulations) after the word ‘regulations’ insert ‘(other than regulations under Article 19A(3))’.” — [The Minister for Social Development (Ms Ritchie).]

No 7: In clause 14, page 14, line 27, leave out from beginning to “Article” in line 29 and insert

“at the end add ‘and for that purpose’.” — [The Minister for Social Development (Ms Ritchie).]

No 8: After clause 16, insert the following new clause

“Amendment of Article 55 of the Order of 2006
16A. In Article 55 of the Order of 2006 (review of registered rents) at the end add—
‘(8) An order under paragraph (5) shall be subject to negative resolution.’” — [The Minister for Social Development (Ms Ritchie).]

The Minister for Social Development: Given the relatively small number of amendments, it is helpful that they will be dealt with as a single group, as Mr Deputy Speaker explained.

At the outset, I should explain that all the Government amendments were discussed in some detail during the Committee for Social Development's clause-by-clause scrutiny. I am pleased that the Committee was able to reach consensus on the amendments, and I thank its Chairperson and members for their constructive scrutiny of the Bill.

There are eight Government amendments. Amendment No 1 to clause 1 will add district councils to the list of bodies that are required to take account of the Housing Executive's homelessness strategy in the exercise of their functions. That proposal originates with the Social Development Committee, which highlighted the increasing involvement of councils in issues that relate to social well-being.

Similarly, amendment No 2 to clause 1 will add the Department of Health, Social Services and Public Safety (DHSSPS) to the list of bodies that are required to take account of the Housing Executive's homelessness strategy. I

have tabled that amendment because DHSSPS has responsibilities in areas that have a direct connection to homelessness. Amendment No 3 to clause 2 will enable my Department to prescribe the type of advice and information about homelessness that is to be provided by, or on behalf of, the Housing Executive. The Social Development Committee asked for that amendment, which will bring clause 2 more closely into line with similar provision in England, Scotland and Wales.

Amendment No 4 to clause 5 will extend the time limit for requesting a review of a Housing Executive decision on an application for homelessness assistance from 21 days, as currently proposed, to 28 days. The Social Development Committee asked for that amendment because a 28-day period is more consistent with housing benefit rules. Similarly, amendment No 5 to clause 5 will extend to 28 days the time limit for appealing to the County Court against the outcome of a review of the homelessness decision.

Amendment No 6 to clause 9 will provide that the regulations that prescribe the form of notice that is to be served on tenants where a landlord has entered an abandoned introductory tenancy and wishes to take possession of the dwelling house should be subject to the negative resolution procedure. Although it is not usual for Assembly controls to apply to regulations that do no more than prescribe the layout of a form or notice, the Social Development Committee asked for that amendment as it wishes to have an opportunity to consider in some detail the Housing Executive's procedures for dealing with abandoned tenancies.

Amendment No 7 to clause 14 will provide that the clause no longer seeks to amend the existing definition of a house in multiple occupation. However, the proposal in that clause to extend the meaning of "family" for the purposes of the definition of a house in multiple occupation (HMO) to include uncle, aunt, nephew and niece will be unchanged. The Social Development Committee expressed concern that the Housing Executive's powers to deal with overcrowded accommodation operate only in the context of houses in multiple occupation, and I agreed to the amendment because clause 14, as drafted, could limit the Housing Executive's ability to deal with overcrowding.

Members may recall that it was originally proposed to amend the definition of a house in multiple occupation because of a legal decision that the existing definition fails to take account of the fact that an extended family normally forms a single household. I am satisfied that clause 14, as amended, will go some way to addressing the court's concerns.

Amendment No 8, which takes the form of a new clause 16A, would add a new paragraph to article 55 of the Private Tenancies (Northern Ireland) Order 2006 to provide that statutory rules providing for the increase of registered rents are subject to the negative resolution procedure in the Assembly. I agreed to that amendment as a consequence of the Examiner of Statutory Rules alerting me to the fact that such Orders are not currently subject to any form of Assembly control.

That concludes my commentary on the Government amendments.

The Chairperson of the Committee for Social Development (Mr Hamilton): On behalf of the Committee for Social Development, I thank the Minister for her explanation of the amendments to the Housing (Amendment) Bill. I also thank her and her Department for their co-operation and assistance during the Committee Stage of the Bill. Members were greatly encouraged by the positive and helpful approach of the departmental officials. Consequently, the Committee is confident that the Bill and the anticipated heavy legislative programme for next year will be effectively and usefully managed by the Department and the Committee.

The Committee for Social Development undertook a detailed and extensive review of the clauses of the Housing (Amendment) Bill. In my remarks as Chairperson, I will try to reflect the Committee's views on the main issues in the Bill. As the Minister said, the Bill is designed to enhance the legislative framework for a wide range of housing matters, from homelessness and HMOs to housing associations and introductory tenancies.

In its deliberations, the Committee agreed that, although the legislative changes and technical clarifications were generally welcome, members had concerns about some crucial issues. Members also pushed the Department to explore areas that could well be described as being on the limits of the Assembly's legislative competence. However, members were generally content to receive assurances and explanations

on those matters, some of which I want to touch on later.

The requirement for the Housing Executive to produce a homelessness strategy as outlined in clause 1 was welcomed unanimously by witnesses to the Committee and Committee members alike. Although members were happy to have such a requirement in the Bill, the Committee sought assurances that it was a duty that the Housing Executive must undertake and not a power that it could choose whether to exercise. Consequently, members seriously considered amendments that would set out such an assurance. Following representations from the Department, members agreed to forgo any such amendments at Consideration Stage on the understanding that the Minister would clearly set out why the Bill must be worded as it is currently and how that current wording will ensure that the requirement to produce a homelessness strategy is an unavoidable duty. Therefore, I humbly request that the Minister sets out the Department's reasoning on that matter.

In its deliberations on clause 1 the Committee considered which organisations should be required to take the homelessness strategy into account in the exercising of their functions. The Committee looked carefully at the Department's 'Including the Homeless' strategy, which sets out a wide-ranging programme that includes health and education measures and a large number of improvement actions that will affect many vulnerable groups. Consequently, the Committee felt that the list of organisations that are required to take account of the new homelessness strategy must necessarily be a long list and must certainly include district councils, particularly given their expanding role in enforcing housing standards. The Committee was, therefore, happy that the Department brought forward amendments in that regard and is content to give its support to those amendments.

Strategies are all very well, as we know, but it is on the delivery of such strategies that the Assembly and the Executive will be judged. To facilitate transparent review of the delivery of the homelessness strategy, the Committee sought and received assurances that the Housing Executive's management statement will be amended to require an annual report to be produced on the progress of the homelessness strategy by the Housing Executive and related organisations.

Clauses 2 and 4 of the Bill deal with homelessness advice provision. Evidence presented to the Committee by the Chartered Institute of Housing and the Housing Rights Service emphasised the vital nature of advice for the homeless and of preventative advice for tenants and homeowners before they lose their homes. It is only through preventative advice and other early action that the rising tide of homelessness can be stemmed. The Committee was again, therefore, pleased that the Department agreed to amend the Bill to require the Housing Executive to consider departmental guidance in the development of homelessness advice. The Committee also accepted assurances that advice would comply with plain English standards and would be available in other languages and alternative formats.

The Committee looks forward to reviewing departmental guidance that will set out minimum standards for the advice that is to be provided.

It is expected that the Committee's review of homelessness advice standards will be informed by evidence from stakeholder organisations to ensure that the correct advice is delivered in the appropriate format. The Committee is confident that it will receive full co-operation from the Department in the development of those advice standards.

9.00 pm

Clause 5 deals with the review of decisions relating to homelessness. Any review process must have certain elements built into it. Appellants must be made aware of their rights, have access to representation and have sufficient time to make an appeal. The process must comply with the highest standards of probity and transparency. As I said, the Committee looks forward to a review of guidance that will set out minimum standards for homelessness advice and for the review process relating to decision-making. That will include guarantees about appellants' rights and the conduct of such reviews.

The Committee received evidence from witnesses that suggested that the timescale for requesting a review of a homelessness decision should be increased to bring it in line with existing practice in the Social Security Agency. I am pleased to say that the Department adopted the Committee's suggestion and developed an amendment that increases the period during which a review can be sought from 21 days to 28 days.

Clause 9 deals with the abandonment of introductory social tenancies. The Committee agreed that the repossession of an apparently abandoned tenancy can be contentious. Therefore, it is important for tenants to be in no doubt about the consequences of abandonment and about their associated rights. The Committee proposed that Assembly procedure be added to the prescription of the form of that type of landlord's notice. On behalf of the Committee, I commend the Department for agreeing to adopt our proposals by tabling the appropriate amendment to clause 9.

The Housing (Amendment) Bill, specifically clause 10, deals with some aspects of how the challenge of antisocial behaviour in social tenancies can be dealt with. Members of the Committee raised several concerns. Nearly all members referred to concerns about antisocial behaviour in their constituencies. Some were keen to discuss those issues, including the need for social landlords to have a duty of care for existing tenants; improving the sharing of information among social landlords; withholding transfers from tenants who have been sanctioned for antisocial behaviour; and the provision of better guidance on the management of antisocial behaviour issues for social landlords.

The Committee looks forward to the Minister's next housing Bill, which will go some way to addressing members' concerns in that regard. However, it is hoped that the Minister will use the debate to provide further assurances to the Committee that those issues will be dealt with in forthcoming legislation. In particular, members would value clarification on the timeline for any modernisation of the common housing selection scheme.

The Committee also accepted assurances that the 'Housing Association Guide' would be amended to require the publication of antisocial behaviour policies and procedures by all social landlords. It is hoped that that will mark the beginning of a useful debate on an alignment between Housing Executive and housing association tenures. The Committee will value any commentary from the Minister on her plans for the alignment of tenancy terms for all social tenants and other issues relating to the common housing selection scheme.

Clause 12 deals with the membership of the Housing Executive board. Members commented on the need to enhance the

democratic accountability of that important public body. Members welcomed the clause, as it increases the Northern Ireland Housing Council's representation. However, members also called for the Housing Executive board to include a tenancy advocate. The Committee accepted assurances from the Department that it would strive, within the rigours of the public appointment process, to encourage applications to the board from tenancy advocates.

Clause 14 deals with the definition of houses in multiple occupation. The Bill, as drafted, would have excluded homes with two cohabiting families from that definition and thus deprived people in those circumstances from the protection afforded by registration and the requirement to comply with important habitation quality standards. The Committee suggested that the clause be amended so that the existing definition would remain largely unchanged, but that there would be a sensible widening of the term "family" to include uncles, aunts, nephews and nieces. The Committee was pleased that the Department chose to table an amendment in line with its recommendation. The Committee hopes that the Department's actions in that respect are an indicator that it will make further efforts to engage with all stakeholders on the best way to monitor and improve standards in all HMOs. Consequently, the Committee is content with the Department's amendment to clause 14.

On several occasions in the past two years, the Committee for Social Development considered secondary legislation relating to the control of rents and registered tenancies. Often, those tenancies do not comply with basic habitation standards. Not surprisingly, the Committee was keen to limit rent increases for such properties. The Committee was advised that there was some question over the applicability of Assembly procedure to registered rents.

The Committee is pleased that the Department brought forward an amendment in line with the Committee's recommendation that Assembly procedure be added to the review of registered rents. The Committee believes that homes that do not comply with the most basic standards should be upgraded. For now, the Committee is content that that insertion to the Bill will add an appropriate level of Assembly control to what can be a contentious issue.

Given the eclectic nature of the Housing (Amendment) Bill, the Committee also considered other related housing matters. With your indulgence, Mr Deputy Speaker, I will make a few remarks on those matters. The greater part of the Bill refers to social tenancies. However, as part of the Committee's consideration of the Bill, it briefly considered issues relating to the mandatory registration of private landlords. Members agreed to forgo any amendments on that matter, on the understanding that the Minister's next housing Bill will introduce certain measures in that respect. I ask the Minister to use her response to the debate as an opportunity to give the Committee and, indeed, all Members an assurance on, and brief outline of, her legislative intentions in that respect.

I thank the Minister and her Department for the useful exchanges with the Committee during Committee Stage. Committees are very much dependent on witnesses and other correspondents. It would, therefore, be remiss of me if I did not thank the many witnesses who responded to the Committee's request for evidence. I thank the organisations and individuals — there are too many to list now — who gave of their time freely and who made such high quality written and oral submissions during Committee Stage. The Housing (Amendment) Bill is good legislation that will be made better by the amendments that the Minister tabled today. Positive and constructive work was undertaken between the Committee and the Department.

I welcome the Minister's acknowledgement of the origins of many of the amendments. I praise her for her flexibility in adopting those amendments and bringing them forward this evening. I conclude by thanking you, Mr Deputy Speaker, for listening patiently to the Committee's conclusions on the Housing (Amendment) Bill. Notwithstanding the issues to which I referred, and about which I hope that the Minister will provide further assurances this evening, I commend the Housing (Amendment) Bill, as amended, to the House.

Mr Brady: Go raibh maith agat, a LeasCheann Comhairle. I, too, thank the Minister for her explanation of the amendments. The Department was helpful in its dealings with the Committee, and it assisted our deliberations by taking on board many of our concerns. I will deal with some of the issues that have been raised, particularly those relating to the homelessness

strategy. Homelessness is a huge problem that, at any time, needs our attention but given that there are almost 40,000 people on the waiting list, it currently needs added attention.

The Committee heard from a number of people who wanted the Bill to include a requirement on the Housing Executive to produce a homelessness strategy as a duty, rather than the Housing Executive's having it as a power. It came down to an argument over the Department's preference that the wording should be that the Housing Executive "may" produce a homelessness strategy. The Committee was not necessarily happy with that. Like those who gave evidence, the Committee believes that insertion of the word "shall" in place of "may" would strengthen the Bill. We wait to see how the matter is handled by the Minister. It is in everyone's interest to ensure maximum protection for people who are unfortunate enough to find themselves homeless and who request, and expect, the Housing Executive to produce an annual housing strategy.

The Committee was asked to consider additions to the list of organisations that need to take homelessness into consideration when exercising their functions. The Committee believes that local councils have a major role to play. The Department opposed that view initially, but, after debate, it agreed that councils should be included in the list, given their role in the community.

The Committee welcomed the extension of the period for the review of decisions on homelessness from 21 days to 28 days. That is more in line with social security procedures and gives people an extra week to have their cases reviewed.

The first piece of advice that people get with regard to many aspects of housing, not least homelessness, is the most important, and it is crucial that we get it right. The Committee stressed the need for all documents to be worded in plain English so that they can be understood by people who may have difficulties. Housing authorities' translation services should also reflect that approach.

The Committee felt that the common housing selection scheme cannot deal with the crisis in housing, as many people are discriminated against because of the refusal to amend the Bill. We were given an undertaking that that, too, would be dealt with when the new housing Bill is discussed.

The Committee had concerns about antisocial activity and about the need to look at strengthening the hand of housing authorities and local residents. It is not, as some may think, just a policing problem; it is a societal problem, and something with which we all need to deal. People look to us to provide leadership on the issue, and if we do not step up to the mark, it will remain uncoordinated and largely ineffective.

The Committee dealt with the publication by housing authorities of antisocial policies and procedures. The Department said that housing associations were not statutory bodies and that it did not want to place statutory duties on them. In order to get round that, the Committee compromised and agreed that the housing association guide would be amended to require housing associations to publish their own antisocial policies. It was also a matter of concern that local residents were unclear about their rights when approaching housing authorities about antisocial behaviour.

The Committee expressed the concern of many in our communities about the practice by housing associations and the Housing Executive of moving antisocial tenants from one area to another without the knowledge of other associations, the Housing Executive or the host community. That has caused major problems in some areas. We are assured by the Department that that will be considered in the next housing Bill.

The Committee raised the issue of how residents' associations can be empowered and resourced properly to enable them to tackle some of the serious problems that they face in their areas. The associations find it difficult to obtain resources from any funding agency, and we need a strong commitment from everyone to defeat the scourge of antisocial activity. Residents' associations and local communities are best placed to do that, but we need to provide the tools for them to succeed. I commend the amendments and the Housing (Amendment) Bill. Go raibh míle maith agat.

Mr Armstrong: I welcome the Consideration Stage of the Housing (Amendment) Bill and the amendments. All the amendments are Committee amendments, and as they have been addressed by the Committee Chairperson, I will confine my remarks to those that I feel are important. I am pleased that the Minister has accepted the Committee's recommendations; it

is a credit to her that she worked constructively with the Committee, and that a consensus was arrived at on the Bill.

The first two amendments add local councils and the Department of Health to those bodies that should have regard to the homelessness strategy. That is only sensible, because each body provides services that involve the homeless. Amendment No 3 requires the Housing Executive to have regard to the guidance issued by the Department on homelessness. That is only right in order to arrive at an holistic view of homelessness, thereby giving the Minister and her Department an active oversight role in issuing advice.

Amendment Nos 4 and 5 extend the timescales for appeals to bring them into line with similar provisions elsewhere in the social security system. That is the right thing to do. Amendment No 8 adds a new clause that makes a review of registered rents subject to negative resolution of the Assembly. That adds to the scrutiny role of the House and the Committee and is very welcome.

I am pleased that the Bill has reached this stage, and I am pleased at the level of co-operation between the Minister and the Committee thus far.

Mr Ford: This is one of those occasions when the House is considering legislation, and if you are not a member of the Committee or the Minister, you feel as if you are intruding on a private party. It was a pleasure to hear the unanimity so far. The days on which we can depend upon an SDLP Minister and a DUP Committee Chairperson agreeing on everything may be rare, so we should welcome them. I heard good reports from my colleague Anna Lo about how the Committee worked constructively with the Minister and her officials on the Bill.

I do not wish to detain the House excessively in considering the amendments. However, I will ensure that people know that I made a speech, lest Sammy Wilson or Edwin Poots be disappointed.

There were significant omissions in the duty to formulate a homelessness strategy — I speak as a district councillor — in not having district councils on the list. In my past life as a social worker, I looked after a part of the homelessness policy on behalf of the Housing Executive. The trusts and other regional bodies

were included, but not the DHSSPS itself. Rectification of that omission was necessary and is welcome.

As Mickey Brady said, people who are homeless frequently need time to get the appropriate advice, work through the appeals procedure or the court appeal procedure; therefore the extension from 21 to 28 days is a positive move. However, I am not sure that we have entirely cracked the problem of defining an HMO as opposed to an extended family. Nevertheless, we have at least ensured that there is recognition of the difference between a normal extended family, particularly in rural areas, and the HMOs in some urban areas. That is to be welcomed as a significant step forward.

I shall detain the House no longer. I endorse what has been said.

Mr Easton: As a member of the Social Development Committee, I welcome its recommendations, as they will contribute positively to a homelessness framework; a right of review on decisions affecting the homeless; and the provision of advice and information on homelessness. They will also strengthen the Department's regulatory role in respect of housing associations and change the definition of houses in multiple occupation.

The Committee recommended including district councils and the Department of Health, Social Services and Public Safety in clause 1, as they play a vital role in assisting the homeless. Clauses 5 and 9 refer to a tenant's right to appeal or review a decision. It is important that there are procedures to allow people to appeal a decision or request a second opinion. That is only right. The amendment to clause 11 on houses in multiple occupation will provide a clearer definition of an HMO.

I commend the amendments and add my support to the role that the Bill provides for the Housing Executive in producing a homelessness strategy. Homelessness is growing as people lose their jobs and so cannot pay their rent or mortgage; I hope that the Bill helps with both. We need to provide help free of charge to those in trouble, and we have a duty to provide a home for those who do not have one. We look forward to the development and publication of the strategy in due course.

Mrs M Bradley: As a member of the Social Development Committee, I, too, support the

Bill and the amendments. Committee members present understand the Bill's purpose. Both the Minister and the Chairperson have given the House a good summary of the Bill and the amendments.

9.15 pm

I warmly welcome this legislation because it will enhance and refresh the existing housing laws. The amendments will tie up several loose ends, and the Bill has been studied carefully by the Committee. I am certain that the Minister welcomed the Committee's feedback on the amendments.

There is much to welcome; the Bill covers important issues such as homelessness, landlord registration and houses in multiple occupation. There is much focus in it on helping homeless people, and that reflects the Minister's commitment to protecting the most vulnerable. Clause 1 rubber-stamps the requirement for the Housing Executive to publish a homelessness strategy every five years, and the amendment will ensure that the Department of Health and local councils pay close attention to that strategy. We all welcome that.

Clauses 2 and 5, and the associated amendments, also deal with homelessness and enhance the Bill. The amendments will ensure that homeless people, or those about to be made homeless, get the right advice in good time. The amendment to clause 14 ties up a few loose ends in relation to houses in multiple occupation. The legislation on that issue needs to be absolutely watertight. This type of HMO arrangement has become a real problem in some areas of Belfast. Some Members present took part in the debate on HMOs in the Holylands only a few weeks ago, and they understand the issue well.

The Bill also covers related issues, such as antisocial behaviour and nuisance neighbours. This is the type of legislation that is required if we are to get a grip on those problems, although I suspect that some Members would like an even tougher landlord registration scheme to be put in place.

I will not talk about every clause or amendment to the Bill. I have briefly mentioned the issues that are considered to be among the most important. I simply offer my full support and the support of my colleague Thomas Burns, who cannot be here tonight, to this Bill and the

proposed amendments. I urge all Members who are present to support the Bill. I thank the Minister and her officials for bringing the Bill to the House.

The Minister for Social Development: I am grateful to the Chairperson of the Social Development Committee and the various Members, namely Mickey Brady, Billy Armstrong, David Ford, Alex Easton and Mary Bradley, for their contributions to the debate on the amendments.

As I explained earlier, these amendments have been agreed by the Committee and will promote joined-up government, enhance the transparency and effectiveness of homelessness review procedures, ensure that the Housing Executive's powers to deal with overcrowding are not unduly restricted, and strengthen Assembly control over procedures for dealing with abandoned tenancies and increasing registered rents.

I will now address some of the points that were raised by members of the Committee, including the Chairperson. I understand that some members of the Social Development Committee take the view that clause 1 is drafted to give the Housing Executive a discretionary power to produce a homelessness strategy rather than placing a statutory duty on the executive to produce such a strategy. That point was raised by the Chairperson of the Committee and by Mickey Brady. I assure them and other Members that that is not the case.

The Housing Executive published its first homelessness strategy in 2002. A working group that was established by the Department to promote the social inclusion of homeless people subsequently recommended that there should be a legal requirement for a new homelessness strategy to be published every five years. Clause 1 will make the necessary provision for that. The wording that is used in clause 1 was based on equivalent provision for England, which provides that local housing authorities may publish a homelessness strategy but requires those authorities to carry out that function in certain ways. As a consequence, the production of a homelessness strategy is essentially a statutory duty rather than a discretionary power. Replacing the word "may" in clause 1 with "shall" would not be a simple matter, as it would be necessary to introduce further consequential amendments to the Bill.

Although clause 1, as drafted, will give the Housing Executive the statutory authority to continue to allocate resources to the production of the homelessness strategy, it will also require the executive to publish the homelessness strategy within 12 months of clause 1 coming into operation and to publish a new strategy within five years of the publication of the previous strategy. In the circumstances, it will be apparent that the requirement to publish a homelessness strategy is an inescapable statutory duty.

Given that the duties that are imposed on the Housing Executive by clause 1 will meet in full the recommendations of the homelessness working group, I am satisfied that no amendment to clause 1 is required. Although the Committee would like to see a requirement in clause 1 for the Housing Executive to report annually on the homelessness strategy, that can be achieved through an amendment to the executive's management statement. I assure the House that I will put in place the necessary procedures following the enactment of the Bill.

The amendment to clause 2 will require the Housing Executive to have regard to departmental guidance on the form and content of homelessness advice. I assure Members that, before such guidance is issued, my officials will discuss the draft guidance with the Committee.

I know that in relation to clause 4, Committee members are concerned that minimum standards of advice and assistance provided to homeless people by the Housing Executive should be specified. The aim of clause 4 is to enable my Department to prescribe in regulations the type of advice and assistance provided by the Housing Executive to homeless people. It is intended that minimum standards will be set out in the regulations, and my officials will be happy to discuss those proposed regulations with the Committee after the Bill is passed.

Similarly, my officials will be happy to discuss proposals for regulations to be made under clause 5 to prescribe the procedure for carrying out reviews of decisions taken on applications for homelessness assistance. The regulations will aim to ensure that such reviews are conducted in a way that meets appropriate standards, including the right to a fair hearing.

The Social Development Committee has expressed concerns about the ability of social housing landlords to deal with antisocial

behaviour. The Committee Chairperson referred to that. Although the Bill touches on the subject, I am pleased to confirm that more substantive measures are planned. The consultation paper on further housing legislation that I published on 7 December 2009 contains full details of those proposals. I commend that publication to the Committee and the House.

The Committee has also highlighted the need for a more consistent approach by, and better communication between, social landlords on antisocial behaviour. Again, I draw Members' attention to the consultation paper that was published on 7 December, particularly the proposals around information sharing. While proposals for future legislation are being developed, I will ensure that my Department will have the guidance that it provides to the Housing Executive and registered housing associations, which informs social landlords of the powers available to them and how they should be used.

Clause 12 provides for increased representation of the Northern Ireland Housing Council on the Housing Executive board, which I note was referred to by the Chairperson of the Committee. I am aware of the views of some members of the Social Development Committee on the appointment process. I believe that the overriding principle must be selection based on merit. However, I am content to take all reasonable steps within the bounds of the rules on public appointments to encourage greater tenant representation.

Some members of the Social Development Committee, particularly Mr Brady, who is in the House, have proposed changes to the way in which social housing is allocated under the housing selection scheme. Although the Bill does not cover that, I have asked my officials to ensure that the scheme allows us to make the most effective use of social housing stock against a background of rising demand and tight budgets. I am convinced that we must allocate housing in a way that recognises those realities, and I am currently considering proposals for modernising the selection scheme. That work is at an early stage, but I hope to see changes to the scheme, including the allocation of additional points to long-term hostel residents.

Mr Hamilton and Mr Brady referred to homelessness advice and translation services. Information currently provided by the Housing

Executive to the public is in plain English and is available in alternative formats, including other languages. I assure Members that advice provided under clause 2 will conform to the same high standards.

I want to provide Mr Hamilton with additional information on the subject of antisocial behaviour, which he also raised. We have already provided some assurances to the Member, and guidance has been issued that reminds the Housing Executive that the transfer of antisocial tenants is not necessarily a solution to the problem. I think that issue was also raised by Mr Brady. I am currently considering detailed proposals to amend the housing selection scheme to give social landlords authority to refuse transfer applications from tenants who have been sanctioned for antisocial behaviour.

Furthermore, the proposals for future housing legislation that were published on 7 December 2009 include proposals to allow social landlords to refuse applications for an exchange of tenancy where either household has been sanctioned for antisocial behaviour. There are also proposals to improve information sharing between social landlords about such sanctions.

9.30 pm

Mr Hamilton also asked whether homeless applicants will be advised of their right of appeal. They will be advised. Although it would not be appropriate to prescribe that level of detail in the Bill, I will ensure that when an applicant for homelessness assistance is found to be ineligible, the Housing Executive will provide notice in writing of the decision and inform the person of his or her right to request a review of that decision. In addition, the notice will provide details of sources of independent advice. I will also ensure that, where unsuccessful applicants have exhausted the review process, the Housing Executive will advise them of their right of appeal and of the availability of advice and assistance. All those types of advice, assistance and assurance will be available to people who find themselves in that plight. I agree with Mr Hamilton that facing homelessness, without a roof over one's head, is a plight for most people.

Mr Hamilton also referred to landlord registration. Proposals for the private rented sector were set out in the Building Sound Foundations strategy, which was published for consultation on 15 May 2009. Although the strategy is being finalised, I

can confirm that it will include a mandatory, light-touch landlord registration scheme, which will require new legislation. I can assure the House that that provision will be contained in the next housing Bill.

Mr Deputy Speaker, although I know that I will still have to propose the amendments formally, I commend all the amendments to the Bill to the House.

Amendment No 1 agreed to.

Amendment No 2 made: In page 2, line 9, at end insert

“() the Department of Health, Social Services and Public Safety;”. — [The Minister for Social Development (Ms Ritchie).]

Clause 1, as amended, ordered to stand part of the Bill.

Clause 2 (Duty of Executive to provide advice)

Amendment No 3 made: In page 4, line 4, at end insert

“(4) In relation to the form and content of advice under paragraph (1) the Executive shall have regard to any guidance issued by the Department.” — [The Minister for Social Development (Ms Ritchie).]

Clause 2, as amended, ordered to stand part of the Bill.

Clauses 3 and 4 ordered to stand part of the Bill.

Clause 5 (Reviews of decisions in relation to homelessness)

Amendment No 4 made: In page 5, line 14, leave out “21” and insert “28”. — [The Minister for Social Development (Ms Ritchie).]

Amendment No 5 made: In page 6, line 19, leave out “21” and insert “28”. — [The Minister for Social Development (Ms Ritchie).]

Clause 5, as amended, ordered to stand part of the Bill.

Clauses 6 to 8 ordered to stand part of the Bill.

Clause 9 (Abandonment of introductory tenancies)

Amendment No 6 made: In page 13, line 10, at end insert

“(3A) In Article 148(3)(b) (orders and regulations) after the word ‘regulations’ insert ‘(other than regulations under Article 19A(3))’.” — [The Minister for Social Development (Ms Ritchie).]

Clause 9, as amended, ordered to stand part of the Bill.

Clauses 10 to 13 ordered to stand part of the Bill.

Clause 14 (Definition of “house in multiple occupation”)

Amendment No 7 made: In page 14, line 27, leave out from beginning to “Article” in line 29 and insert

“at the end add ‘and for that purpose’. — [The Minister for Social Development (Ms Ritchie).]

Clause 14, as amended, ordered to stand part of the Bill.

Clauses 15 and 16 ordered to stand part of the Bill.

New Clause

Amendment No 8 made: After clause 16, insert the following new clause

“Amendment of Article 55 of the Order of 2006

16A. In Article 55 of the Order of 2006 (review of registered rents) at the end add—

‘(8) An order under paragraph (5) shall be subject to negative resolution.’ — [The Minister for Social Development (Ms Ritchie).]

New clause ordered to stand part of the Bill.

Clauses 17 to 19 ordered to stand part of the Bill.

Long title agreed to.

Mr Deputy Speaker: That concludes the Consideration Stage of the Housing (Amendment) Bill. The Bill stands referred to the Speaker

Executive Committee Business

Water and Sewerage Services (Amendment) Bill: Final Stage

The Minister for Regional Development (Mr Murphy): I beg to move

That the Water and Sewerage Services (Amendment) Bill [NIA 3/09] do now pass.

The Water and Sewerage Services (Amendment) Bill has reached its Final Stage today. When I moved the Second Stage of the Bill in the House on 29 September 2009, I said that the existing provision for the payment of a subsidy to Northern Ireland Water would expire on 31 March 2010. The Bill will provide the legislative basis for continued funding of our water and sewerage services beyond April 2010. Therefore, it remains important that the Bill complete its progress through the Assembly as soon as possible.

I welcome the support that the Bill has received, and, whatever we think about how water and sewerage services should be funded in the longer term, we have agreed that a proper legal basis for that funding must remain in place.

Finally, I thank the members of the Committee for Regional Development for helping to ensure the Bill's smooth passage.

Mr Deputy Speaker: I call Mr Fred Cobain, the Chairperson of the Committee for Regional Development.

The Chairperson of the Committee for Regional Development (Mr Cobain): Agreed, Mr Deputy Speaker.

Mr B Wilson: As a member of the Committee for Regional Development, I support the Bill with some reluctance. There is no viable alternative to it, but it is not satisfactory. It is unacceptable that, after three years, the Executive have still not resolved how we pay for our water.

We must now pass the Bill to ensure that Northern Ireland Water has funding for the new financial year. However, having passed the Bill, it should not be assumed that Northern Ireland Water will automatically be funded from the block grant for the next three years. The Bill is essential so that Northern Ireland Water can be funded for 2010-11, but the uncertainty cannot be allowed to continue. It is time that the Executive grasped the nettle and resolved the

question of how water should be funded in the longer term. Let me make it clear: I am totally opposed to water charges based on property values, which would seem to be the obvious alternative. Such charges are grossly unfair and would fall heavily on the elderly and those on fixed incomes.

However, I recognise that an alternative means to fund water and sewerage services must be found. It cannot be met from the block grant at the expense of other services. The fact is that, under the Barnett formula, there is nothing in the block grant to pay for water. In the rest of the UK, consumers pay charges directly to water companies. There is no call on public finance. Therefore, Northern Ireland Water must be funded either from existing resources, namely the regional rate or the block grant. Indeed, the £300 million payment to Northern Ireland Water is similar to the £367 million of Budget cuts that have been proposed by the Finance Minister.

Therefore, if the Executive decide to continue funding Northern Ireland Water from the block grant, there must be a reduction in resources that are available for other services, such as housing, education and health. As health comprises half of the total Budget, the burden of paying for water services inevitably falls most heavily on the Health Service, which is already underfunded. I highlighted that issue in my Budget speech in November 2007, when I pointed out that, in the absence of alternative funding for water services, the Health Service's budget had been reduced, which would, inevitably, lead to cuts in services and significant redundancies. Unfortunately, that prediction has proved to be correct.

In practice, because of demographic trends and the fact that NHS inflation is significantly higher than basic inflation, the increase in the Health Service budget represented, at best, a freeze in overall expenditure. That compared with an increase of 4% in real terms in the English Health Service. The budget was, therefore, unable to meet new demands, such as full implementation of the recommendations of the Bamford report. In order to provide funding for the Water Service, we were required to accept a de facto freeze in the budget and a level of service below that of the rest of the United Kingdom.

In deciding to continue to fund water services from the block grant, the Executive have taken

the easy option. However, they ignored the costs of provision of other services. That cannot continue. The issue of water charges is one for the full Executive and not for the Minister for Regional Development, as some people seem to suggest. There must be open debate on the implications of a decision to continue to fund water services from the block grant and the impact that that has on other services.

The public must be made aware of the issue and must be allowed to make a choice between non-payment of water charges and reduction of the provision of health and education. That issue has been raised by a number of people who gave evidence to the Committee for Regional Development. The Executive can no longer avoid the issue of funding for water services. It is fundamental to long-term financial planning. We must consider other forms of taxation, particularly one that is based on ability to pay.

The Executive must revisit the options for funding of local government services. Both the Lyons inquiry and the Burt review into local government in England and Scotland respectively have suggested changes to local government finance that should be considered. The Executive must review all options, particularly income-based alternatives, such as local income tax. That would clearly be fair because it is based on ability to pay. It would also mean that non-taxed householders would contribute to funding. Other options include local sales tax, service tax, land value tax and green taxes, which would help the environment as well as raising revenue, based on the principle that the polluter pays.

All options must be examined. The Assembly should seek to acquire tax-raising powers, so that all increases in public expenditure are not met solely from property tax that is paid by the ratepayer, but from a basket of taxes. Therefore, I ask the Executive to set up a review into the funding of local services and to consider a move from a property-based tax to a mainly income-based tax. That review would also examine other options. If necessary, legislation should be changed to give the Assembly tax-raising powers. It is important that the burden of taxation is spread more evenly and does not continue to fall most heavily on the elderly and on people who are on fixed incomes.

In conclusion, although I support the Bill, it is unsatisfactory that the Assembly has still not

resolved the long-term funding of water services. The implementation of the Bill must, inevitably, lead to cuts in other services, particularly health, which currently consumes 50% of the Budget. It is essential that the Executive no longer ignore the issue, but consider alternative methods of funding services, such as water. It should not be based solely on property values. All options must be considered.

9.45 pm

The Minister for Regional Development: As ever, I thank the Chairperson of the Committee for Regional Development for the Committee's support for the matter.

I remind Brian Wilson that the Bill does not relate to how water and sewerage services are funded, and I said that when the Bill was proceeding through the House. The Bill is merely a device to allow the Executive to continue to fund those services. Even if the Executive had to make a decision on charging, there would still have to be a device to pay Northern Ireland Water to carry out its functions. I have to say, therefore, that the Member is speaking in the wrong debate. If he wishes to table a motion for debate, I will be happy to engage with him, but this is not the relevant debate. I feel slightly sorry for him, because he has waited here all night to make his points.

The Executive have made a decision. Brian Wilson said that the Executive avoided making a decision, but they have made a decision. In the light of the economic circumstances, the Executive decided that it would be unfair to burden households with additional bills. I support that decision, as did all the parties in the Executive. Brian Wilson has stated his position. I have listened to him on a number of occasions when the matter has been raised. I know what he is against, and I know that he wants us to explore other options, but I am not sure what he is in favour of. It would be helpful if he could let us know. He does not want a property based charge for anything. That is fair enough, and it is his prerogative to think that. He wants us to examine a range of other options, but he has never said how he would fund the services.

I caution him not to fall into the trap that others have fallen into. There is a deficit in the Executive's Budget that has hung neatly on the cost of water and sewerage services. The Executive spend billions of pounds annually

providing a range of services. The deficit in our Budget is not solely connected to the provision of water and sewerage services. It is to do with how the Executive spend, save and raise their money, and that covers a range of services. Brian Wilson should not fall into the trap of thinking that the neat figure of the deficit in the Executive's Budget exists simply because we have not charged households for the provision of water and sewerage services. I advise him to look across the full range of services that the Executive provide, as he advocates. He has advocated exploring all the options, but I would be interested to hear what option he favours, because I have yet to hear that. Perhaps he will inform us of that on the other side of an election.

The Bill is a device to allow us to continue to do what we have been doing. It is needed in any circumstances in the foreseeable future.

Question put and agreed to.

Resolved:

*That the Water and Sewerage Services
(Amendment) Bill [NIA 3/09] do now pass.*

Adjourned at 9.48 pm.