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# Northern Ireland Assembly

Tuesday 23 March 2010

*The Assembly met at 10.30am (Mr Deputy Speaker [Mr Molloy] in the Chair).*

*Members observed two minutes' silence.*

## Executive Committee Business

### **Budget (No. 2) Bill: Consideration Stage**

**Mr Deputy Speaker:** I call on the Minister of Finance and Personnel to move the Consideration Stage of the Budget (No. 2) Bill.

*Moved.* — [The Minister of Finance and Personnel (Mr S Wilson).]

**Mr Deputy Speaker:** No amendments have been tabled to the Bill. I propose, therefore, by leave of the Assembly, to group the six clauses of the Bill for the Question on stand part, followed by the two schedules and the long title.

*Clauses 1 to 6 ordered to stand part of the Bill.*

*Schedules 1 and 2 agreed to.*

*Long title agreed to.*

**Mr Deputy Speaker:** That concludes Consideration Stage of the Budget (No. 2) Bill. The Bill stands referred to the Speaker.

### **Unsolicited Services (Trade and Business Directories) Bill: First Stage**

**The Minister of Enterprise, Trade and Investment (Mrs Foster):** I beg to introduce the Unsolicited Services (Trade and Business Directories) Bill [NIA 12/09], which is a Bill to make provision about charges for entries in trade or business directories.

*Bill passed First Stage and ordered to be printed.*

**Mr Deputy Speaker:** The Bill will be put on the list of future business until a date for its Second Stage is determined.

### **Debt Relief Bill: Second Stage**

**The Minister of Enterprise, Trade and Investment (Mrs Foster):** I beg to move

*That the Second Stage of the Debt Relief Bill [NIA 9/09] be agreed.*

First, I want to outline the background to the problem that the Bill addresses. The consumer credit industry gets a bad press, yet access to affordable credit can bring significant benefits. For example, it enables those setting up home for the first time to purchase the furniture that they need and those faced with a domestic crisis, such as needing to replace a fridge or a washing machine, to source money when they need it.

Until recently, most people could manage associated repayments. The results of a survey, which were included in a report prepared by the equality directorate research branch of the Office of the First Minister and deputy First Minister (OFMDFM) in 2006 — well before the current credit crunch — showed that 80% of individuals had no problems repaying their debts. Of the remaining 20%, 15% said that they had sometimes encountered problems, and just 4% said that they had frequent problems or problems most of the time.

Anecdotal evidence suggests that there has been an increase in the number of people with a problem debt, with Citizens Advice reporting a 21% increase in the number of clients seeking advice under the Department of Enterprise, Trade and Investment-funded debt advice service in 2008-09.

There has always been a minority of people who, unfortunately, have got into difficulty repaying their debts for reasons that are no fault of their own. Causes of that difficulty include loss of employment and inability to work due to ill health or marriage breakdown, which leaves one

or both spouses struggling to meet household bills. However, as we are all only too well aware, over the past couple of years, a major new factor — the current economic recession — has impacted negatively on the ability of borrowers to repay. That led to debt advisers reporting that they had been swamped with requests for help.

I have already taken measures to assist advice organisations and their clients. My Department funds two free face-to-face debt advice services that are operated by Citizens Advice and Advice NI and a free telephone advice service provided by A4e. Some 8,500 cases have been dealt with and assisted by those services since Department of Enterprise, Trade and Investment (DETI) funding was first made available in 2006.

Non-statutory forms of agreement are generally debt management plans. A debt management plan (DMP) is an informal non-binding arrangement where creditors accept payment from a debtor's available income on an agreed proportional basis. The DMP is a feature of debt advice in the funded and non-funded debt advice industry, and although it may never clear the total debt, it gives some protection to debtors from the pressure of debt recovery companies. The DMP is by far the most used remedy in the contracted debt advice services provided by both Citizens Advice and Advice NI.

Total departmental funding for debt advice services will be £1 million per annum until 2012, and those new measures are in addition to the statutory measures, such as individual voluntary arrangements (IVAs) and bankruptcy, which form the bedrock solution for dealing with problem debt. Under chapter 2 of part 8 of the Insolvency (Northern Ireland) Order 1989, IVAs enable individuals to spread repayments over a longer period. Almost 1,400 such arrangements have been entered into over the past two years. IVAs are only suitable for people who are not in a position to fully pay off debts by the due date but who can afford to make a significant level of repayments. At present, the alternative for those who cannot pay their debts at all is bankruptcy.

Bankruptcy will protect debtors from action by their creditors for a one-year period at the end of which their liability to repay their debts is completely cancelled. Bankruptcy takes place on foot of a petition to the Northern Ireland High Court. One clear disadvantage of that route is that despite being in debt and not being able to repay it, the debtor must raise £345 to pay

a deposit and £115 to pay a court fee. Those unable to afford those payments face the prospect of going through the rest of their lives burdened by a debt that they cannot pay.

The purpose of the Bill is to give a section of those who are unable to afford the costs of bankruptcy access to similar relief. It will do so by providing for the establishment of a debt relief scheme in Northern Ireland, similar to the one that came into operation in England and Wales in April last year. The scheme is intended for those with moderate levels of debt. Bankruptcy, with its emphasis on investigation, will remain the more appropriate remedy for those with higher levels of debt.

The key advantage of the new scheme is that the making of an order to relieve an individual of debt is an administrative task that the office of the Official Receiver can carry out, at less than one third of the cost of the conventional route of a petition to the High Court. The Official Receiver is an official in my Department who is also an officer of the court.

The Bill contains nine clauses and one schedule, which makes minor and consequential amendments. Clause 1 inserts extensive provision into the Insolvency (Northern Ireland) Order 1989, which is Northern Ireland's main primary legislation that deals with insolvency.

That provision will enable individuals who are unable to pay their debts to apply to the Official Receiver for what is termed a debt relief order. As with bankruptcy, a debt relief order will not cover, and, therefore, will not cancel, liability to repay all debts. For example, the debtor will remain liable for student loans and court fines, and secured debts will not be covered either.

Application for a debt relief order will have to be made through an approved intermediary. Our plan is that the approved intermediaries will be individuals who are skilled and experienced in providing debt counselling. They will have to be approved by competent authorities that are designated by my Department. They will assess clients' eligibility for the scheme and assist them with the completion of applications, which they will then submit electronically to the Official Receiver on clients' behalf. The applicant will then have to pay a fee, the amount of which will be set in subordinate legislation. The fee is £90 under the scheme in England and Wales. The Official Receiver will consider the application when the fee has been paid.

The Official Receiver will be able to raise queries with the debtor but must ultimately refuse the application or make a debt relief order. Various grounds for refusing an application are set out in clause 1, including the making of false representations or omissions in the application or not meeting conditions set out in the new schedule that is inserted in the Insolvency (Northern Ireland) Order 1989 by clause 2. As I said, clause 2 inserts a schedule into that Order that allows eligibility limits to be set in subordinate legislation on the total sum that an individual can owe, the total value of his assets and how much surplus income he can have in a month. Under the scheme in England and Wales, those limits have been set at £15,000, £300 and £50 respectively.

The Official Receiver will work on the basis that the information that is supplied by the debtor is correct, although there will be verification checks on the eligibility conditions. Those arrangements will be prescribed in subordinate legislation. If the Official Receiver decides to make a debt relief order, he will be required to give a copy to the debtor and to record the making of the order in a register. He will have to notify creditors and inform them of the grounds on which they can object.

Entry in the register marks the start of a one-year moratorium, during which creditors will be barred from taking action or proceedings except with permission of the court. Provision is included to allow that one-year period to be extended or terminated early. A list of the debts that are covered, which are termed qualifying debts, will be included with each debt relief order. In the normal course of events, the debtor will be fully discharged from those debts on the first anniversary of the date on which the order is registered. Debtors will be placed under a duty to co-operate with the Official Receiver and to report any relevant change in their circumstances.

The Official Receiver will be empowered to carry out investigations on his own initiative or at the behest of creditors. There will be various grounds on which the Official Receiver will be able to revoke a debt relief order, including when the debtor has supplied incomplete, incorrect or otherwise misleading information. Anyone who is dissatisfied with any act, omission or decision of the Official Receiver will be able to apply to the High Court. Moreover, the Official

Receiver will be able to apply to the High Court for direction.

It is crucial to creditor confidence in the scheme that the information that is supplied by debtors is accurate and truthful, and to ensure that it is, a range of offences and appropriate penalties will be created. There will be penalties for false representations and omissions, concealment or falsification of documents, fraudulent disposal of property and fraudulent dealings with property that is obtained on credit. It will also be an offence to take credit or to engage in business under a different name during the first year after the making of a debt relief order.

Clause 3 makes provisions for debtors to be placed under continuing restrictions as regards taking credit or the name under which they can trade following expiry of the initial one-year moratorium. Grounds are set out on which my Department, or the Official Receiver acting on direction from my Department, will be able to apply to the High Court for a restrictions order that lasts from two to 15 years. As an alternative, my Department will be able to accept an undertaking from the debtor with equivalent effect.

Clause 4 gives my Department the legislative authority to provide advice and information to the public about the relief of debt or to pay others to do so. Clause 5 gives my Department power to make consequential amendments, and clause 6 gives effect to the schedule containing minor and consequential amendments. Clause 7 deals with commencement, clause 8 is the interpretation, and clause 9 sets out the short title of the Bill.

#### **10.45 am**

In summary, the Bill will provide much needed relief for a section of society, in particular, those least well-off, who are burdened by debt that they simply and honestly cannot pay. The scheme will not make them better off financially, but it will free them from the financial millstone that hangs around their neck. It takes a measured and balanced approach; it assists debtors, but not at the expense of those to whom they owe money.

The scheme is designed to help those whose financial circumstances are so bad that they cannot reasonably be expected to make any payments to their creditors. The making of a debt relief order will amount to nothing more

than formal recognition that the debtor cannot pay and that, therefore, there is no point in creditors pressing or hounding the debtor for payment. Cancellation of debts will give a debtor hope. It will give them a chance to start a new chapter in their lives, free from the stigma of being burdened by debt, and it will achieve, we hope, financial rehabilitation. The debt relief scheme is intended to be a simple, streamlined affair for those with simple, straightforward debts and little in the way of assets or surplus income. It will not be open to homeowners. Bankruptcy will continue to be the remedy for homeowners or those with other assets.

My Department carried out extensive consultation on the proposed scheme. We received 22 responses, 16 of which were substantive; two respondents had misgivings. The first was a council, worried about the impact on revenue as a result of arrears of rates being written off. In practice, however, any impact will be lessened by the fact that the scheme will be open only to those who live in rented accommodation. In the majority of cases, it is landlords, not tenants, including those in Housing Executive tenancies, who are responsible for the payment of rates. The Irish League of Credit Unions (ILCU) also responded to the consultation with misgivings; it was worried about borrowers exploiting the scheme to avoid repaying loans. During a meeting with the ILCU, my officials explained that it will be possible for credit unions to safeguard against any such event by insisting that borrowers keep a savings balance in excess of the asset level for eligibility for debt relief, which will probably be in or around £300.

Debt relief schemes have been established in England and Wales. We would be justified in not proceeding with a scheme in Northern Ireland only if there was evidence to suggest that higher levels of abuse would occur here, and, frankly, there is not. There will be safeguards against abuse: a ceiling on total debts for eligibility for the scheme will prevent fraudsters from taking advantage by running up large debts and availing themselves of the scheme to escape liability for repayment. A person who obtains a debt relief order will not be able to obtain another one for six years. As I have already outlined, offences and penalties will be created to combat would-be fraudsters. It will be possible for debtors who are found to be culpable to be placed under continuing restrictions as regards taking credit or the name under which they can trade after

the end of the initial year following the making of a debt relief order.

The scheme will be computer-based. The estimated set-up cost will be approximately £34,000; that amount may be higher if a fully automated ICT system is justified and approved. Annual running costs, mainly to pay for additional administrative staff to operate the scheme, will amount to £80,000 to £90,000. The set-up and running costs will be covered by the Department's budget. The fee to be charged to applicants will help to offset the annual running costs.

It is difficult to estimate the likely demand for the scheme. Various estimates, including a scaled-down figure of the projected number of applicants in England and Wales, suggest that it is likely that there will be between 500 and 1,000 applications each year. It is my aim to have the scheme up and running in Northern Ireland as soon as possible. It is important that those who could benefit from the scheme have the same rights as are enjoyed by people in England and Wales. I commend the Debt Relief Bill to the House.

**The Chairperson of the Committee for Enterprise, Trade and Investment (Mr A Maginness):** I thank the Minister of Enterprise, Trade and Investment for her comprehensive and detailed outline of the Debt Relief Bill. As Chairperson of the Committee for Enterprise, Trade and Investment, I welcome the Bill in general, and I believe that the Committee supports it. I also welcome the opportunity to contribute to the debate.

The Department has kept the Committee informed as the Bill has developed. The Committee is grateful to the Minister and her officials for the comprehensive and timely briefings that we have received.

A key purpose of the Bill is to enable individuals who have no reasonable prospect of being able to pay their debts and who cannot afford to fund an individual voluntary arrangement or the cost of petitioning for bankruptcy to free themselves from what would otherwise be a lifetime burden of debt. That is a necessary reform, and one that will apply to a relatively small number of people. The prospect of creditors getting back any money is remote, to say the least. Departmental officials have assured the Committee that only those individuals who have no reasonable prospect of ever being able to pay their debts will be eligible for the scheme.



Another key purpose of the Bill is to give the Department the power to provide information and advice to the public on debt relief matters, either directly or through an arrangement with others. The Committee recently welcomed the Department for Social Development's (DSD) proposals for an integrated advice services strategy across Northern Ireland. The Committee has asked DSD to remain mindful of DETI's proposals for debt relief advice when developing the advice services strategy. Likewise, I urge the Minister of Enterprise, Trade and Investment to remain mindful of DSD's advice services proposals when considering arrangements for providing debt advice.

There will be further debate on the Bill. The Committee supports the principle of the Bill and will consider the proposals further during the evidence-gathering process, to which we look forward. I thank the Minister for introducing the legislation and for keeping the Committee well informed throughout the process.

**Mr Moutray:** I support the Debt Relief Bill. I commend the Minister for progressing the legislation and bringing the Bill to the House. It is a timely Bill, and one that will ultimately assist individuals who have moderate levels of debt that they have no realistic prospect of being able to repay; those individuals who have limited surplus income and assets; and those who cannot afford the deposit and fee to petition for bankruptcy.

Unfortunately, financial hardship is all too common in our society. There are individuals in our constituencies who struggle daily to survive. It is well known that people, through differing circumstances, have increased difficulty in repaying their debts, so it is paramount that the House take a proactive approach to helping those individuals where possible. There have always been individuals who have struggled to repay debts accrued, but it is abundantly clear that the recession has had a further negative effect on borrowers' ability to repay, hence the need for such a scheme.

The Minister has set up a number of free, local face-to-face debt advice services, and I commend her for that. However, the measures in place are only suitable for people who cannot pay off their debts by the due date but can afford to make some significant level of repayment. The only current alternative for those who cannot pay off their debts at all is

bankruptcy. The Minister has outlined problems associated with bankruptcy, such as having to pay fees, and so on. The Bill will allow those who are unable to afford the costs associated with bankruptcy access to similar relief.

It will also allow for a debt relief scheme in Northern Ireland similar to that in England and Wales, whose debt relief schemes became operational on 6 April 2009. The scheme will, therefore, align us on this important measure.

Ultimately, the Bill will assist people with moderate levels of debt who cannot afford to petition for bankruptcy. It will protect them from action by their creditors for one year, after which their liability to pay most categories of debt will be cancelled completely. It will provide assistance and relief to those who are burdened by such debt, not by making them better off financially but by taking the weight of such debt off their shoulders.

I trust that the Bill will begin to foster a long-term financial remedy for individuals who have ended up in difficult situations through no fault of their own. I welcome the Minister's proactivity and support the Second Stage of the Debt Relief Bill.

**Ms J McCann:** Go raibh maith agat, a LeasCheann Comhairle. I, too, welcome and support the Bill. We have had discussions in the House in recent times about the fact that debt has become a major concern for many people. It is important to remember that low-income families, who experience poverty already, are most affected by debt in times of increased financial difficulties. That is particularly the case for low-income families with young children who are struggling to pay for food, fuel, clothing and other basic necessities that we take for granted. It is important to remember that some people get into debt to pay for necessities rather than luxuries or extras.

One of the most disturbing issues is that children who live in poverty will not have the same life chances as other children. The fact that some children are forced to go without has an effect on their physical, mental and emotional health, their education and their lifetime opportunities generally. A knock-on effect of poverty is that people are forced to borrow and spiral into debt. The main thing that we can do is create economic conditions in which people have a job and have sufficient

income to pay for household necessities rather than having to seek credit.

The House has discussed other ways in which we can combat the problems. For example, tariffs for energy, electricity, gas and oil should be affordable, because some people cannot even afford to heat or light their homes. Also, the small print used by some credit companies does not go far enough to explain the high interest rates that will be charged. The interest on some loans rises every time a repayment is missed. That can result in people having to pay back two or three times the amount that they borrowed in the first place, which may have been a small amount to get them through a particular situation. Such people are increasingly vulnerable to loan sharks, and, indeed, some have been threatened when they cannot afford to repay loans. Individuals are exploiting people who are living in difficult circumstances. Therefore, measures such as the Debt Relief Bill and the face-to-face debt advice that some organisations deliver must be welcomed. Another way in which the issue could be addressed is through social fund loans, which have been mentioned in the House before. At the moment, people who may need a loan to buy oil or to pay bills cannot access social fund loans. We could look at changing that situation.

The Minister also mentioned credit unions, which have enabled many people from economically deprived communities to access loans for the first time. Credit unions do not ask for the same level of collateral as banks, and they are open to everyone, irrespective of economic situation, and can offer loans and good interest rates. Hopefully, legislation will be brought forward soon that enables credit unions to open up their services and to provide extra services.

### 11.00 am

Worry over debt has a detrimental effect on people's physical and emotional well-being. In our constituency offices we see it all the time: people come in who are in debt and have been so for a considerable period. I appeal to people to look for help early. There is a lot of help available, and there are organisations that can provide it. People may not know that, if they contact credit companies or firms that they owe money to, they will be given some leeway. People may be unable to take that step for themselves. I appeal to those in debt to

seek the help of people who can contact credit companies on their behalf.

The problems created by debt can have an enormous impact on a person's life. The Assembly needs to create conditions where people should not have to live in poverty and should not have to get credit for the basic necessities of life. Our situation has to change. We must create employment, sustain people's jobs and ensure that they have a reliable household income. No child who is growing up should have to do without, for that affects long-term and life opportunities.

**Mr Cree:** I congratulate the Minister on moving the Second Stage of the Bill and thank her for it. That is an achievement for her Department. However, I note that Northern Ireland is again the last part of the United Kingdom to have such debt relief provisions introduced. I look forward to a time when we lead the way on such issues, as opposed to playing catch-up with ideas that have been formulated elsewhere.

The Ulster Unionist Party strongly supports this Bill. The Minister's proposals are focused on helping Northern Ireland's poorest — typically, those reliant on benefits or an extremely low income — to repay debts that are well beyond their capabilities to do so. The Bill introduces debt relief orders, similar to those which operate in England and Wales, and allows for the Official Receiver to make a debt relief order that equates to a bankruptcy order issued by the Northern Ireland High Court. A debt relief order will sidestep the need for costly court proceedings, which is the main obstacle faced by those with the lowest incomes to gaining a bankruptcy order.

The fact that we need the Bill is a sad indictment of modern society. Our country has become used to easy credit; it has a buy-now-and-pay-later mentality. Many who in the past would not have had access to credit now have it. Modern consumer society places immense pressures on parents, children and families. In many instances, we have abandoned thousands of families to live in unmanageable debt and under such pressure. The Bill will go some way towards removing some people from such debt, but it does not tackle the root causes of it. Poverty and easy access to credit are the two main reasons why people on very low incomes find themselves in the difficult circumstances that the Bill intends to address.

The Executive have set targets to tackle poverty, but they have not met them and are unlikely to do so. Many commentators identify the collapse of the sub-prime mortgage market in America as the catalyst for the credit crunch and the resulting recession, the effects of which Northern Ireland still feels. The sub-prime mortgage market was based on lending to people on very low incomes who, evidently, could not afford to meet the repayments. In the resultant crash, we in the UK bailed out the bankers and left the poor in poverty. I am not convinced that society or we, its politicians, have addressed the fundamental issues that would render the Bill largely redundant. We need to tackle poverty and change a national economy based on debt. In Northern Ireland, we need to work harder to produce a co-ordinated package of policies that will transform our private sector and make it sustainable and innovative, while giving those who live in deprivation the skills and chances to participate in that transformation. Until we grapple adequately with that issue, our poverty and debt relief policies will, unfortunately, be mollifying as opposed to rectifying.

We must also change the mentality of our country to that of a nation of savers not diehard consumers. However, the Bill will provide much needed relief to thousands of people in Northern Ireland, and I am particularly pleased that it includes provision for DETI to provide advice to the public about debt relief and related matters or to make arrangements for others to do so. I ask the Minister whether that advice will be exclusively reactive, provided exclusively for those already in difficulty, or open to people who are seeking loans etc and are concerned about repayments. Other issues will, no doubt, get closer examination in Committee.

The Ulster Unionist Party will seek assurances that the scheme will not be able to be abused. Concerns were raised during the consultation about the potential negative impact on rate collection and the practices of credit unions. Rate collection and credit unions are examples of practices that are crucial to society and should not be affected negatively by the Bill. The equivalent legislation in England and Wales may be amended because significant numbers of people with modest pensions have been excluded from the scheme. Has the Minister looked into that? The Ulster Unionist Party welcomes the Bill and looks forward to its Committee Stage.

### **The Minister of Enterprise, Trade and**

**Investment:** I am grateful to the Members who considered the Bill and spoke in the debate. I think that it was Mr Moutray who said that the Bill was timely legislation. It is timely, given the increased and pressing need for assistance for many in Northern Ireland.

I thank Alban Maginness, Chairperson of the Committee for Enterprise, Trade and Investment, for his comments about departmental officials, who will continue to engage proactively with the Committee. He said that the Bill was useful because it would free people from a lifetime of the burden of debt. That is absolutely right, and it is one of the Bill's key purposes. The Bill, as the Member rightly said, will affect and its provisions will be available to a small number of people. The Bill came into effect in England and Wales in April 2009, and there were about 12,000 applications up to the end of last year. That equates to between 600 and 700 applications pro rata with the population of Northern Ireland. Nevertheless, it is useful legislation to have available.

DETI works proactively with Department for Social Development (DSD) officials on our respective advice strategies. We are in regular and ongoing contact with our opposite numbers in DSD, because there is no point in wasting government money when we could be adding value to what each Department is doing about debt advice. We will continue to do that.

I thank Mr Moutray for his comments about face-to-face advice. Little did we know the timeliness of the decision to invest in the face-to-face advice service, which has proved hugely beneficial to those who have access to it. I recognise that the pressure on Citizens Advice and Advice NI has been growing over recent months.

**Mr F McCann:** I apologise for entering the debate late; I was at another meeting.

This is a crucial debate. I am sure that all Members deal with constituents who have fallen badly into debt. Good advice is probably one of the best ways out of debt.

My colleague Jennifer McCann spoke about social fund loans. Many families — probably thousands of them — use the social fund to clothe and feed their kids and to buy them stuff at Christmas. Recently, the Committee for Social Development dealt with the issue, and

the Department has moved to limit the number of times that people can apply for money to deal with those issues.

The other thing is the increase in the number of people who are involved in illegal moneylending and the amount of money being paid to them. There seems to be a vicious circle involving moneylenders and the new rules that stop people from accessing the social fund. Will the Minister take that matter up with the Minister for Social Development? Particularly at the present time, access to the social fund should be relaxed so that people do not have to turn to illegal moneylenders to survive.

**The Minister of Enterprise, Trade and**

**Investment:** The Member is right: his colleague did mention the social fund, and I made a note to pass on to the Minister for Social Development her comments about using the social fund for everyday events for which the fund was perhaps not originally intended.

I will take up the point about advice. I recently attended the Consumer Council's very effective money week. The Consumer Council must be commended for its work in giving money management advice to people who are in financial difficulties. Last year, the Consumer Council picked Coleraine for its very effective week of events. This year, it was in Fermanagh. I have no idea why it came to Fermanagh this year. Nevertheless, it provided a good week of events, and I am sure that that will continue in future years. This also takes up Mr Cree's point. To ensure that the Department and the Consumer Council do not duplicate what they do, it is important that we join up all the elements of advice. Mr Cree asked whether we would be proactive. It is the Consumer Council's role to be proactive about giving advice, and I think that it does that very effectively.

Ms McCann talked about the practical outworkings of debt, and everyone in the House is aware of the heavy burden that people are under when they get into debt, which is why we must bring the Bill forward. She also referred to the benefits of being involved with a credit union, and the House is aware of how highly I regard the credit union organisations in this country. They will continue to provide a crucial service, and I note the Member's comments about credit union reform.

Mr Cree welcomed the Bill, although he felt that it has come later than the one in England

and Wales. That is right, but he will be aware that, in Northern Ireland, we must go through a particular route to produce an Assembly Act. The consultation on the legislation finished on 6 May 2009, and I circulated a policy memorandum to the Executive on 8 June 2009. On 30 July, the Executive approved the drafting of the Bill, instructions to legislative counsel to draft the Bill were issued on 19 August, and the draft Bill was finalised on 16 December. So the Bill has been moving along, and I know that the Member understands fully the various processes that a Bill has to go through.

Mr Cree was also correct to say that we cannot look at poverty in isolation. There is no point in bringing in a Bill to deal with the consequences of poverty if we do not try to deal with other issues in society, including job creation. We must grow the private sector, and we are aware of the emphasis that the independent review of economic policy put on that.

All in all, the debate was very useful, and I am grateful to the Members who contributed to it. I look forward to the Bill progressing through Committee and coming back to the Assembly, and my officials will work proactively with the Committee.

*Question put and agreed to.*

*Resolved:*

*That the Second Stage of the Debt Relief Bill [NIA 9/09] be agreed.*



**11.15 am**

## **Renewables Obligation (Amendment) Order (Northern Ireland) 2010**

**The Minister of Enterprise, Trade and Investment (Mrs Foster):** I beg to move

*That the draft Renewables Obligation (Amendment) Order (Northern Ireland) 2010 be approved.*

This statutory rule is being made under powers contained in the Energy (Northern Ireland) Order 2003, which prescribes that this Order must be laid in draft for approval by affirmative resolution of the Assembly. The changes that I bring forward in the draft Order were subject to a statutory consultation that closed in December 2009. Following that consultation —  
[*Interruption.*]

**Mr Deputy Speaker:** Order. Sorry, Minister. I ask Members to be seated while the Minister has the Floor.

**The Minister of Enterprise, Trade and Investment:** Following that consultation, this Order introduces important changes to the Northern Ireland renewables obligation (NIRO) that will continue to make it more effective and capable of delivering our targets for renewable electricity.

Renewable energy is a vital part of our strategy for tackling major policy challenges, including ensuring a supply of secure energy for Northern Ireland; reducing our reliance on volatile, imported fossil fuels by maximising our own sustainable energy resources; and combating climate change. As Northern Ireland's main policy measure for incentivising new renewable electricity generation, it is crucial that the NIRO is as effective as possible. Since its introduction, the NIRO has served its main purpose very successfully, which is to incentivise renewable electricity generation.

In 2005, just 3% of electricity in Northern Ireland was renewably supplied. That figure has trebled and now stands at just under 10%. The NIRO has encouraged and supported private sector investment that has delivered that increase, which has come, primarily, from onshore wind. Therefore, the NIRO is working for Northern Ireland. Last year, following a series of extensive consultations, we introduced banding levels into the NIRO to incentivise renewable generation from a wider range of sources than just onshore wind. That is important. Just as

we do not want all our conventional generation to be supplied from a single fuel, we want to ensure a diversity of renewable supply. That is why, over the past year, my Department has consulted on a cross-departmental bioenergy action plan and on the offshore renewable energy strategic action plan, both of which we will finalise this year.

The changes to the NIRO for this year are designed to ensure that it continues to encourage renewable electricity generation and to deliver on our ambitious target of 40% by 2020, while ensuring that any additional costs to the consumer remain minimal.

I will briefly outline the main amendments to the NIRO introduced by the amendment to this statutory rule. Many of the changes in the draft Renewables Obligation (Amendment) Order (Northern Ireland) 2010 will also be made in renewables obligations in Scotland and in England and Wales. Since those obligations work in harmony across the United Kingdom, it is important that all the changes be made together and at the same time. That is a key strength of the market-based mechanism.

The proposed amendments in the Order would extend the end date of the NIRO from 2027 to 2033, giving developers the longer-term certainty needed to incentivise them to continue investing in new electricity generation. However, to avoid compensation and to limit the cost to consumers, support for new stations is being kept to a maximum of 20 years. That will apply to stations that have received full accreditation on or after 26 June 2008 until the 2033 end date. Any additional capacity added to a generation station after 1 April 2010 will also receive 20 years' support up to 2033.

Generating stations that were accredited before 26 June 2008 will continue to receive support until 31 March 2027. That means that a small number of existing generators will not receive the full 20 years' support. However, all those that made investment decisions before 26 June 2008 did so on the basis of a 2027 end date for the NIRO. It is only now that we are extending that end date to 2033.

The draft Renewables Obligation (Amendment) Order (Northern Ireland) 2010 includes technical changes, such as the removal of the 20% cap on the size of the obligation, which would have limited the growth of renewable electricity to 20%. The Order also responds to

feedback from the consultation by increasing the level of headroom from 8% to 10% from the 2011-12 obligation period, instead of the gradual increase that was proposed in the consultation. Headroom ensures that there is also more demand for renewables obligation certificates (ROCs) than there is for supply, thus maintaining the market value of ROCs. It also allows a margin between supply and demand for Northern Ireland renewables obligation certificates (NIROCs). In addition, it will help to stabilise the revenue stream for generators, which will mean that developers are better able to source funding for new projects. That is a key issue currently.

Furthermore, we are making other small technical and administrative changes to the Order. We are excluding landfill and sewerage gas from sustainability reporting since we do not believe that there is any value in adding required reports for those sources. We are also setting out the circumstances in which NIROCs can be revoked.

I am pleased to confirm that the Order implements the banding up of landfill gas to meet the unique circumstances of Northern Ireland. Although the UK's landfill gas was banded down to one quarter ROC per megawatt hour last year, we made the argument to Europe successfully that because of the relative lack of development of landfill gas here compared to the rest of the UK, where landfill gas is highly developed, Northern Ireland needed to retain the one-ROC level. State aid clearance for that change was received during 2009, and the one-ROC provision is included in the amendment Order. This is a clear case of the NIRO being adapted to the specific circumstances in Northern Ireland, and my Department was assisted in making that case by clear evidence from industry. I thank the landfill gas industry for the work that it carried out in relation to the evidence that it brought to the Department. Without that evidence, we would not have been able to make the case in respect of state aid clearance.

Many Members will be aware that the Department of Energy and Climate Change (DECC) is introducing a feed-in tariff in GB for small-scale renewable generation up to five megawatts capacity. There was strong support for a similar move here from developers and environmental groups that responded to our consultation. However, as this House is only too aware, there is currently no primary legislation

in place to allow us to introduce a feed-in tariff as an alternative to the NIRO for incentivising small-scale renewable energy generation. The option to include Northern Ireland in the GB legislation did not exist as the feed-in tariff provision was introduced unexpectedly in the House of Lords by DECC at the last minute as an amendment.

In any event, before I seek to introduce similar legislation here, I want to make sure that a small-scale feed-in tariff offers the right means of stimulating renewables generation in Northern Ireland at an acceptable cost to the electricity consumer. We need to take on board both of those arguments. It is not just about whether it will stimulate renewables generation; it has to do so at an acceptable cost to the electricity consumer. We should not lose sight of that.

Members will wish to note that DECC estimates that the cost to consumers of the new feed-in tariff will be £8.6 billion over 20 years. We have to be careful about following policy blindly, and we need to make sure that whatever we put in place will work for Northern Ireland. That is why my Department has commissioned research into the costs of such a scheme here. I intend to make a statement in relation to the feed-in tariff later this year.

It is important to recognise that because Northern Ireland is part of a wider UK mechanism it gets very good value for money from the NIRO. However, I acknowledge that introducing a feed-in tariff in Britain could create a gap between support for small-scale renewables here and elsewhere in the United Kingdom. My Department has looked creatively at how that potential gap can be minimised, which is what led to the proposal in the Order to increase the level of NIROCs for new wind, hydro and solar photovoltaic generating stations that are accredited after 1 April. The enhanced NIROC proposals are designed specifically to ensure that there are broadly similar levels of incentivisation between Northern Ireland and GB in the absence of a feed-in tariff here. The Department is not sitting back; it is trying to fill the gap between us and the rest of GB. If we had not succeeded in bringing forward this enhanced support, we would have rightly been criticised. The House should welcome wholeheartedly what is before it today.

From 1 April, new wind stations producing up to 250 kilowatts and new solar photovoltaic

stations producing up to 50 kilowatts will receive four NIROCs per megawatt hour produced, and hydro stations producing up to one megawatt will receive between two and four NIROCs per megawatt hour, depending on the size of the installation. The introduction of this enhanced support for small-scale generators will go a long way towards bridging any perceived gaps with GB and will provide a real opportunity for small-scale developers, householders and communities to make the move to renewable electricity generation.

I will now turn briefly to the issue of anaerobic digestion (AD). We had a number of responses to the consultation stating that the two ROCs for AD, which was introduced last year, were still insufficient to incentivise the development of AD in Northern Ireland. Unfortunately, the evidence base provided by industry representatives in response to the consultation to date has simply not been strong enough for us to provide sufficient material to support a rapid change of policy in time for this year's NIRO.

I recognise the potential for AD in Northern Ireland, and I understand how it can help to address more than just energy needs in the region. I am very happy to look again at the level of support offered for AD under the NIRO. That is why I am announcing today that the Department will shortly launch a public call for evidence on the costs of AD. We need to get further and compelling evidence on the costs of AD in Northern Ireland, and, if that is brought forward, we will hopefully be able to work in the same way as we did with the landfill gas issue.

I need to see concrete evidence of the costs of AD in order to justify any higher costs to the consumer of increasing support if necessary. The form of the call will be finalised over the next few weeks, but I ask everyone with an interest to provide full evidence on the issue, because it is only with high-quality inputs that we will be able to satisfy ourselves and, more important, Europe, as to whether further support can be justified.

The enhanced NIRO proposals have received significant support during the consultation. However, many Assembly Members and members of the Committee for Enterprise, Trade and Investment have been contacted by SWEG, which is a group of small-scale wind developers, who feel that their existing installations would be disadvantaged by the introduction of the enhanced

ROCs for new installations. There are similar groups in GB, and I know that the Committee feels that the group has a case. I have met the group, and I can understand its position. I am sure that Members will have their own views on the issue, but it is important that I spell out why I think it would be wrong to include the group or to commit to include it in the enhanced ROCs. There are several important issues, which I hope that Members will take on board.

First, we must avoid setting dangerous precedents for the future. The NIRO seeks to support the additional costs of renewables. If those costs change significantly or other factors need to be taken into consideration, there is a formal process or review under the legislation. If we set the precedent that existing generations would always benefit from a rise in the banding level, we will undo the downward market pressure and risk consumers in Northern Ireland oversubsidising renewables. We also need to recognise the risk of others saying "Me too". If I were to include SWEG for special treatment, it would raise the expectations of other groups. Existing generations from wind that are currently on a microgeneration rate of two ROCs could also expect a further enhancement, as could those existing generations from other technologies, such as hydro or PV. It could also open the floodgates to much greater costs, while not bringing on any new generation, and that is the key issue. Those costs, which will be borne by electricity consumers, could be as much as an additional £16 million over the next 17 years. That is an additional cost for no new generation: in other words, it is deadweight. We have had many debates in the House in relation to the deadweight issue, and I am sure that Members will recall those debates.

Secondly, we need to consider the wider repercussions at UK level if we were to make an exception for that small group. Indeed, one of the fundamental aims of the changes that we are making is to ensure that the renewables support regime in Northern Ireland is broadly consistent with the arrangements in the rest of the UK. Along with its sister obligations in Scotland, England and Wales, the NIRO will be subject to a full-scale banding review starting in October 2010, which will take effect in 2013. I am not for one moment suggesting that generation using wind power will be banded down at the end of that process, but, if that were the outcome, would the group also want to be included in that change?

Thirdly, we must recognise that ROCs impose costs on consumers. The Assembly has often raised concerns about the high price of energy, fuel poverty and the cost of energy to businesses here, and it would be wrong of me not to consider the wider implications of acceding to the demands of the group. Although the costs of including existing generators, such as the Small Wind Energy Group, may be relatively small in the overall scheme of things, it could mean £16 million of additional subsidy for no additional renewable generation. That would be setting a precedent with the potential to send costs under the NIRO spiralling, with no gain to the people of Northern Ireland. That is not a message that we want to send out.

### 11.30 am

However, I have asked my officials to continue to liaise with the group of small-scale wind generators in an attempt to understand what the crunch is as far as their figures are concerned. I have left the door open to them, and, perhaps, we will find a way through it that will address my wider concerns and meet the needs of the group. For the reasons that I outlined, I cannot give a commitment that I will definitely raise the ROCs, and I hope that the House will accept the rationale for my decision.

The NIROs are eagerly awaited by people, not least those in the banking institutions, who are poised to invest. They will help to support renewable businesses across Northern Ireland, and if, for any reason, the Order does not go through, we stand to lose significantly more than would be gained by providing further support to SWEG, whose generation accounts for only 0.2% of our renewables capacity.

I acknowledge that those are technical and complex issues. However, the changes before the House today have been well received by the overwhelming majority of those in the renewables industry, and they are keen for them to be introduced as soon as possible. The amendments to the NIRO are essential to the stability of its operation and to the long-term future of renewable electricity in Northern Ireland.

**The Chairperson of the Committee for Enterprise, Trade and Investment (Mr A Maginness):** I thank the Minister for her comprehensive presentation on the legislation. The Committee generally supports the upward banding for renewable energy generation and the statutory rule. At the end of her speech, the Minister highlighted

some issues with the rule, and I will come to those in due course.

We have a problem with providing clear and rational support for renewable energy in Northern Ireland, and the situation seems rather confused. When the primary legislation was going through Westminster, an opportunity was lost, through no fault of the Minister or the Department, because we did not have the capacity to introduce feed-in tariffs. Feed-in tariffs will revolutionise renewable energy production throughout the UK and could, potentially, do the same for micro-generation in Northern Ireland. I hope that that lost opportunity will be recovered in the future, and I welcome the fact that the Minister adverted to it in her speech. Feed-in tariffs provide a better approach to microgeneration than currently exists.

I also welcome the Minister's statement that she will look again at banding for anaerobic digestion. That is important. Substantial improvements in electricity generation could be made in that area. The Assembly must encourage it. I welcome the Minister's important commitment to look at that seriously with a view to possibly banding up anaerobic digestion.

Although the Committee welcomes the statutory rule, it has difficulty with the aspect of it that relates to small wind generators. The Committee supports the substance of the statutory rule. However, it has expressed serious concerns about how the statutory rule treats existing small wind generators. Effectively, they do not benefit from the banding uplift that relates to production of electricity by new small wind generators.

We have received representations from the Small Wind Energy Group, to which the Minister referred. The group brought its particular difficulties to my attention and that of the Deputy Chairperson, Mr Butler. In effect, existing small wind generators, which produce between 50 and 250 kilowatts of electricity, would continue to receive one renewables obligation certificate for every megawatt hour of electricity that they generate, while those that come into the market after 1 April 2010 will receive four ROCs for each megawatt hour.

The ROC is the main support scheme for renewable electricity projects in Northern Ireland. They currently trade at around £45 each. Electricity suppliers must present one ROC for every 25 megawatts of electricity



supplied from all types of generation. It is important to note that that ensures that suppliers purchase a certain amount of electricity from renewable sources. It is, therefore, in suppliers' interest to purchase from generators who can give them four ROCs for each megawatt that is purchased, rather than those who can give them only one ROC.

One can, therefore, see the distinction that is being made between generators that can produce four ROCs and those that can produce one ROC. That impacts negatively on small wind generators. That is an important point to remember with regard to suppliers. I will come to other points about generators in due course. It is important to remember that suppliers will not look sympathetically on small wind generators given the distinction that is made between one ROC and four ROCs.

The issue impacts on only a small number of assisted generators. Of course, the Minister has, quite properly, identified that. Indeed, she said that their electricity generation represents 0.2% of all generation in Northern Ireland. Therefore, it is a small element in the overall scheme of things. Of course, one could use that to minimise that group's importance. However, on the other hand is the counter-argument that asks why, if that group of generators is so small, the Department is not more sympathetic to it. Although the issue impacts on only a small number of existing generators, those generators will receive only one quarter of the support that will be available to new generators.

The Committee considered the Renewables Obligation (Amendment) Order (Northern Ireland) 2010 at SL1 stage at its meeting on 21 January 2010. It also considered a departmental paper, 'Outcome from the Statutory Consultation on the Renewables Obligation Order 2010'. The Small Wind Energy Group provided evidence to the Committee that at least seven respondents to the Department's statutory consultation highlighted concern about a two-tier system. However, the Department's summary of consultation responses failed to inform the Committee that the issue was raised during the consultation. Therefore, when the Committee considered the policy at SL1 stage, it had not received all the relevant and important facts.

Had the Committee been informed at SL1 stage of the issues that had been raised by the Small Wind Energy Group, its attitude towards

the statutory rule might have been different. When the Committee first became aware of the issue at its meeting on 18 March, the NIRO was already at statutory rule stage, so at that point the Committee was already committed and could do nothing about the situation, despite the fact that that serious problem, albeit involving a small group of people, became apparent only at that Committee meeting. The Committee was bound to its previous decision and could do nothing about it.

The Committee could say to the House today that the Assembly should not support the draft Order, but that would be grossly irresponsible. At an earlier stage, the Committee could, perhaps, have persuaded the Department to take a fresh look at the situation in relation to small wind generators, but it did not have the opportunity to do so because it had not received the information.

We know from the available correspondence that the Department was in discussion with that group of generators, and had been for several weeks, but that fact was not brought to the attention of the Committee. It is unacceptable that the Committee was kept in the dark about an issue of considerable concern to a number of affected individuals. Once again, I accept that it is a very small group of people, but it should also be emphasised that it is a pioneering group of people. Those people used their own money to set up small wind generation, without government support, in their different areas. They did that because they felt that it was an enterprise that was worth engaging in, not simply from a commercial point of view but through a commitment to creating and building up a renewable energy industry in Northern Ireland. The group should be commended for that, and it should not be disadvantaged because it is a small group or because it is pioneering.

The Department's policy on SWEG seems somewhat confused. In a letter to the group dated 8 February 2010, DETI raised the issue of overcompensation, stating that the issue would be of concern to the European Commission.

However, the Department openly admitted that it did not ask the European Commission to consider grant aid for the group. The Minister referred to "oversubsidisation", which must mean the same as "overcompensation". It seems strange for the Department to say that overcompensation is an issue yet not approach

the Commission to seek clarification. It is important to remember that.

#### **11.45 am**

SWEG informed me that it approached the European Commission informally and was told that the issue of overcompensation did not arise. I cannot say whether that is factually correct. It may be the case that the European Commission does have an overcompensation issue with SWEG. Nevertheless, SWEG took the view that such an issue did not arise, and we have heard nothing to the contrary from the Department on even the European Commission's informal view.

In a letter dated 24 February, the Department agreed to consider with Ofgem the possibility of SWEG members repowering wind turbines to enable them to benefit from the enhanced ROCs from 1 April 2010. To do that would involve SWEG members taking the turbines that they currently have, rejigging them and presenting them as new generators. I do not know whether that is possible, but there appeared to be some discussion on that. There also seemed to be a number of consequential complications, so the idea may not be a runner. However, at least the Department was considering the option with SWEG.

On 26 February, DETI wrote again to SWEG to say that Ofgem would do as instructed, but that any benefits could come about only as a result of changes to the NIRO. I believe that the Department can do something through the swift introduction of an amending statutory rule, and I hope that it will do that. The merits are on the side of the small wind generators. If existing wind generators want to receive the four ROCs that are available after 1 April, the only course of action open to them now seems to be to dismantle the existing wind turbines and relocate them to an alternative site as new generation turbines. However, that seems to be a pretty drastic option. It appears unfair and disadvantageous to existing generators if, for example, someone in a neighbouring field can set up a turbine and gain benefit from it over and above the benefit that existing generators can obtain. That does not seem fair.

The Department's argument is that its policy is to encourage new renewable generation, but if an existing generator adds additional capacity after 1 April, that is not considered new

generation, and thus it does not benefit from enhanced ROCs.

Last week, departmental officials told the Committee that the NIRO is to encourage new development. However, neither this Order nor previous legislation specifies new development. Rather, the explanatory memorandum to the Renewables Obligation Order (Northern Ireland) 2005 states that the aim of the NIRO is to encourage the development of electricity generation and capacity using renewable sources. Therefore, the purpose of the NIRO is not only to encourage new developments, but to sustain existing projects. That has been demonstrated in previous changes to the NIRO, which have provided for enhanced support for all existing projects, as well as new projects.

The NIRO was originally intended to address the generation of electricity using renewable sources; it does not state that that had to mean new development. That is what the departmental officials told us in Committee. To be fair to the Minister, she did not use exactly the same words today as were used by the departmental officials in Committee.

The important element that I want to emphasise to the Minister and the Department is the encouragement of generating capacity. If this Order does damage to existing generators, disadvantages them and does not sustain them, surely it is acting contrary to the aims of the NIRO, which was clearly aimed at encouraging generation from renewable sources. It is not only about getting new generators into the market; it is about sustaining existing generation. I emphasise that point to the Minister. If the effect of the legislation is to put existing generators out of business, or to place them in a position in which they are no longer able to continue, or are so disadvantaged that they decide to give up, what is the point of the statutory rule as far as that group of people is concerned? There are very strong arguments in respect of that small group of generators.

It seems that, rather than investing in additional capacity, or maintaining existing facilities, that small group of generators would be better off investing in entirely new facilities. It is clear to the Committee that the policy discriminates between new and existing generators. The question is whether it discriminates against one particular group; one has to come to the conclusion that it does. I ask the Minister to

consider carefully the situation of the small wind-power generators with a view to giving them the same benefits and entitlements as other generators that come into the market after April 2010.

It is important that the Minister looks at that. She said in her speech that the door is still open, and, indeed, departmental officials said the same to the Committee. However, the Committee's questioning of those officials showed that the Department seems to have a bottom line from which it will not move. I hope that the Minister will show greater sympathy and flexibility.

I neither agree nor believe that the draft Order will fundamentally affect our relationship with other areas of the UK. The Minister said that her Department's policy is intended to make our arrangements broadly consistent with those in the rest of the UK. That does not mean that our arrangements have to be identical to those in the rest of the UK. Therefore, there is plenty of room for the Minister and the Department to be flexible on the issue. I hope, and I think that the Committee is in general agreement —

**Mr Shannon:** Will the Member give way?

**The Chairperson of the Committee for Enterprise, Trade and Investment:** I will in a moment. I hope that, in the near future, the Minister and the Department will come back to the Committee with an amendment to this statutory rule so that that injustice to that small group of generators can be remedied.

**Mr Shannon:** Does the Member agree that members of the Small Wind Energy Group in Northern Ireland are being disadvantaged in comparison with members on the UK mainland? If they are, that must also be settled.

**The Chairperson of the Committee for Enterprise, Trade and Investment:** I appreciate that point. We have our own regime here, and the Minister quite rightly said that it should be broadly consistent with that in the rest of the UK. I am saying that our regime does not have to be identical to that in Britain, but they should be broadly consistent. Indeed, at the beginning of my speech, I talked about feed-in tariffs in the UK. Those are a good idea, and they would provide a greater incentive. That is a substantial difference between what happens here and in the rest of the UK, and I hope that that can be remedied in the near future. Feed-in tariffs are used across Europe, as well as in the UK

and the Republic of Ireland, and we should be consistent with the rest of Europe in their use.

**Mr Moutray:** I support the motion, and I commend the Minister for introducing the draft Renewables Obligation (Amendment) Order (Northern Ireland) 2010. Given the positive impact that the draft Order will have on renewable energy in Northern Ireland, I urge all Members to support it. This is a good news story for the Department, and it demonstrates the Department's commitment to the renewables obligation and the benefits that that can bring to all the people who live in the Province.

I welcome the changes that the draft Order proposes, as well as the fact that such changes will continue to make our renewables obligation more effective. Furthermore, the draft Order will assist in delivering our targets for renewable energy, and it will secure an energy supply for Northern Ireland while decreasing our reliance on volatile imported fuels. In addition, it will foster new developments in that area.

NIRO has been successful since its introduction in 2005. However, it is important to make NIRO as effective as possible, so I welcome the changes that are proposed to further enhance the current percentage of renewable electricity in Northern Ireland. Ultimately, the changes that are outlined will go some way in helping us to achieve and deliver our target of 40% renewable electricity by 2020. Furthermore, the draft Order will assist us in aligning our system with those in England, Scotland and Wales in that regard, and it will allow us to make changes, together with our counterparts, given the fact that the renewables obligations work in harmony throughout the United Kingdom.

I particularly welcome the extension of the end date from 2027 to 2033. That gives long-term sureness and incentive to new and existing organisations to continue investing in new renewable energy generation in Northern Ireland. Additionally, I welcome the banding up of landfill gas to meet the unique circumstances of Northern Ireland, and I commend the Minister on her negotiations with Europe in that regard. I welcome the fact that we were able to retain the one ROC level unlike the rest of the United Kingdom, where it was banded down.

**12.00 noon**

It would be remiss of me not to mention the widespread consultation process that the

Minister carried out. I am satisfied with the Minister's efforts and response concerning the number of smaller organisations, particularly those represented by SWEG, which made representations to the Department and, indeed, many MLAs. I believe that Minister Foster has taken an informed and educated decision for all concerned. Although I empathise with those who made representations, I believe that the Minister has today given the representatives of SWEG a public undertaking to continue to liaise with that group and to try to work with them where possible.

I am content with the proposals on the table today. However, it is important to again highlight anaerobic digestion. That has the potential to provide further renewable energy opportunities, but, to date, it has not been maximised. Therefore, I ask the Minister to continue with her efforts in that area and to work with the relevant persons in order to have that included in future NIRO proposals.

The vast majority of organisations wish to see the proposals that are before us today implemented as soon as possible. The proposals will further incentivise renewable energy generation, on which Northern Ireland's long-term future renewable electricity depends. We have witnessed a joined-up approach to the issue, given that Minister Poots has been instrumental in implementing the new planning policy for renewable energy, PPS 18, which is designed to assist the growth of the overall renewable sector, and that Minister Foster is now bringing forth the changes to NIRO. That demonstrates that the Executive are working.

**Mr Butler:** Go raibh maith agat, a LeasCheann Comhairle. I hope that the Minister knows that the Committee supports this legislation on renewables. I will address what the Chair of the Committee said about the Small Wind Energy Group in a moment.

The legislation is to be welcomed, especially the new accreditation criteria for four ROCs. That measure will go a long way towards helping us to derive 40% of our electricity from renewable sources by 2020. The Committee, therefore, broadly welcomes the legislation. However, it had some concerns about SWEG.

I know that the Minister intends to address the fact that there are different systems in place for feed-in tariffs and ROCs in Britain, the South of Ireland and throughout Europe. She said in

her speech that feed-in tariffs and ROCs are complicated matters for all of us to get our heads around. It would be beneficial to have one system operating throughout these islands. The single energy market operates between the North and South as well as in Britain during peak times. The Committee hopes that more and more people will be incentivised to obtain four ROCs and that that will consequently create jobs in the renewable energy sector.

The Chair of the Committee outlined the concerns that the Small Wind Energy Group raised. It was unfortunate that last week's Committee meeting was dominated by departmental officials trying to explain why that group had been treated in the way in which it was. As the Chairperson, Alban Maginness, said, conflicting signals seem to be coming from the Department as to why that group was treated in such a way. That is no reflection on individual officials, and we want to work with the Department and its officials. However, even at last week's Committee meeting, some of the explanations given by officials were confusing. It is not clear why the Small Wind Energy Group was dealt with in the way that it was. Alban Maginness also mentioned state aid rules and overcompensation. In some of the letters it says that the Department will try to address those concerns. However, it is unfortunate that this all came to the Committee at a late stage in the consultation process.

We want to encourage more and more people to get involved in the renewable energy industry and to take up the offer of four ROCs. However, as the Chairperson said, SWEG is a pioneering group that was involved in the industry long before anybody else was interested. The group now feels, justifiably to some degree, that it is being discriminated against by the Department.

**Mr Spratt:** The Member is speaking in support of renewable energy. Therefore, will he support the North/South interconnector, which is vital for renewable energy?

**Mr Butler:** We will support the interconnector. What the Member is getting at is whether it should be underground or overhead, which is an ongoing debate. However, we support the single energy market.

**Mr Boylan:** The real issue is that we are bringing forward legislation, and a pioneering group, which started the whole process, has fallen outside it. The Member will agree that there



should be a level playing field. I hope that the Minister will commit herself today to ensuring that there is a level playing field for SWEG. Go raibh maith agat.

**Mr Butler:** I thank the Member for that comment. However, I do not want to get into a debate about whether the interconnector should be underground or overground.

Although we have concerns about the Small Wind Energy Group, we broadly welcome the legislation. To be fair, I believe that the Minister will try to address some of those issues. I know from some of the correspondence that her officials will be going back to SWEG. Perhaps the Committee Chairperson's suggestion that there should be further legislation down the line to address the issue is a way round it.

The message of the day is that we welcome the legislation. Hopefully, the Minister and her officials will deal with the Small Wind Energy Group and with the longer-term issues of feed-in tariffs and ROCs. After today's debate, I hope that more and more people will be able to take up the offer of four ROCs and get involved in the renewable energy industry.

**Mr Cree:** It is going to be one of those mornings.

There is much merit in the changes that the Minister has proposed to the renewables obligation. As part of the UK's commitment to meet the EU renewable energy directive, we have played our part through the introduction, in 2005, of the renewables obligation. Subsequently, we have seen a significant increase in the development of renewable electricity generation and supply here. For Northern Ireland, renewable energy development is a win-win situation. We are currently far too reliant on imported fossil fuels for our energy production. That leaves us open to energy insecurity and to fluctuations in oil prices, which, at the present time, are in danger of crippling our fledgling economic recovery. A significant increase in the use of renewable energy production and supply would give us extra stability and, at the same time, benefit the environment and help to tackle climate change.

There are aspects of the Order that the Ulster Unionist Party warmly welcomes. Extending the life of the Renewables Obligation Order (Northern Ireland) 2009 from 2027 to 2033 is welcome, although the period is not quite long enough. Removing the 20% ceiling on the NIRO

level is also welcome, as is the commitment to increase the level of headroom from 8% to 10%, which, although a little late, will give the scheme the stability it requires to benefit the supply and distribution ends of the business.

The Enterprise, Trade and Investment Committee was happy to support the Renewables Obligation (Amendment) Order (Northern Ireland) 2010 when presented with it by the Department. However, subsequent to that approval being given, several issues have been raised with the Committee, to which the Chairperson has already referred. The primary concern was with the proposed interim solution to support a limited amount of small-scale generation, in line with support offered under the proposed GB feed-in tariffs. It appears that, in the absence of the power to introduce feed-in tariffs in Northern Ireland, we will have an ill-thought-out mesh of ideas, which, in reality, will not help the Executive reach their overall aim of increasing renewable energy production. The feed-in tariff in Great Britain was based on a comprehensive study of small-scale renewable energy. Such a study has not been carried out in Northern Ireland by the Department of Enterprise, Trade and Investment, and, subsequently, the Minister is about to introduce a completely inappropriate system. Furthermore, feed-in tariffs are contracts designed for small-scale energy producers, while renewables obligation certificates are intended for use by larger organisations.

The Minister is also intending to use the ROC system to do the job of the feed-in tariffs in promoting the start-up of small-scale energy producers. The crux of the problem was raised by generators of small-scale energy from wind power in Northern Ireland who currently avail of the ROC system. As has been referred to by other Members during the debate, such people, who invested their own capital, currently benefit from a one-ROC status. However, under the enhanced ROC system, all new generators of small-scale energy from wind power will benefit from a four-ROC status, placing those who already produce renewable energy from that source at a distinct disadvantage to their counterparts who are just starting out. That makes no sense, and it will lead to people either dropping out of production or closing existing turbines and opening new ones to avail of the economic benefits of the four-ROC system. In light of the absence of a study of small-scale renewable energy, how can we trust the enhanced ROC status proposed by the Minister?

It was brought to the Committee's attention that the ROC status for biogas in Northern Ireland is the second lowest in Europe, a point also raised by previous contributors to the debate. That is a devastating blow to that fledgling industry. Northern Ireland will not be immune to potential gas shortages in the future, and the rest of Europe is moving ahead full throttle with that technology, with 1,200 biogas plants being constructed each year. The Minister's decision today has the potential to kill off that industry in Northern Ireland before it has even got off the ground. However, I accept that she is prepared to examine the issue again.

The enhanced ROC aspect of the Renewables Obligation (Amendment) Order (Northern Ireland) 2010 is deeply flawed. The Minister must return to the drawing board and examine the issue comprehensively. She must take into consideration the status of our small-scale renewables sector and how it can compete internally and with development in the rest of the UK, Europe and beyond. Currently, the Minister and the Department are displaying what can only be described as inadequate thinking on the matter.

On many occasions, Northern Ireland has been left behind other regions of the UK and Europe on the green economy. That cannot be allowed to happen on such an important issue for our environment, economy and energy security.

That said, the UUP is pleased to support the Order. I reiterate what the Chairman of the Committee has said in that the proposed Order may require an amending Order to correct the imbalance, which is set to destabilise the entire project.

**Mr Neeson:** I welcome the Minister's comments. This is important legislation, and in the present economic climate the importance of renewable energy has become ever more significant. For a considerable time, the Alliance Party has been a strong advocate of the development of the green economy, but, like other members of the Committee for Enterprise, Trade and Investment, I do not believe that the Order goes far enough, as several projects have been left out of the loop.

### 12.15 pm

I am not just talking about the Small Wind Energy Group; I advocate an urgent review of the terms of the renewables obligation. Nevertheless, I support the motion.

It is worthwhile pointing out that, in recent correspondence, SWEG wrote that the purpose of the NIRO is not only to encourage new developments but to sustain existing projects. That has been the case in previous changes to the NIRO.

The NIRO places a legal requirement on electricity suppliers to get a specified and increasing proportion of their electricity from renewable energy sources and to be able to account for that. The suppliers must pay a buy-out fee proportionate to any shortfall.

Yesterday, along with other members of the DETI Committee, I met representatives of the single electricity market operator, and I am pleased to say that electricity generated by renewables forms part of the grid. The NIRO operates in tandem with two similar obligations in Great Britain: the RO in England and Wales and the ROS in Scotland.

The development of renewable energy has always been of considerable interest to the Enterprise, Trade and Investment Committee, and it is proposed that we visit one major project when the Committee pays a working visit to Brussels in the near future. It is important that we look beyond electricity generated by wind power, although that is an important source of electricity. The development of tidal power in Strangford Lough has already attracted considerable interest from other parts of the UK, and there are other significant opportunities to develop similar projects around the coast of Northern Ireland.

I am particularly disappointed that Belfast City Council recently thwarted the development of an energy-from-waste facility at the north foreshore, even though there was public support for the project. The development of energy from waste is a major part of our future.

I support the motion. I hope that we meet our renewables obligation target to get 40% of our energy from renewables by 2020.

**Mr Shannon:** I support the motion. The renewables obligation is probably something that is close to us all. For me, the previous Member who spoke and other Members who referred to it, the sea turbine on Strangford Lough is an example of what can and should be done.

There is a clear obligation on us, as a member of the EU, to ensure that we generate some of

our power supplies through renewable energy. That is something that we should do practically and physically as Assembly Members and in any other way that we can. We should also generate renewable energy at home when the opportunity arises.

We need as much independence and as little reliance on fossil fuels as possible, especially considering the price of oil and gas. Every Member is contacted daily by constituents about the prices of oil, fuel and electricity. This last while, I have heard specific concerns from constituents about the price of electricity. Therefore, we can see what areas we need to address to make the situation better. That is what the renewables obligation is about, and I fully support it.

I declare an interest as a member of Ards Borough Council. As a member of the council, I attended a conference on offshore renewable energy to ascertain how the council and the Strangford constituency could meet the targets that have been set. I was impressed by the conference, which was organised by DETI. One issue is clear: there must be protection of the interests of fishermen. We must ensure that any plans for offshore renewable energy do not further decrease fishing locations and put the fishing industry under even more pressure. I have put a number of questions to the Minister, and she has responded in a very positive fashion.

The proposals could mean that up to 300 wind turbines are in place along the coast of the Irish Sea. Many people would consider that to be good news, but there must be protection for wildlife and for the livelihood of fishermen. We must achieve a balance and ensure that we meet the target for renewable energy while enabling fishing to continue. The two elements must coexist.

We need to consider factors such as habitat extinction, fishing boats not being allowed near offshore wind turbines because of collision risks and the noise that 300 wind turbines would generate. We need to keep those facts and figures to the front of our minds when we consider renewables legislation. A target has been set for the Province to generate 40% of its electricity through renewable energy by 2020. However, location is important, and, as I said, there must be coexistence and co-operation to allow everyone to support the goals that must

be achieved. It is important that everyone is on board and supports the legislation.

We cannot allow fishing fleets to be displaced, but they can coexist. The mussels and shellfish beds off the coast of the Copeland Islands are examples of important habitats. That area is in tidal zone 4 of the strategic environmental assessment. The Narrows at Portaferry, which are in tidal zone 5, are in the Ards Borough Council area, and many other areas throughout the Province can and will provide the energy that we need to meet the targets.

There are benefits to the economy. It has been suggested — I am not sure whether it has been confirmed — that as many as 10 jobs could be created at every wind farm unit. It is important to make those jobs available to the people who live in the area. I mean no disrespect to anybody who lives outside the areas in which the wind farms are or could be located, but it is important that the people who live nearby take up those jobs. I am interested in how that will work out.

In other parts of the UK, renewable energy has been approved, and there are examples of how it has coexisted with other industries and the effect that it has had. Some of those examples from the mainland could be used in Northern Ireland. We must meet the targets for renewable energy, but we must also preserve the viability of the fishing industry. That is the challenge for 2020. It is a challenge for the councils, and Ards Borough Council in particular will play an important role in delivery. Location and coexistence are the key factors.

The conference was informative and comprehensive and gave us an insight into the future of offshore renewable energy, which is bright as long as we ensure that protection is offered to those who need it. I have every faith that the Minister will ensure that the legislation offers such protections. We must do all in our power to meet the targets and to enhance the viability of our fishing industry. I support the legislation.

**The Minister of Enterprise, Trade and Investment:** I thank all those who contributed to the debate. It is good to air those issues, and I welcome the debate.

The Committee Chairperson opened today's debate. He outlined that the Committee generally supports the legislation, after which he talked about SWEG. Before I address that

point, I will deal with a couple of other issues, namely the allegation from the Chairperson and from Committee member Mr Cree that there is no coherent strategy or consistent approach to the NIRO. Mr Butler said that it was rather confusing to listen to some officials talk about the strategy. I entirely refute those allegations.

The NIRO has been extremely successful in progressing renewables generation in Northern Ireland. Members quoted figures, and Mr Cree said that we have moved from 3% to 10%. That increase speaks for itself. Mr Cree said that the NIRO is a completely inappropriate system that does nothing and is not appropriate for small wind generation. That is simply not true. We currently have 1,140 small-scale generators here. SWEG represents seven of those generators, and the balance clearly shows that the NIRO is working well. Moreover, Mr Cree said that we should have done nothing with the NIRO and should have waited until we moved into the situation with the feed-in tariff. That is nonsense: we are telling the industry that we want to help it and to give it an incentive to move into that area.

We had the option of waiting for the feed-in tariff (FIT) legislation. Whether we will have that legislation depends on the consultation responses. If we had done nothing, the industry would not have been too pleased with us. It has been waiting for the banding up of the alternative types of generation, and the legislation provides for that. I am disappointed by some of the comments that were made on that subject during the debate.

The changes to the NIRO were made after full and frequent consultation. As members of the Committee should know, the new strategic energy framework (SEF) has a particular focus on renewables. It sets an ambitious target of achieving 40% renewable electricity by 2020. That target has been consulted on extensively, and the Committee has been fully briefed on the SEF.

The Chairperson of the Committee, Mr Maginness, said that FIT was much better and referred to that as a lost opportunity. It would not have been my choice to make a last-minute amendment to the legislation in the House of Lords that excluded Northern Ireland from the FIT. That was a poor decision, and we would like to have been part of a wider consultation, but that did not happen. It is important that the House realises that the cost of the NIRO

is spread across consumers in the United Kingdom and that we benefit from that. If we were to have our own FIT in Northern Ireland, the cost would be borne only by Northern Ireland consumers. We will have to take that into consideration when we determine whether FIT is appropriate for Northern Ireland in the future. At present, we get the benefits of FIT at a lower cost. None of the members of the Small Wind Energy Group would receive funding under FIT were it to be put in place, because they have already passed the post for any such application.

The call for evidence that I will make on anaerobic digesters has been welcomed. If we are to make a case to Europe for landfill gas generation, we must have all the evidence to hand. That is true of anaerobic digestion and SWEG. In my opening remarks, I said that the door was open to working with SWEG. I will not close that door, but I want to take issue with some of the comments that Members made in the debate.

It is correct to say that the NIRO is meant to incentivise new forms of generation. However, Alban Maginness said that that should not be the case and that it should also sustain existing development. It is important to note that the members of SWEG are being sustained at the rate at which they made their investment decision. No support is being taken away from them.

I mentioned the issue of cost in my opening remarks. It is unfortunate that certain Members did not address that issue. No Member who spoke in support of SWEG mentioned the costs to consumers that would be incurred should we decide to go down the road that they advocate. We must seek to minimise the costs to consumers and avoid overcompensating the developers. We were given one side of the story, and it is disappointing that there was no balance to address the issue of costs.

The developers in SWEG made a business decision, and I commend them. I do not wish to take away from the fact that they were pioneers, but Members must reflect on why that decision was taken at that time. They saw an opportunity and made a decision that was not based solely on altruism. Let us be clear about that. During the debate, some Members said that SWEG did not get any help at that point, but it did. It got one ROC, which was the available rate at the time. SWEG made its own investment



calculations and, as a group of businessmen, concluded that it was a good proposition. That is why the NIRO was good for incentivising at that time.

Over the past three years, we have had the long process of introducing banding. I should say that, in that time, the group had every opportunity to raise concerns. It could have told us that one ROC was not enough for a small-scale wind generator, but it did not do so. We are now being told that it will be disadvantaged because other people may get four ROCs from April 2010.

### 12.30 pm

The Committee Chairperson raised the issue of suppliers, and I also want to discuss that matter. It is true that existing renewable installations will already have contracts with suppliers for their ROCs. Therefore, given that most if not all of the existing owners are already contracted to NIE, the fact that other developers will have four ROCs for each megawatt hour to sell will not make it harder for the owners to sell their electricity. That business is highly regulated. Therefore, I think that the point about supply has been answered.

The group is not getting any fewer ROCs than it did last year; it is getting the same number. The group was aware of the value of ROCs and the fact that they may vary over the terms of the investment. As I said, if we had not tried to ensure that the wider Northern Ireland renewables community was not disadvantaged by the absence of a FIT or if we had sat back and waited until a FIT was introduced, everybody in Northern Ireland would have been disadvantaged. Others in GB would have upgraded their ROCs, and we would have been left behind. That is not a position that we in Northern Ireland should have been in.

The Committee Chairperson also raised the issue of repowering. The SWEG recently asked DETI to look at repowering as a possible avenue for receiving extra ROCs. The officials believe that something could be done about that. Again, however, we need to consider all the possible consequences, and we want to discuss the matter with the group to see whether anything can be done. That applies not just to wind technology; other technologies, such as landfill gas, will be affected. We wanted to move ahead, because we wanted to have the NIRO in place for 1 April. That would put us on a level playing

field with the rest of GB. We do not want to be left behind or have the industry penalised because we did not move ahead.

### The Chairperson of the Committee for

**Enterprise, Trade and Investment:** The Minister said that the door is open for discussions with the SWEG, but she has adopted a position that strikes me as being fairly hard line, to put it colloquially. Is there any point in discussions taking place between the Department and the group if, in her mind or in that of the Department, the door is effectively closed already? Will the Minister clarify her position on the nature of any discussions that she or her Department would have with the group?

### The Minister of Enterprise, Trade and

**Investment:** We have told the group clearly that we want to continue to speak to it, not least about the issue that I am about to address: overcompensation. The Member rightly said that that issue was not mentioned at European level, so I want to explain why that was the case. We were concerned that raising that matter with the Commission would delay the whole state aid approval, which has been in motion since October 2009. We recently heard, although not officially, that the state aid approval has gone through for the other proposals that we submitted. However, we know from experience that the issue of overcompensation — in other words, support exceeding the level that is necessary to make a project viable — is important to the Commission. Indeed, it has recently pushed back on a number of issues that relate to overcompensation.

I made a call today for evidence on anaerobic digestion. I make the same call to the SWEG. If it has any further evidence that we can use to argue the case to the Commission, I am more than happy to take it. I must say that I think that it will be a difficult case to make, but we will make it if the SWEG brings that evidence. We will continue to discuss repowering with the members of the SWEG.

The final point that the Chairperson made was to ask why the Committee was not informed of the SWEG's concern. The SWEG raised two main issues at the time of the SL1. Those were the lack of 20-year support and enhanced ROCs. The SL1, if I am correct in saying, flagged up the 20-year issue, because a wider group than SWEG alone raised it. We received more than 90 responses to the consultation, seven of

which, as the Member said, mentioned both issues. I am happy to examine why the issue of enhanced ROCs was not flagged up, but I think that the Member will accept that we flagged up the 20-year issue.

It is unreasonable to suggest that SWEG members made an investment in the confident expectation that the level of ROCs would rise. The NIRO is a market-based mechanism designed to reward renewables generation over a longer term. As Members will know, the ROC value may vary over that term, and, indeed, it has varied.

The Order will introduce significant changes to the NIRO. The NIRO has delivered to date, and, as I hope I have indicated, it has brought us substantial increases in renewable energies. I want it to become even more effective. The measures that have been proposed today, particularly the enhanced NIROCs, will help to generate greater levels of electricity from a wider range of renewable sources.

Mr Neeson talked about the need for a mix of renewables, a case that Mr Cree and Mr Butler also made. Mr Shannon would want me to mention the absolutely marvellous Marine Current Turbines (MCT) in Strangford Lough, even though he is not here to hear me do that. We are very proud of MCT, and I was pleased to hear it talked about at yesterday's British-Irish Council meeting on energy matters as an exemplar for other countries to follow.

**The Chairperson of the Committee for Enterprise, Trade and Investment:** Did the Minister go on board?

**The Minister of Enterprise, Trade and Investment:** Yes. I was on board the turbine when I was the Minister of the Environment.

I accept Mr Shannon's point about the need for coexistence and co-operation and to protect wildlife and fisheries. Indeed, the forthcoming marine Bill, on which the Minister of the Environment will lead, will take those points on board.

I hope that the legislation that has been proposed today will contribute to the further development of Northern Ireland's renewables sector and help to support the higher levels of renewable electricity that are needed to reduce the sector's carbon emissions and secure our energy supply. I commend the motion to the Assembly.

*Question put and agreed to.*

*Resolved:*

*That the draft Renewables Obligation (Amendment) Order (Northern Ireland) 2010 be approved.*

**Mr Deputy Speaker:** The Business Committee has arranged to meet immediately on the lunchtime suspension. I propose, therefore, by leave of the Assembly, to suspend the sitting until 2.00 pm.

*The sitting was suspended at 12.38 pm.*

On resuming (Mr Speaker in the Chair) —

2.00 pm

## Executive Committee Business

### Budget (No. 2) Bill: Final Stage

**The Minister of Finance and Personnel (Mr S Wilson):** I beg to move

*That the Budget (No. 2) Bill [NIA 11/09] do now pass.*

We are now on the third round of the passage of this Bill, and I hope that the debate will go smoothly. As the Assembly reaches the Final Stage of the Budget —

Oh dear. [Laughter.] Just when I thought I was going to escape, the Member for North Belfast has arrived in the Chamber. We could be in for a long debate.

As the Budget (No. 2) Bill begins its Final Stage — I emphasise that it is the Final Stage — I wish to record my thanks to the Committee for Finance and Personnel for agreeing that the Bill be granted accelerated passage. I am thankful that the Committee and other Members of the House appreciated that accelerated passage was necessary for logistical reasons to ensure a seamless flow of cash and resources on devolution day to the Department of Justice, the Public Prosecution Service (PPS) and for additional services provided by the Office of the First Minister and deputy First Minister (OFMDFM) for 2010-11.

I thank all the Members for their contributions during yesterday's interesting debates on the Supply resolution and the Second Stage of the Bill. I look forward to their contributions, albeit shortened, I hope, to this debate.

As I have stated, the Budget (No. 2) Bill is an essential step in ensuring that, once policing and justice is devolved to Northern Ireland on 12 April, the necessary cash and resources will be available to the Department of Justice, the Public Prosecution Service and OFMDFM for expenditure arising from the discharging of their responsibilities for those matters. For the first time in 38 years, a locally elected Justice Minister, as a member of the Northern Ireland Executive, will set out the priorities and plans for those matters. In future, the Assembly will

be able to hold the Department of Justice and the Public Prosecution Service accountable for managing and controlling cash and resources for the delivery of policing and justice services to the people of Northern Ireland.

I look forward to Members' support in ensuring that the Bill clears its Final Stage, and I commend the Bill to the House.

**The Chairperson of the Committee for Finance and Personnel (Ms J McCann):** Go raibh maith agat, a Cheann Comhairle. As I said during a previous debate on the Bill, the Committee for Finance and Personnel is aware of the consequences for the transfer of policing and justice powers to the Assembly should the Bill not pass before the Easter recess. Against that background, the Committee was content that the Bill proceed with accelerated passage.

In advance of its deliberations on the Bill, and on the issue of accelerated passage, the Committee received relevant papers from the Assembly and Executive Review Committee on its examination of the financial aspects of devolving policing and justice powers. As I said during yesterday's debate on the Bill, the Committee also took evidence from Department of Finance and Personnel (DFP) officials on 10 March. During that meeting, Members probed a number of areas, which included why DFP had not engaged with the Committee on the issue at an earlier stage; the extent to which DFP scrutinised the estimates and issues arising from the approval process; the detailed breakdown of the baseline figures for the Department of Justice and the Public Prosecution Service; the assurances on the process that was followed for negotiating transfers between the NIO and the Department of Justice; the future relationship among DFP, the Department of Justice and the Public Prosecution Service; any potential areas for reform and efficiency savings; and the extent to which elements of the additional financial package are reflected in the estimates contained in the Bill.

The Committee is keen to see effective scrutiny of the expenditure of the Department of Justice and the Public Prosecution Service through the Committee for Justice and the usual channels in DFP. I support the motion.

**Mr A Maginness:** There is a lot to be said in relation to this Bill, but you will be pleased to know that I am not going to say an awful lot.

**The Minister of Finance and Personnel:** Hear, hear.

**Mr A Maginness:** I say that for the ease of the Minister who very patiently sat through the debate yesterday. However, as I told the House, yesterday was a good day for the Assembly and the people of Northern Ireland. The addition of justice and policing powers will transform the Assembly into a much greater and stronger institution that is more relevant to the people. The SDLP supports the Bill and wishes it a fair passage.

The debate provided an opportunity for parties and Members to identify their concerns about justice and policing issues. The Minister faces an invidious task in replying to some concerns because not all the issues raised were germane to financial matters. Nonetheless, finance underlies everything. Without the proper finance for the legal institutions, they would not operate properly. Therefore, it is important that we get that right.

I am heartened by the huge budget of almost £1.5 billion. That is an extraordinary amount of money, but I hope that we will spend it wisely and well over the next year. I am heartened, too, that although the budget is for the next year, there will be an opportunity, if necessary, to amend it. That is right and proper.

We must ensure that the Department of Justice becomes fully integrated into the Administration. It should not be regarded as being set aside from the other Departments, or as direct rule in drag. It must be part and parcel of the Administration, and the Minister of Justice must play a full and integral role in the Executive. In addition, the civil servants who form part of that Department must realise that they serve a local Administration and represent the interests of local people. No longer are they the servants of a direct rule Minister.

On the foot of the creation of the Department, it will be up to the Minister of Justice, along with Executive colleagues, to bring forward an addendum to the Programme for Government. Thus the new Minister will bring fresh thinking to justice and policing. The bedding down of the Department will be an enormous and lengthy task. Fortunately, however, a substantial amount of money accompanies the transfer of policing and justice powers.

Yesterday, the Minister identified at least two issues that could have destabilised a smooth transition. The first was pensions for police officers, and it is right that they should receive their proper entitlement. The changes implemented as a consequence of Patten have, to some extent, inflated the amount to which police officers are entitled. Nonetheless, it is an important achievement because by allowing an issue such as pensions to irritate the policing body, policing in Northern Ireland could be destabilised. The issue has been addressed properly.

Legal aid is the second issue that I wish to raise. Yesterday, the Minister pointed out a shortfall. Although Mr Attwood disputed the figures, for the time being, the issue is being addressed. As I said yesterday, we must look afresh at legal aid and learn from the mistakes that were made in Britain. To afford as many people as possible in our community proper access to justice, we must apply new and fresh thinking. If people do not have proper and fair access to justice, we would, in effect, be denying justice to our community. To facilitate the task, it is important that a proper civil aid scheme is put in place. There is no point in talking about the courts and justice if they are abstract concepts to which people have no realistic prospect of gaining access. Those two points were about stability in the system and, along with the Executive, the powers that be at Westminster have provided additional financial stability and support, which is important.

Another package that was negotiated for policing and justice relates to two primary areas of importance. First, it is important that a new prison be developed in Northern Ireland to replace Magilligan prison, and proper finance must be put in place to address the issue. In addition, we need to look afresh at what should replace Magilligan prison. If we simply replace one building with a more modern one, I am not sure that we would be addressing the issue. We must be innovative. Do we have to have a huge, one-size-fits-all institution, or should we look at having separate facilities? Yesterday, I mentioned a women's prison. Furthermore, we must look at what sort of management we bring to that prison, and yesterday, the Minister of Finance and Personnel spoke about exploring something along the lines of a private finance initiative. I am not saying yes or no to that idea on behalf of the SDLP, but we must explore all possibilities. The cost of keeping prisoners



here is disproportionate compared to prison costs throughout the UK and, I think, in the Irish Republic. We must look at those costs and introduce efficiencies into the penal system. That will be a major task for the Justice Minister, who will, of course, have to work in co-operation with the Executive.

Secondly, there is an issue about capital expenditure on a new police college, about which a number of Members canvassed yesterday. The Finance Minister indicated that the Department of Health, Social Services and Public Safety must come up with reasonable proposals about the financing for the aspect of the college that it may be involved in.

### 2.15 pm

I can see that it is necessary for the Department of Health, Social Services and Public Safety to do that, and I hope that it will come to an early decision. Time is running out. We must progress planning and so on for the training college. If we do not, we will lose a golden opportunity to establish a state-of-the-art college that would assist the Police Service and the Fire and Rescue Service. I am not sure whether the inclusion of the Prison Service is envisaged, but other services could be involved. Indeed, why do we not involve other police and fire and rescue services from the UK or the Republic in such a college? The more people involved, the more self-financing such a college would become.

We should look innovatively at any institution, such as a police college, to see whether we can do something more than just erect a building to replace the present college in Belfast. The new Department of Justice faces the challenge of thinking innovatively for local solutions to local problems. That would make a difference to our citizens' lives, and it is important that we put a great deal of effort into it. We have a golden opportunity to participate; let us avail ourselves of it. I support granting the Bill's Final Stage.

**Dr Farry:** The Alliance Party welcomes the Bill's Final Stage. It is a pity that Alban Maginness was so brief, at least in his own terms, because the Alliance Party is here in force: Naomi Long, Kieran McCarthy, Trevor Lunn and I had each planned to make half-hour speeches. However, given the tenor of the debate, I will forego that privilege.

In the spirit of where we are, I will make some brief comments as we close this important debate, which marks another major milestone on the road to the devolution of policing and justice to the Assembly. No doubt, the whole community will welcome the progress that we are making and, in particular, the workmanlike approach of the past couple of days. I am relatively new to the Chamber, but the Bill's speed of passage — perhaps warp-speed rather than accelerated passage — has set a precedent for legislation. It may be interesting to use that procedure again for important matters in future.

Members stressed that the budget is inherited and the new Department of Justice will eventually be in the same position as other Departments were in the first phase of the restoration of devolution in 2007. Essentially, the key is what happens from here fiscally. To summarise our position, which I do not doubt reflects the views expressed by other parties over the past few days, we need to see a short-term consolidation of the financial resources for justice. The generous financial package from the Prime Minister addresses only particular legacy pressures. It is extremely important that they be addressed, but they are only part of the package; there are ongoing cost pressures in the justice system that must be tackled.

We would welcome a one-year ring-fencing of the policing and justice budget to give space to a new Minister to come to terms with the issues in his or her Department. However, it is important to stress that that ring-fencing should be for only one year, and that matter has been well teased out by the Minister, who highlighted the need for every Department to undergo a process of internal challenge in how resources are allocated. We recognise the need for change in our system, and the profile of spending on justice in Northern Ireland is very different from that in other parts of the UK.

In some respects that is justified, given the ongoing terrorist threat and the legacy of division. There are wider things that we must do as a society to tackle those issues, not least implement a policy on cohesion, sharing and integration. Equally, however, some areas of expenditure are not justifiable in the current situation. It is important that we face up to that and tackle those issues.

We highlighted areas in which a different approach to policymaking could reduce the costs that are borne by the system. I was rather cheeky yesterday when I accused the Minister of sounding almost like a liberal. Of course, he is not — perish the thought. However, an evidence-based approach to policymaking and the markedly different approach based on what is cost effective often reach exactly the same conclusions about how things should be done differently. That type of joined-up working, which involves Departments, agencies, the Executive, local government and agencies in the criminal justice system, has the potential to provide more rounded solutions to policing and justice issues that will produce better outcomes, particularly in respect of safer communities.

In the near future, it is important that all other Departments examine their budgets to determine whether they can make any changes that would enable them better to integrate with the new Department of Justice. Alban Maginness rightly pointed out that the new Department is not simply an add on to the Executive or the NIO under a new name. Rather, the Department of Justice is about a new way of governance in Northern Ireland in which all Departments can work together to achieve shared outcomes. Other Departments can bring issues to the table to produce better solutions for local communities.

Over the past number of days, some of the immediate challenges have been raised. I welcome the Assembly's debate on the legal aid budget and the recognition that the short-term infusion of cash from the British Government serves only to address the ongoing pressures and to fix the historical baseline problem. The legal aid situation is unsustainable and requires reform in the near future. We will, no doubt, have more detailed discussions on the nature of that reform.

Alban Maginness also talked about a women's prison. I support that being considered as part of future capital investment, but a women's prison is only one part of a strategy to deal with female offenders. There is an argument to be made for more upfront investment in, for example, hostel provision in the community as a more effective way of dealing with some of the lower level offending by women. When on a tour of Hydebank Wood, I saw the current women's facility. Many of the women there have much wider mental health and self-harm issues. We

must consider a wider strategy to tackle female offending.

Some Members referred to the police college, but we should refer to it as the joint training college because the Prison Service and the Fire and Rescue Service will also be located there. It is critical for the Department of Health, Social Services and Public Safety to engage in that process in the near future. I understand from the NIO that the business case has gone through the Treasury. A decision, therefore, must be made as quickly as possible.

I will make a final point, and I ask the Minister to reflect on it rather than giving a detailed answer today. The business cases that agencies make to the UK Treasury under the current criminal justice system need wider approval than will be the case with the Department of Finance and Personnel, as the two regimes operate different thresholds of approval. That may create different working practices in future governance. Each system has its pros and cons. I ask the Minister to comment on how he envisages those two working practices being integrated into one system. We should avoid a situation in which decisions that are at a certain stage with the UK Treasury are forced back to square one with the Department of Finance and Personnel. A smooth handover is required from one to the other.

I welcome the legislation and look forward to future debates.

**Mr Weir:** I do not know whether my colleague from North Down was using some of the visits to try to audition for some latter-day part in 'Prisoner Cell Block H'. He may have seen himself as a prison warden, but he can answer that point.

We have had a focused debate, and, broadly speaking, there is acceptance across the Chamber that we have a reasonable Budget to take us forward. That is thanks to the efforts that were made in the negotiations with the Prime Minister to secure the additional money.

I indicated yesterday that the NIO sets the overall Budget and carves up the cake. Whenever people take on any new function, it is inevitable that direct rule will be their starting point. Undoubtedly, a lot of good work has been done to ensure that we have something adequate for the future.

I take slight exception to what Mr Farry said, but, to be fair, I was not in the House for any other speeches, so I am not in a great position to take exception to anybody else's contribution. We have seen that there are funding gaps in some of the provisions on hearing loss, for example, and that the Assembly and Executive Review Committee identified other gaps. Nevertheless, the Member rightly identified that the financial package takes care of a range of legacy issues. It is very important that we are not constantly dragged back to the past in financial terms when looking at policing and justice, or that costs exist that lie outside the responsibility of this House and beyond any opportunity that it has to fix the problems.

Even transferring police pensions, for example, from the departmental expenditure limit suggests that an element of a legacy of the past remains. The particular problems that we had in Northern Ireland meant that the size of the police force was much greater than that of comparable forces elsewhere in the United Kingdom. Indeed, a range of circumstances means that we still have a larger police force. However, even reducing the current complement by 13,500 will mean that, financially, the legacy issue will remain great. Compared with pension levels in any other police force, pensions here will be a particularly top-heavy weight on the overall bill. Given the fact that we will be victims of actuarial changes, that will impact very much in the future.

Nevertheless, I think that the process has not simply been a question of addressing legacy issues. That is where I disagree with Mr Farry somewhat. The baseline figures on legal aid, for example, have been moved up, and that is useful in providing a firmer financial foundation.

This Budget is largely not of our own making. A number of Members who spoke yesterday and today were right in identifying a range of issues and problems for which more imaginative thinking on policing and justice could provide better solutions. In many ways, that is the value of having policing and justice in our hands, because there will be opportunities for a bit of blue-sky thinking and for changing the policies on how we do things. As Mr Farry and others outlined, that will lead to financial consequences. The point is to provide solutions to the problems that we face in Northern Ireland. Those will be the challenges for the Department

of Justice, and, collectively, Members look forward to solving them.

I believe that the Budget and the financial package will give the new Minister of Justice a degree of flexibility and room for manoeuvre. It would have been completely wrong to plunge the new Minister of Justice immediately into some form of financial crisis or fire-fighting role. It can give the Department and the Assembly some space and time in which to try to see how the policy issues on policing and justice for all our people can be better delivered. That should unite us around the Chamber.

In many ways, those are questions for another day, but the Budget will put us on a firm foundation for the future and will give us the scope to be able to meet the needs of today. I hope that we can have the imagination for tomorrow to look at a better way to deliver some of those issues. I commend the Budget (No. 2) Bill to the House.

### 2.30 pm

**Mr B McCrea:** I have just come from a fairly lengthy meeting of the Policing Board, which my colleague Mr Weir also attended. It raised some issues in respect of dealing with the past that will have a significant impact on the amount of time and effort that the justice system will have to put towards that matter.

The Ulster Unionist Party is concerned about the suggestion that in the past people have been given an amnesty for what they have done, as a way of moving forward. As Members will know, the Assembly recently hosted 34 countries from around the world at an event that considered conflict. One conclusion to come from that was that people were prepared to delay justice for a certain time to give them a chance to stabilise matters, for instance, but it could not be denied forever.

I hear from my colleagues that the immediacy of the budget has been taken care of, every eventuality has been looked at, and the First Minister and deputy First Minister have been involved in ensuring that we get a good budget. The difficulty is that a large number of issues remain untested. Perhaps that ties in with the cohesion, sharing and integration strategy, for instance, but it is an exercise that will concentrate the mind of the Assembly for years to come. We will have to think of a completely

different way of dealing with justice issues and making sure that they are properly financed.

The deals that were done in the past mean that tensions will, inevitably, rise, if one side of society is able to progress justice-related issues — of course, there may be a number of cases ongoing — but there is not balance. Therefore, those issues should not be forgotten in the rush to act to get the operational matters under control.

The Minister was a member of the Policing Board, so perhaps he will give me his views on another of my concerns. The biggest problem that the Policing Board has in managing an organisation the size of the PSNI, with over 7,500 officers, is the question of whether it can be managed on an annual basis. The Chief Constable continually tells us that he needs the flexibility of a three-year period, at least, to manage an organisation of that size. Previously in this debate, Members said that it might be right to ring-fence the PSNI budget for one year. However, that would mean that it would have to be looked at again, and that concerns me.

I am also interested to know the Minister's position from a financial point of view on what would happen if, as has been suggested by others, the number of police officers was to be reduced. Perhaps the Chief Constable thinks that he might be able to do that. Would the budget be reduced correspondingly? Or will the Chief Constable be given the freedom, through the Justice Committee, to manage the situation as he sees fit? That raises a number of other issues about getting Police Community Support Officers (PCSOs) involved and obtaining better community involvement, and many Members were concerned about those issues. Surely, all those issues should involve interplay between the Department for Social Development and other factors concerning the cohesion, sharing and integration strategy. The financing of those issues is of particular importance.

I want to conclude, because, as I indicated during the debate on the Bill's Second Stage, there is no need to repeat a lot of what has already been said. I said that my contribution would be mercifully short. I am sure that the Minister was pleased to hear that, and I am sure that he would acknowledge that I was mercifully short yesterday. There are many things to be resolved. It is a matter of interplay between different agencies and Departments. There is concern that we are not sure exactly

how much power and responsibility the Minister of Justice will have. If he will have the power to "carve up" the budget, as Mr Weir put it, where will he place his priorities? I share other Members' deep disquiet about the performance of the PPS and, indeed, the cost of legal aid. Those issues must be looked at. Although the Court Service is quite efficient, it must also be examined. All of those matters interact. I wonder how that will be managed, given that finance is key to all of it.

I must confess that, having looked at the Budget (No. 2) Bill, I am not even sure whether the pensions element, which is now being transferred from the departmental expenditure limit to annually managed expenditure, is actually in the Budget. I believe that it amounts to some £400 million. Perhaps, the Minister will deal with that in his winding-up speech. I am sure that he will take every opportunity to explain it to me. The problem is whether the Assembly truly knows where it is spending those vast sums of money.

In conclusion, my party made its stand and said that it was unhappy with a number of policing and justice issues. Nevertheless, we are where we are. It is important that the transition will be as smooth as possible. On that basis, my party will, of course, support the Bill. We hope that other parties and Members will engage positively with us to do what is best for all of Northern Ireland's people.

**Mr Ford:** It is a pleasure to follow that constructive contribution from Mr Basil McCrea. One does not always have that pleasure in the Chamber. He highlighted a number of issues that must be addressed through partnership and where there has been a certain lack of it so far. Let us hope that that is a sign that Members who found themselves in a tiny minority when the Assembly voted on the principle of devolution will join the rest of us to try to establish how devolution will be handled in this place.

Other Members have reiterated what I said in yesterday's debate — I know that the Minister would want me to be a keen environmentalist and to recycle as much as possible of the speech that I made yesterday — which is that we are dealing with an inherited budget. The Assembly has not been enabled to set its own priorities. During the first year, that budget will not be able to make any significant difference.



Clearly, the Assembly will be able to start to address different ways of doing things on certain issues; not simply issues that Mr McCrea has discussed, which require the Minister to shuffle the budget internally, but issues that require the Assembly to look at the entire workings of the Executive in order to promote the kind of joined-up government and collective responsibility that some of us have been banging on about for a long time but have yet to see.

I will make a further cheap jibe at the Minister. As my colleague Stephen Farry accused him of, he is starting to sound far too much like a liberal for his own political good, especially as we face a general election. He is, however, absolutely correct when he talks about the need to promote rehabilitation and different ways to manage offenders. The blunt reality is that society does not provide safety for people by banging up offenders in prison, but by preventing them from reoffending. That is the key issue.

We must face the fact that although Northern Ireland's Probation Board is among the most efficient probation services, if it is not the single most efficient service, throughout the United Kingdom, its Prison Service is at the bottom of the league when compared with those of England, Wales and Scotland. In order to address those issues, the Assembly must ensure that it achieves a justice system that works differently and uses available resources in a way that fosters efficiency and partnership and promotes community safety by preventing reoffending, rather than simply having headline-grabbing knee-jerk reactions. My former professional colleague, Mr Bell, who has just joined the debate and is sitting behind the Minister, will, undoubtedly, agree with me on those practicalities.

The efficient use of the budget must be addressed in a number of Departments, not least the Department of Justice. That may be relevant to relatively minor issues such as the reform of the courts and the Tribunals Service to provide for greater administrative efficiency and more effective use of buildings.

The fundamental issue that I just highlighted — management of offenders — is significant. That could be done through probation, through more appropriate use of community sentencing or through better supervision in the community.

It would involve additional resources for the Probation Board, but it would enable a reduction in resources to the Prison Service, which would not only cost less but ensure a better outcome. That issue must be addressed. Although the budget covers the issue at the moment, it will, nonetheless, need to be examined through in-year monitoring and on a wider basis in years to come.

A question was raised about policing manpower. There is no doubt that the Chief Constable is doing an extremely effective job in managing his resources to allow more officers on the street and fewer officers behind desks. However, that involves a reallocation of resources and movement to ensure a more effective use of available resources. That may not result in a headline about Police Service manpower numbers, but it will certainly result in that manpower — and woman power — being better handled to meet the needs of the public and ensuring that administration is carried out more efficiently. Investment in IT systems or buildings, for example, may be necessary to meet the needs of our people better. All those issues are part of the package that will be covered by this budget. Although it is an inherited budget, the Assembly, the Executive and the new Department will need to look carefully and closely at the detail of how the budget is spent.

Other Members mentioned the massive crisis that we face with the legal aid budget. The Prime Minister's package includes additional resources for that budget, but only for an extremely short period. Difficult decisions will have to be taken soon because the commitment to a legal aid budget has a lead-in time, which will not necessarily be addressed easily if we say that the situation is OK because the Prime Minister's package covers the next couple of years.

I will return to my point about promoting greater collective responsibility. There are problems with the community planning process. We all know of the difficulties with the review of public administration (RPA) process, and, speaking as a member of the Environment Committee, I detect little sign that the Department of the Environment and the various agencies that are working on the RPA are in a position to get matters right to deal with the wider remit of community planning.

Last week's consultation paper from the Northern Ireland Office — I hope that it is one of the last consultation papers that it will

ever issue on justice issues — considered the restructuring of community safety partnerships and district policing partnerships to provide a more coherent and joined-up process at local level. That is absolutely necessary if we are to move forward. It should reduce costs, and it will certainly provide greater co-ordination among a range of statutory bodies, including the Police Service, the councils and the voluntary sector, in meeting the needs of local communities. However, the paper raises questions about commitment from other public agencies and Departments in promoting that form of co-operation. Sometimes, the community planning process is left solely to the councils and to one or two other agencies that are prepared to engage. However, there is a significant role for the Department of Education, its boards and its agencies, in particular, the Youth Service.

There are issues with mental health services and the wider engagement of social work and primary healthcare agencies in relation to their role in helping to reduce crime and the fear of crime. Sometimes, those other agencies, because of their focus and the difficulties under which they operate, are not good at engaging in the partnerships that will be necessary in the future.

There is talk about how this budget will be administered and about the role of the Department of Justice, but there are issues for a number of Departments. OFMDFM and the Public Prosecution Service are mentioned in the Bill, but there are issues about the commitment of other Ministers, other Departments and their agencies in promoting what are called “crime and disorder reduction partnerships” in England and Wales and in looking, in a meaningful way, at the contribution that all agencies can make when they work together. It cannot be a matter of other agencies washing their hands and leaving it to the Police Service, the Probation Board and the Prison Service when something goes wrong.

## 2.45 pm

**Mr Bell:** Does the Member agree that, to date, the Youth Justice Agency, with its youth conferencing programme and multi-agency approach, has served as a positive model? Will he join me in paying tribute to social work staff, who united to ensure that sentencing reflects the crime and includes some element of

restorative practice, which is more meaningful, particularly for young offenders?

Does the Member also agree that we should be cautious about lambasting the Prison Service, given that that service’s men and women, many of whom gave their lives over a considerable period, faced one of the worst examples of terrorism that western Europe has ever seen yet managed to run a professional system throughout that time?

**Mr Ford:** I thank the Member for his contribution. He raises two interesting points. I agree entirely with what he says about the Youth Justice Agency. Its youth conferencing model has set the tone for other agencies and other regions on these islands in providing a proactive and collective response to the difficulties that were experienced. I do not know whether he intended to parody Gilbert and Sullivan with the term that he used, but we do need to make the punishment fit the crime, and we need to do much more work in that area.

His second point is also important. I was not “lambasting” the officers who run the Prison Service, many of whom were there for many years in the heat of a very different set of circumstances. However, we must acknowledge that real problems exist at this stage with how effectively offenders are managed in order to prevent their reoffending. Those problems exist because a different job now needs to be done. The job that the Prison Service did under a terrorist threat is no longer the same job. The Prison Service’s job now becomes one of the rehabilitation of non-politically motivated offenders. Good pieces of work are being done across the Northern Ireland Prison Service, but there is much to be done in other areas to catch up with other regions on these islands. I join Mr Bell in paying tribute to those who bore the heat during the Prison Service’s difficult years, but there are real reasons why we need to ask it to go a stage further and work differently.

Finally, Basil McCrea said that he was unsure of what the Minister’s powers will be. We are in a difficult situation, and I suspect that he is not the only Member who is unsure of the fine details of how devolution will work. Some of us may be slightly better acquainted with the detail because we chose to engage at an earlier stage than Mr McCrea and his colleagues did. Nonetheless, there are real issues to sort out. Part of what needs to be done now is to ensure

that put in place are the various protocols and mechanisms; arrangements between the Department of Justice and the rest of the Executive; arrangements for the Minister to work with other Ministers to promote the partnership working about which I have talked; and methods of ensuring full engagement, both regionally and locally. We need to see partnerships built.

**Mr B McCrea:** Will the Member give way?

**Mr Ford:** All will be vital if we are to build a new mechanism for the future. Even though I have finished, I will give way.

**Mr B McCrea:** That is very kind of you, Mr Ford. Since you have the benefit of having engaged much earlier than I did, are you happy that all outstanding issues concerning the powers and suchlike of the Minister of Justice have been resolved to your personal satisfaction? *[Laughter.]*

**Mr Ford:** Mr Speaker, it may be funny, but on a previous occasion you reprimanded Members from the Ulster Unionist Party for addressing other Members inappropriately.

Mr McCrea asked whether things have been resolved to my personal satisfaction. He needs to learn the realities of life. We need to get the policies, procedures and practices right so that the entire justice system delivers for all the people of Northern Ireland. Whatever speculation the Member may wish to indulge, that is far more important than the interests of any individual, whomever he or she might be.

**Mr Attwood:** I apologise to the House and the Minister because, along with my colleagues on the Policing Board Mr McCrea and Mr Weir we had a long meeting in the Stormont Hotel this morning. I am grateful that we had that meeting, because, in my view, it brought into sharp relief, which may have been reflected in Mr McCrea's comments, some of the narrative that the SDLP was trying to outline yesterday, which the Minister, unfairly, referred to as a wish list. What the SDLP was trying to do through eight contributions yesterday was to create a narrative around the character and nature of the devolution of justice, such as that it impacts in a positive way on the quality of the lives of the citizens and the community that all Members represent. The point of the exercise yesterday was to create a narrative, a checklist and standards against which we should judge the devolution of justice in the future.

Less than a day later in the Stormont Hotel, there was a meeting of the Policing Board and the PSNI leadership. However, much more critically, there were people at the meeting who have had harsh and bitter experiences of policing and justice, the state and paramilitarism over the years when we did not have devolution of justice and policing and in the years since we have had devolution of policing through the Policing Board and the district policing partnerships. In their own way, those people talked about their experiences and gave an insight into the standards that are going to be required if devolution of justice is going to live up to their hopes and the hopes of the community in a way that devolution has not done in the past three years.

The Minister might want to portray that as a wish list, and others may want to portray it in whatever way they choose, but what the SDLP was trying to do yesterday, and what it is trying to do today, is to be authentic to the experience of people and the relevance of devolution and justice, and outline why the budget of £1.4 billion must be better spent and properly spent, so that the needs of the people we met this morning can be met. That is why I was glad, and I am sure that my colleagues were glad, that we were at that meeting. I am sure that other members of the Policing Board — Mr Spratt in particular — could not be there because of other duties in the Assembly, and I acknowledge that, but that was the value of this morning's exercise, and that is the relevance of this morning's exercise to the Budget debate.

I hope that, after I comment on what the Minister said yesterday about wish lists, he may want to correct his portrayal of what the SDLP members were talking about, because it was much more well intentioned, much more significant, and much more critical than the way in which the Minister portrayed it.

There were a number of lessons to be learned from what went on in the Stormont Hotel this morning. As Mr McCrea and Mr Weir might have indicated in their speeches — unfortunately I did not hear them — people spoke about their expectations, which may be heightened because of devolution of policing and justice, of what the state, through its politicians, the PPS and the PSNI, might be able to deliver, through the £840 million that will go to the policing side, in relation to their harsh experiences. That is relevant to the Budget debate. Their harsh

experiences happen to have arisen from the activities of the UVF in Mount Vernon and all that horror and tragedy.

In fact, what the Policing Board was trying to do this morning in relation to the money that it will get was to establish the right template for dealing with all similar horrors, including the activities of other terror gangs and other organisations that were heavily infiltrated by state agencies, including MI5 and the police. That extends far beyond the activities of the agent involved in Operation Ballast. It involves other agents in other organisations, including the IRA, who are under investigation by the Police Ombudsman for Northern Ireland.

The Policing Board was trying to establish how best to use the money that it will get following the passing of the Bill to create the right mechanisms to satisfy not just the families of those who were victims of the agent and his gang involved in Operation Ballast but the victims of other agents and gangs, such as the agent known as Scappaticci or Stakeknife, who is under investigation by the Police Ombudsman for Northern Ireland. That is what we are trying to do to ensure that the money is spent most effectively for the people of Northern Ireland.

My more global point is that the budget line that the Policing Board and the PSNI will get further to the Budget (No. 2) Bill after 12 April is subject to two potential threats and risks. One of those is financial, and one is of a broader nature. On the financial point, I welcome the fact that, yesterday, the Minister agreed that, given the fact that we are inheriting spending plans, it would not be wise to go against the Assembly and Executive Review Committee's advice that the budget should be ring-fenced for 2010-11. After 2010-11, it could be game on.

The justice budget is £1.4 billion, and nearly £150 million goes to the policing side of the devolved policing and justice budget. Therefore, it is not beyond credulity to speculate that, given the expected consequences of the next Budget in London, there will be a growing temptation for a future Minister of Justice to begin to nibble away at the devolved policing budget. I am sure that that will not happen on the watch of this Minister of Justice, given his experience on the Policing Board during the difficult early days of its first mandate, when the UUP, the SDLP and the DUP measured up in a way that others failed to do so.

In the future, however, that temptation may well be difficult to resist. If a Minister were to do that, he or she would compromise the expectations and hopes of the people who the Policing Board met this morning and of all of the other families and organisations that represent victims and survivors who have suffered at the hands of state agencies and paramilitary organisations.

There are arguments about ring-fencing for 2010-11, and no one, least of all the SDLP, would argue that ring-fencing can be done in perpetuity. However, given the sensitivity and the profile of the issues that we discussed this morning, the important principle is that some thought must be put into ensuring that, in future Budget Bills, budget lines for the police are not compromised in a way that affects the issues that I have been speaking about.

I am minded that Question Time is approaching and that it might take some time to elaborate on the much broader issue that I wish to raise. Subject to your discretion, Mr Speaker, I shall conclude my remarks at this stage.

**Mr Speaker:** I ask the House to take its ease before we take questions to the Minister of Enterprise, Trade and Investment. Mr Attwood will be called to speak again after Question Time.

*The debate stood suspended.*



3.00 pm

## Oral Answers to Questions

### Enterprise, Trade and Investment

#### Invest NI: Lagan Valley

1. **Mr Lunn** asked the Minister of Enterprise, Trade and Investment how much Invest NI has spent in the Lagan Valley constituency in 2009-2010. (AQO 989/10)

**The Minister of Enterprise, Trade and Investment (Mrs Foster):** Invest NI does not monitor expenditure on a parliamentary constituency basis. However, provisional figures for offers approved between 1 April 2009 and 28 February 2010 indicate that assistance worth £5.9 million was provided, which contributed towards planned investment of £20 million in the Lagan Valley constituency. In comparison, £2.6 million was offered between 1 April 2008 and 28 February 2009, which contributed towards planned investment of £8 million. That total assistance included almost £600,000 of support towards 11 projects under the short-term aid scheme and the accelerated support fund. Those schemes were introduced in direct response to the economic downturn to help companies take the necessary steps to consolidate and improve their competitiveness.

**Mr Lunn:** I thank the Minister for her answer. Given the criticism of Invest NI in the Barnett report and the suggestion that it should perhaps widen its horizons with regard to investment opportunities, does the Minister advocate that Invest Northern Ireland should offer support to local council-led initiatives, particularly those involving INI client companies?

**The Minister of Enterprise, Trade and Investment:** I am not sure where the Member is coming from. The criticism, if one can call it that, of Invest NI was that it should spend more of its time and money on research and development. I think that the Member is alluding to small businesses, and, of course, Invest NI wants to encourage them to work in conjunction with councils. I am sure that he will appreciate the success of Invest NI's credit crunch seminars, which were run in conjunction with

councils, the Chamber of Commerce and some private interests and were well received by the small business community.

Invest Northern Ireland will also be setting up a small business unit. Some people believe that Invest NI's mission centres on foreign direct investment; nothing could be further from the truth. The majority of Invest NI's money is, in fact, spent on indigenous companies in Northern Ireland. We need to strike a balance between foreign direct investment and indigenous companies and ensure that small companies are given the opportunities to develop their growth potential.

**Ms J McCann:** Go raibh maith agat, a Cheann Comhairle. The Minister will be aware of the Economic Reform Group's recent report on the introduction of new tax incentives, such as the reduction in corporation tax, to encourage inward investment. Does the Minister have any plans to meet that group to discuss those proposals?

**The Minister of Enterprise, Trade and Investment:** I have no difficulty in meeting that group and discussing its proposals. However, I have some difficulties with the report, not least because it does not point out how much it will cost the Northern Ireland Executive to lower corporation tax, nor does it address the fundamental issue of tax-raising powers for this place. However, I am more than happy to speak to the group and discuss the issues raised.

**Mr O'Loan:** Will the Minister explain why budgets that were originally designed to provide grant aid for foreign investments have been redesignated to provide company assistance and develop local enterprise?

**The Minister of Enterprise, Trade and Investment:** The budgets were redesignated after we took on board what was happening in the economy. I would have thought that Mr O'Loan, of all people, would have applauded us for doing that, because he has asked us on many occasions in the House to examine our priorities. That is what we have done in that instance. Most people recognised that some indigenous companies needed assistance, and we, therefore, decided to help them in their hour of need.

Foreign direct investment and indigenous companies are not two separate pillars for Invest NI. In fact, a lot of crossover opportunities

exist. Consider the Kelman company in Lagan Valley, which Mr Lunn will know well. Kelman has been acquired by GE Energy, which is a major energy company based in America. I had the opportunity to speak to one of its representatives when I was in America last week. That acquisition should be viewed as a real vote of confidence in indigenous industries here. GE Energy told me that it decided to acquire Kelman and come to Northern Ireland because of the skills and engineering technology that are available here. Therefore, there is an overlap between our indigenous industries and foreign direct investment, and we should be very pleased about that.

### **Employment: Green Energy**

2. **Mr Leonard** asked the Minister of Enterprise, Trade and Investment what measures she is taking, in collaboration with universities, regional colleges, Invest NI and local firms and in conjunction with Ministers in Dublin, to secure 'green energy' and related jobs. (AQO 990/10)

#### **The Minister of Enterprise, Trade and**

**Investment:** I have a range of initiatives that are aimed at promoting sustainable energy and at maximising the potential for green jobs, including the strategic energy framework, which is currently being revised. Invest Northern Ireland has been actively promoting opportunities for local companies. Last week, along with the Crown Estate, it hosted a very successful meet-the-buyer event for companies involved in offshore wind energy. It also recently hosted an energy and environment conference. DETI, Invest Northern Ireland and Matrix are currently facilitating the development of early stage industry-led innovation communities, including a number that are working in clean energy and renewables. Those communities include the Global Marine Alliance and the Global Wind Alliance, through which local and international firms are involved in exploiting wind energy technologies in collaboration with the south-west regional college. On 22 March 2010, junior Minister Kelly and I attended an energy meeting of the British-Irish Council that focused on economic opportunities and the creation of green jobs. I will make a full statement on that meeting to the Assembly following the Easter recess.

**Mr Leonard:** Go raibh maith agat, a Cheann Comhairle. I thank the Minister for her answer. She has given a couple of positive indications

about the global nature of the issue. Does she think that there is still more to be done whereby, similar to the Obama drive for green energy jobs, universities and colleges could link up and garner a lot of energy and international co-operation to maximise jobs locally?

#### **The Minister of Enterprise, Trade and**

**Investment:** We have seen that happen to some extent in Northern Ireland in collaboration with colleagues in the Republic of Ireland and Scotland. Through the ISLES project, which we discussed yesterday at the British-Irish Council meeting, universities and regional colleges, which the Member mentioned, are becoming involved in looking at research and development and in turning that into industry opportunities that can be facilitated by government policy. That falls into what we are talking about in relation to Matrix. It is a very exciting time for Northern Ireland in relation to green energy jobs, and there are great opportunities for local firms. Those opportunities are not just purely in renewables but are also in the help that renewables can provide for companies, such as Harland and Wolff, which may need to diversify into this sort of area. I know that Harland and Wolff sees this very much as an opportunity.

**Mr I McCrea:** Will the Minister detail the measures that Invest NI has taken to ensure the deployment of renewable energy technologies in Northern Ireland? Will she also comment on the approach that the party opposite has taken in respect of the North/South interconnector?

#### **The Minister of Enterprise, Trade and**

**Investment:** The answer to the Member's first question is that Invest Northern Ireland, in conjunction with my Department, is very keen to exploit the existing opportunities in the green economy. We believe that there could be upwards of 4,000 jobs available to us if we could take advantage of those opportunities. As I said in my substantive answer, we hosted an energy and environment conference last year to look at opportunities, and that was very well received by the industry. We are collaborating with the Sustainable Energy Authority of Ireland on two studies that are looking at the infrastructure required to take full advantage of the opportunities in marine energy deployment. There is no point in having the energy if we are unable to get it on to the grid and make it available.

At the British-Irish Council meeting, we discussed regional connectivity issues and the grid. Part of that discussion was on the important need for the North/South interconnector, especially to ensure security of supply and in relation to competition in the all-Ireland single electricity market. I know that my colleague Eamon Ryan in the Republic of Ireland is keen to see that go ahead too. Difficult decisions will have to be made on whether the interconnector is overhead or underground. It is similar to the Wombles, but it is more a case of underground, overground, wandering free. However, this is a serious issue, and people have serious concerns that need to be addressed. Part of yesterday's BIC discussion concerned the public acceptability of renewables and the need for discussion about why we need to move into renewable energy and away from our single fossil fuel resource.

**Mr Speaker:** I remind Members that they should continue to rise in their place if they wish to ask supplementary questions.

**Mr McHugh:** Thank you, a Cheann Comhairle. I thank the Minister for her answer on the work that has been done collaboratively with the South in the drive towards green energy and its potential to create jobs.

**Mr Speaker:** The Member should come to his question.

**Mr McHugh:** Has the Minister done any work in an all-island capacity to assess the savings that could be made in research and consultancy payments, which may be duplicated in the North and the South? Are there savings to be made for all?

**The Minister of Enterprise, Trade and Investment:** As I said, part of research and development is the joining up of Administrations. We were able to work collaboratively with Scotland and the Republic of Ireland through the Irish-Scottish Links on Energy Study (ISLES), and, as a result of that tripartite arrangement, we can now access European Union funding.

Green energy is a European-wide issue. When we considered grids at the BIC meeting yesterday, we not only considered the grids around these islands but those in the Baltic Sea and around France and Belgium. We must consider connectivity in a pan-European sense. It is important that we do not simply think of

ourselves alone, if I can put it like that, but that we think of ourselves in the context of Europe-wide policies, which are very important.

## Rose Energy

3. **Mr W Clarke** asked the Minister of Enterprise, Trade and Investment to outline her Department's involvement to date in Rose Energy's proposal for an incinerator plant at Glenavy; and how much public money her Department is considering allocating to this project. (AQO 991/10)

**The Minister of Enterprise, Trade and Investment:** Rose Energy was one of a number of projects first considered by my Department in 2006 under the environment and renewable energy fund, which was a competitive and time-bound fund with limited resources. The project was subsequently developed further by its promoters, who then began the process of seeking financial assistance from Invest Northern Ireland, which is currently evaluating the business case. As it is a commercial proposition that is still under evaluation, it would be inappropriate for me to comment on the amount and structure of the funding being sought.

**Mr W Clarke:** Go raibh maith agat, a Cheann Comhairle. I thank the Minister for her response. Does she agree with the Minister of Agriculture and Rural Development, Michelle Gildernew, and the Committee for the Environment that the project proposed by Rose Energy should be subject to a public inquiry before decisions are made on whether public moneys should be committed to it?

**The Minister of Enterprise, Trade and Investment:** If I were the Minister of the Environment, I would be able to answer that question, but I am not the Minister of the Environment; I am the Minister of Enterprise, Trade and Investment.

I will look closely at the proposal that is before Invest Northern Ireland when it comes to me. I will not comment on that issue. I must make the decision on funding, so it would be premature of me to comment at this stage.

**Mr Bell:** The poultry subsector has a turnover of hundreds of millions of pounds and increasing sales of tens of millions of pounds. Will the Minister outline the size of the Northern Ireland

poultry industry and give the House some idea of the number of people directly employed by it?

**The Minister of Enterprise, Trade and**

**Investment:** The poultry sector is a subsector of the wider food and drink processing sector. It accounted for 19.4% of Northern Ireland's total manufacturing sales in 2008, making it the largest contributor. The gross turnover for the whole sector in that period was estimated at £2.975 billion. The food and drink sector is huge, and it is sometimes overlooked by some of our economist friends when it should not be.

It is estimated that the poultry sector currently employs 4,348 people in a full-time equivalent capacity, which is a slight increase on the 2007 employment figure. It is the largest employer in the Northern Ireland food and drink processing sector and is, therefore, very significant. It is a sector that I greatly value and one which, I hope, will continue to grow in Northern Ireland.

**Mr Ford:** Will the Minister confirm whether there is a timescale for Invest NI to consider the potential grant aid for the Rose Energy project, what the total budget is for that particular type of renewable energy and whether other proposals are under consideration?

**The Minister of Enterprise, Trade and**

**Investment:** The proposal is going through the due diligence process at the moment. One never likes to pre-empt that, but I expect a decision to be with me relatively soon. I do not have the figures on the total budget, but I am happy to give them to the Member in writing.

The issue needs to be dealt with. Mr Willie Clarke mentioned the DARD Minister. Some 200,000 tons of poultry litter have to be dealt with, and we need to find a solution quickly.

**3.15 pm**

**Mrs D Kelly:** The Minister said that the proposal is going through the due diligence process at the moment. Which Departments will be required to provide support in order for the funding to be secured,? What advice has the Minister received from other Departments on the issue?

**The Minister of Enterprise, Trade and**

**Investment:** We need to know whether planning permission will be forthcoming and whether a public inquiry will be commissioned. I have received no indication about what will happen on those issues, but I understand that DOE

officials are very close to making determinations on them.

**Energy from Waste**

4. **Mr B McCrea** asked the Minister of Enterprise, Trade and Investment what plans her Department has to encourage the development of an energy from waste plant. (AQO 992/10)

**The Minister of Enterprise, Trade and**

**Investment:** Energy from waste has the potential to contribute substantially to the non-wind element of my Department's target for 12% of electricity consumption to be from indigenous renewable sources by 2012. Additionally, energy from waste diversifies the energy mix, reduces the reliance on fossil fuels and has the potential for job creation. My Department, through Invest Northern Ireland, is working on the development of four different energy from waste projects, which are at varying stages of progress.

**Mr B McCrea:** Is the Minister aware of the existence of such a plant in downtown Sheffield, which produces electricity and district heating for a large section of the city and has very clean exhaust emissions? Will she indicate whether the four projects that she is looking at will be built in urban or rural centres?

**The Minister of Enterprise, Trade and**

**Investment:** We want to look at the prospects for heat from renewable sources, which is one of the reasons why the Department is looking at this area. The Department has been talking to Kedco, a company with which the Member may be familiar, about what it can do in relation to the matter.

It is a good idea to have renewable heat processes available to local installations, local schools, local homes and other industries so that use can be made of renewable heat and renewable electricity. If we are conducting those projects in rural areas — a lot of the anaerobic digestion will be carried out in rural locations — it is important that we have access to the grid so that that electricity can be put on to the grid and that renewable heat can be made accessible to all.

**Mr Butler:** Go raibh maith agat, a Cheann Comhairle. Those plants are, in effect, incinerators. The term "energy from waste plants" has been contrived to soften public opposition. Does the Minister agree that there needs to be widespread public consultation



about proposed plants and, if necessary, a public inquiry? Given the fiasco in Belfast where, on the one hand, there were councillors voting against such a plant and, on the other, people saying that there should be a public consultation —

**Mr Speaker:** Will the Member ask his question?

**Mr Butler:** Does the Minister agree that there should be widespread consultation on plans for such plants and, if necessary, a public inquiry?

**The Minister of Enterprise, Trade and**

**Investment:** I agree that public acceptability of all renewable energy generation is an issue that we need to address, and I hope that Members will give leadership on that. If we are to meet our renewable energy targets, we will have to look at all the types of renewable energy generation that are available to us. Those include — the Member may not like the phrase — energy from waste, anaerobic digestion, the new marine technologies and the wind technologies that we have already. We need to look at the whole range of options, and part of that will involve discussion with the public. I very much hope that Members will become involved in that discussion.

**Mr G Robinson:** What is the current position of each of the four energy from waste projects that are under consideration?

**The Minister of Enterprise, Trade and**

**Investment:** There are four energy from waste projects under consideration, and I have already touched on the Rose Energy project. Invest NI is engaged in ongoing negotiations with the directors of Lincery power in Dungannon with a view to securing a mutually acceptable offer of support. I hope that that letter of offer will be issued shortly. Granville Eco-Park is conducting another of the projects, also in Dungannon. Invest NI continues to work with that company to resolve any outstanding issues and move that project forward. Finally, Strabane Mills recently secured planning approval and is about to begin construction of a plant at a total cost of £10 million. That plant is expected to be in operation by early 2011.

**Hughes Christensen**

5. **Mr McFarland** asked the Minister of Enterprise, Trade and Investment to outline

progress in relation to her negotiations with Hughes Christensen and its employees in Castlereagh. (AQO 993/10)

**The Minister of Enterprise, Trade and**

**Investment:** I met senior executives in Houston last Friday to discuss the proposals in more detail, and I assure the Assembly that we continue to explore all available options to secure the best outcome for Northern Ireland. Officials will continue to liaise with the parent company and the local management team at this very difficult time for employees and their families. We are considering a feasibility study on phased withdrawal that will, hopefully, secure employment until the end of this year. In addition, other discussions are taking place on the retention of a Baker Hughes presence in Northern Ireland beyond that phase.

**Mr McFarland:** I thank the Minister for her comprehensive answer. Does she have a tighter idea of the timescale within which results are likely?

**The Minister of Enterprise, Trade and**

**Investment:** As I said, a feasibility study is under way with a view to phasing the job reduction over a period of time up to Christmas. That is one element. Negotiations are ongoing between the employees and the company on enhanced redundancy packages, which is a matter for the company, the union and the employees. Beyond that, we are looking at ways to provide assistance to the company and to create the opportunity for a longer-term Baker Hughes presence in Northern Ireland. We are reluctant to lose the presence of Baker Hughes in east Belfast. It was one of the first foreign direct investment companies to come here, over 50 years ago, and we must work with the company to understand its needs and to find ways to enable it to stay in Northern Ireland.

**Mrs Long:** I thank the Minister for the work that she has done on that issue. I am interested to know whether, in light of the reduction in its order book, the company has, for example, considered working a shorter week rather than withdrawing. It seems that the company's local work is more than comparable with the work that it could get at other sites. I am concerned that the company will simply write off the local plant.

**The Minister of Enterprise, Trade and**

**Investment:** The company was at pains to stress to me, the First Minister and the chief

executive of Invest Northern Ireland, who met the Baker Hughes officials with me, that its decision on the Belfast plant — I know that it is cold comfort for the workers — was in no way a commentary on the skills and abilities that the company has given to Baker Hughes for many years. However, Baker Hughes made it clear that its actions have been taken in the context of a substantial restructuring of its entire global network as a direct result of global market conditions and a significant downturn in demand. Baker Hughes is a huge company, and, at the minute, we are exploring opportunities to allow us to retain its presence in Northern Ireland. Invest Northern Ireland officials continue to engage with the parent company in Texas. It is essential that we do everything possible to keep the company in east Belfast.

**Mr Ross:** What is the Minister's assessment of the state of the FDI market at present?

**The Minister of Enterprise, Trade and**

**Investment:** Following the global financial crisis of September 2008, Invest NI has experienced uncertainty in the market. Companies are focusing on cost containment, and some have indicated that they will defer investment decisions and review business strategies. We have seen the fundamental business look that Baker Hughes has carried out; it shared some of that with us. As a result, the pipeline of new FDI prospects is not as strong as it was 12 months ago. That is not to say that there are no FDI opportunities. Indeed, we were able to look at some of those opportunities during our visit to the United States last week, and Invest NI will continue to pursue all the available options actively.

During our time in the States, we made an announcement that a company will place its European, Middle Eastern and African headquarters in Belfast. I have been told that that substantial achievement was obtained because the Invest NI client executive kept coming back time and time again and did not give up on getting the message across about what Northern Ireland has to offer in terms of skills, our location in the European market and the fact that we are a stepping stone between America, Europe and the Middle East. She got a result. I commend the work of Invest Northern Ireland operatives in the field; they do a tremendous job, whether in India, America or across the world.

**Mr P Maskey:** Go raibh maith agat, a Cheann Comhairle. What effort is Invest NI making to keep the company in greater Belfast?

**The Minister of Enterprise, Trade and**

**Investment:** I assume that the Member is referring to Baker Hughes. The client executive has been in constant contact with the company, as she was even before the decision was made in Texas. She continues to work with local management to see what can be done through our local schemes. Before the announcement was made, she was talking to the company about new projects and programmes. When the announcement was made, we used our best efforts to contact the company in Texas. I want to thank Declan Kelly, the special economic envoy from America, who assisted us in setting up the meeting in Texas. He will continue to support us, whether on FDI or the indigenous companies that embarked on a trade mission last week. We will continue to engage with Baker Hughes. We are actively engaged with it at present, and our team in America will be with it very soon.

**Tidal Power**

6. **Mr Hamilton** asked the Minister of Enterprise, Trade and Investment what plans her Department has to harness the potential of tidal power. (AQO 994/10)

**The Minister of Enterprise, Trade and**

**Investment:** DETI's draft offshore renewable energy strategic action plan sets out the key actions that my Department will take to ensure that Northern Ireland makes the most of its marine resources. The consultation on the plan was completed recently. It aims to further secure our overall energy supply and create new economic opportunities for businesses here. The next milestone will be a competitive call, which will be run by the Crown Estate in 2010-11, for leases of the seabed around Northern Ireland for our tidal stream resource and other offshore renewables.

**Mr Hamilton:** I thank the Minister for her response. The innovative SeaGen project in Strangford Lough is an indicator of how Northern Ireland can lead the way in harnessing tidal power. However, if we are to continue to do that, we will have to strike a balance between environmental concerns and energy needs. Does the Minister agree that, although we have

to find that balance, solutions must be found to get around the problem?

**The Minister of Enterprise, Trade and**

**Investment:** Mr Shannon raised that issue in the NIRO debate. When we visited the British-Irish Energy Council this week, Marine Current Turbines Ltd (MCT) was held up as an exemplar. I am proud that the world's first commercial marine tidal installation is in Strangford Lough, and I am glad to see it working in such a positive way. We will have to use renewable energy while being responsible for the environment in which it is produced. MCT is a good example of balancing environmental concerns and renewable energy provision. The installation was commended by Lord Hunt of Kings Heath, Minister of State in the Department of Energy and Climate Change in Westminster, who visited the project last Monday. Environmental, fisheries and other issues must be taken into consideration when looking at renewable energy. My friend the Minister of the Environment leads on the marine Bill, and all those issues will be in his mind when he introduces that legislation.

**Mr Dallat:** I have no particular interest in the Strangford generator. However, representing as I do a large coastal area, I wonder whether the Minister has important technical, financial and economic data to hand to show that the principle can be applied in other areas.

**The Minister of Enterprise, Trade and**

**Investment:** I have just given my answer on environmental concerns. Wind power may have been uppermost in the Member's mind when he asked the question. We will continue to take on board the advice that we are given on renewable energy, whether tidal or wind-powered. MCT shows that we can make renewable energy production work in a sustainable way that benefits not just renewable energy providers and consumers but the environment as well.

**3.30 pm**

## Executive Committee Business

### Budget (No. 2) Bill: Final Stage

*Debate resumed on motion:*

*That the Budget (No. 2) Bill [NIA 11/09] do now pass. — [The Minister of Finance and Personnel (Mr S Wilson).]*

**Mr Attwood:** Before Question Time, I argued that my experience at the Stormont Hotel this morning, where the Policing Board and the PSNI outlined how to take forward the investigation into Operation Ballast, now known as Operation Stafford, brought the relevance of the devolution of policing and justice budgets and the expectations, hopes and, potentially, the frustrations that may arise into sharp relief. I made a point about the need to be mindful of protecting the policing arrangements and budget in the context of the devolution of justice and policing not to the point of ring-fencing it in perpetuity but to protect it in order to maintain confidence and deepen the new beginning of policing. In making that point, I am mindful of the ongoing attempt to reconfigure the Patten architecture and policing arrangements.

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

An attempt was made to reconfigure Patten's proposals though what was known as a protocol on policing architecture. The significance of that for the Budget Bill is that, if that protocol had prevailed, it would have rebalanced the power between the Policing Board and the justice and policing Committee and the power between the Committee and the Minister in a way that would have affected the spending priorities and accountability of the budget. That protocol would have created an opportunity, with a Budget Bill every year — as there should be but is not in this Executive — to create new priorities and strategies around the spend of that money in a way that would have damaged the Patten architecture. The potential of the policing architecture protocol to reconfigure those relationships was undone through the efforts of the SDLP, aided and assisted by the Policing Board and, critically, two Patten commissioners: Peter Smith QC and Maurice Hayes, who made comment to the board. One of them went on

to make public comment about the situation. Remember what that protocol tried to do: it tried to recreate the old relationship between a Minister of home affairs and a Chief Constable that served this part of Ireland so ill for so many years. It tried to give many of the powers of the Policing Board to a justice Committee. It would have obliged a Chief Constable to implement policies laid down by a Committee and a Minister. That is completely contrary to best practice and to the Patten proposals.

Fortunately, much of that protocol has been amended. It still contains errors and risks, particularly by stating that the Policing Board has to have regard to objectives and priorities set by the Justice Minister. The word “priorities” is foreign to the Patten report on policing and to the two police Acts. It has not been in use since the Policing Board was established eight or nine years ago. However, at the moment when the error of the policing architecture protocol had been adjusted, elements in the British system — and it is the British system — reintroduced a concept that the policing world of Northern Ireland has not had sight or sound of for the past 10 years. Introducing the word “priorities” into the protocol — a word that is not referred to in law, in practice or in any chapter or paragraph of the Patten report — led to the potential for a Minister or a Committee to dabble in the policing budget that would arise from the devolution of justice and policing powers in a way contrary to what has best served the North over the past years.

I put down the marker that if we are unable to get that word erased from the draft protocol, and a situation prevails in which people use and abuse it over the next period in an effort to influence the spending of the police budget, the SDLP will resist it.

One reason why I make that point is that when policing and justice powers and the accompanying budget are devolved on 12 April 2010, the Minister of Justice will be served by a permanent secretary and directors of policing and justice who, as far as I am aware — no one has denied it — will be the same people who occupy the equivalent posts in the Northern Ireland Office. Some of the devolved money will be allocated to the salaries and wages of senior staff who occupy senior NIO posts and who, at the moment of devolution, will change titles and become the Department of Justice's

permanent secretary and, I understand, four senior directors.

On a number of occasions, the SDLP has, in correspondence with the First Minister and the deputy First Minister and during the debate on amendments to the Department of Justice Bill on the Floor of the Chamber, flagged up that concern. Following the devolution of policing and justice powers and the passage of the Budget Bill, the people receiving the senior salaries will be the same people who currently occupy the equivalent posts in the NIO. An issue such as justice and policing requires the highest level of transparency. The newly devolved Department of Justice's permanent secretary and directors should have been and, indeed, should still be recruited independently.

The people who occupy those jobs in the NIO are fully entitled to apply for the posts in the Department of Justice. They may have the relevant qualifications and succeed. I know one or two of them well and have some regard for them — I mean that generously — and, indeed, I am due to meet them tomorrow. However, the critical officials in the Department of Justice on 12 April will be the same officials who held the equivalent positions on 11 April, 11 March and for a long period previously. That is not the right way to handle the matter.

The SDLP wrote to the First Minister and deputy First Minister to ask that they revisit the issue of senior staffing in the Department of Justice, create an open recruitment competition for those senior posts and second people from non-governmental organisations. The request was made in order to increase transparency and to build confidence, both matters that the Policing Board discussed today in connection with a critical case inquiry.

Curiously, in the third week of January 2010, the then Acting First Minister, Arlene Foster, and the deputy First Minister replied that they would not revisit the issue and queried why they should, because the same process was followed by all Departments when powers were devolved all those years ago. That is wrong. Given that past issues and concerns about the Northern Ireland Office led some people, including Members, to refer to its staff as *securocrats*, the devolution of the functions of the Northern Ireland Office is a very different matter from the devolution of the functions of the other Departments.



We repeat that confidence in the devolution of policing and justice powers and the accompanying budget would be higher if there was an open recruitment competition for senior staff in the Department of Justice. We have reservations about the fact that the people who occupy the five senior posts in the NIO will be transplanted to the new Department at the moment of devolution on 12 April 2010. The Minister, who is responsible ultimately for overall recruitment practice in the devolved arrangements, might want to consider that and comment on it.

Yesterday, the Finance Minister referred to what the SDLP was talking about as a “wish list”, and he commented about that earlier. After all the delay and all the issues that arose on the devolution of justice, it was timely and highly appropriate for Members of the House — it seemed to be primarily, if not exclusively, SDLP Members — to comment on what shape the nature and character of devolved justice might take. That does not amount to a wish list.

In any case, if the Minister reads the debate, he will find that many of the comments made by SDLP Members were about, for example, the Public Prosecution Service and the Prison Service. In total, the budget lines for those two institutions at the point of devolution will be £200 million, out of an overall budget of £1,400 million. The SDLP identified in notional terms the potential for savings of £30 million, £40 million or £50 million, through better management of money in the Prison Service alone. That is not a wish list; it is looking at the hard cash spent on the devolved arrangements for policing and justice and arguing the case for higher levels of efficiency and effectiveness and the application of modern employment practice in the Prison Service.

That should all be music to the Minister's ears. In the next number of months, he will have to carry into this Chamber the bad news about the overall block grant. The SDLP was inviting the Minister, at the point of devolution of justice, to encourage the Minister of Justice, the Committee and the Executive to look at ways and means of managing moneys in a much more efficient, effective and better manner. That is not wishful thinking; it is developing a serious conversation, which nobody else in the Chamber, virtually without exception, tried to develop in yesterday's Budget debate.

I am at a loss to explain that. The Finance Minister is setting things up, and there is an evidence base from outside the political system showing how things can be done better. There is nearly consensus in the Chamber on dealing with cost and management issues in the Prison Service, and I say that without prejudice to the grave experience of many prison officers in the past. I commented on that matter yesterday, and the DUP took it up earlier. That is an invitation to the Minister. The potential for boring into and probing those issues, at the point of devolution and quickly thereafter, might be missed. Given that we want the character of the devolution of justice to be of a higher standard than devolution generally has been to date, it would be a great opportunity missed.

The most curious thing about the debates yesterday and today is the apparent silence of a lot of Members and far too many parties, which echoes around this Chamber. If one examines the Hansard report, one is forced to conclude that this debate, of all the Budget debates, has had the single least participation across the parties and Members of the Assembly. Consider the Budget debate of 13 January 2009, in which there was a wide range of Members speaking from across the party divide, including four contributors each from the DUP and Sinn Féin. Earlier that day, in a different Budget debate, there were three Members speaking from the DUP and three from the UUP. In a Budget debate on 12 February 2008 —

**Mr Deputy Speaker:** Order. Please stay on the subject of the debate, namely the Bill, and not how people spoke in previous debates.

**3.45 pm**

**Mr Attwood:** The point, and this is my concluding point, is that, looking at the evidence, Budget debates have excited Members and agitated comment, and rightly so, because one of the Chamber's primary functions, hopefully at least every year but perhaps not so, is to pass a Budget for the Northern Ireland Executive to administer services for people and communities in the North.

**Mrs Long:** Would one reason perhaps be that this is, as others have acknowledged, an inherited Budget? Therefore, the ability to influence it in the way that the Member suggests is not so acute at this time.

**Mr Attwood:** I find that, too, a curious point from the Alliance Party, as it has been one of the advocates of the Hillsborough arrangements, two pages of which deal with what a devolved Department of Justice might or might not do. I heard Mrs Long's party leader welcome that document and refer to those sections in the Hillsborough arrangements that talk about what a Department of Justice might do.

It is thoughtless folly to put down on a piece of paper what a Department or an addendum to the Programme for Government might do. It is thoughtless folly for Mr Ford, half an hour ago, to berate the Ulster Unionist Party for its failure to deal with the policies and practices of what might arise in the event of the devolution of justice. That, Mrs Long, through you, Mr Deputy Speaker, is in the Hansard report. It is folly to berate people for their lack of policies and practices, yet to sit silent when we have an opportunity, through a Budget Bill debate, to discuss what policies and practices might be put in place.

You may want to say —

**Dr Farry:** On a point of order, Mr Deputy Speaker. Can I clarify that this is a Budget Bill, discussing finance, not a debate on policy?

**Mr Attwood:** Again, I find that a curious remark, because Mr Farry's party leader, discussing that very matter within my hearing before Question Time, berated another party for its failure to discuss policies and practices. If you look at Mr Ford's speech before Question Time, you will discover that he at least tried to talk about policies and practices. So, there we have it: the party leader berating the Ulster Unionists for a failure to discuss policies and practices, and Mr Farry now apparently criticising his own party leader for having discussed policies and practices as part of the Budget debate.

**Mrs Long** — *[Interruption.]*

**Mr Attwood:** Mrs Long — *[Interruption.]* Mrs Long — *[Interruption.]*

**Mr Deputy Speaker:** Order. If we could come back to the subject matter, which is the Budget Bill.

**Mr Attwood:** The Budget Bill has to be seen in the context of the Hillsborough arrangements. We would not have a Budget Bill or the devolution of justice if it had not been for the Hillsborough arrangements that were agreed in February. Part of those arrangements, which

were welcomed by the DUP, Sinn Féin and the Alliance Party, talked about what an addendum to the Programme for Government would look like. We have been urged to look at that. Yet, when we begin to look at it, it is curious that so many in the Chamber remain silent, and that others, within even their own parties, seem confused.

**A Member:** *[Interruption.]*

**Mr Attwood:** That is what the evidence is.

**Dr Farry:** On a point of order, Mr Deputy Speaker. Will the Chair rule that this is a Budget debate? There may be occasions when Members introduce aspects of policy when making points about finance, which is part and parcel of Budget Bill debates. However, Budget Bill debates are not wide-ranging debates on all policy matters. The formal discussion in the Chamber about an addendum to the Programme for Government will be the occasion for the full discussion of all policy matters relating to any future Department and the Executive.

**Mr Deputy Speaker:** Your observation is correct; the debate is on the Budget (No. 2) Bill. Please continue, Mr Attwood.

**Mr Attwood:** I accept your ruling, Mr Deputy Speaker. I am sure that Dr Farry will discuss that with his party leader shortly, even though that is not how he presented himself during the debate.

In any case, the political point is about why there is silence from so many parts of the Chamber on the Budget (No. 2) Bill and on how the £1.4 billion will be expended come 12 April. It is hard to speculate, but if I were to dare to do so, I would simply suggest that an attempt is being made to dampen expectations of the devolution of policing and justice powers. That is why the sections of the Hillsborough agreement that discussed what the addendum to the Programme for Government might look like referred only to the fact that those matters "could", rather than "would", be considered, never mind be acted upon. After all the issues, difficulties, turbulence, uncertainty and crises that were generated about the devolution of justice powers, I suggest to Members and to the wider community in the North that some parties have gone quiet on the matter because they do not want to raise expectations. Indeed, they are intent on dampening them.

As far as I am aware, in the Northern Ireland Office's discussions about what a devolved Justice Department might do, of the 14 issues that were identified in the Hillsborough arrangements, the big idea was that there should be a miscellaneous provisions Bill. If the Budget (No. 2) Bill passes, the height of the expectations and hopes of the community in the North for the devolution of justice powers could end up being the introduction of a miscellaneous provisions Bill that will deal with technical matters, such as County Court boundaries. If that is the case, unfortunately, like so many aspects of devolution in the past three years, the devolution of justice powers will stand indicted of failing to live up to those hopes and expectations.

**The Minister of Finance and Personnel**

**(Mr S Wilson):** I thank the Members who took part in the debate. At the start, as I looked around the Chamber, I did not take the same view as the previous Member to speak, who lamented the fact that so few Members wanted to contribute. I took heart from the fact that so few Members wanted to contribute, because we had a very long debate yesterday, when one SDLP Member after another tripped up to give their views and wish lists. I use that term again, because I know that it provokes Mr Attwood. Perhaps I will justify it later. I blame Basil McCrea, because if he had not arrived when he did, we would have reached the end of the list of Members to speak just I was about to get to my feet. He gave others an opportunity to slide into the Chamber, resulting in this protracted debate.

Anyhow —

**Mr A Maskey:** Now he is away.

**The Minister of Finance and Personnel:**

Having done the damage, he is now gone. I congratulate and thank all the stalwarts who took part in the third debate on the Budget (No. 2) Bill.

Despite what Mr Attwood said, the policing and justice budget has been well discussed over two days in the Assembly. Everyone had an opportunity to contribute, but many of the points that were made today were simply reiterations of those that were made yesterday.

Nevertheless, at the start of the debate, the Chairperson of the Committee for Finance and Personnel highlighted the Committee's disappointment that there had been no earlier

engagement with the Committee on the Budget. Of course, the whole point of devolution is to have an opportunity to scrutinise public spending. However, as the Chairperson knows well, the Budget could not have been discussed earlier, given that the decision about devolution was not taken until 9 March. That meant that there was no possibility before then to discuss a matter that was not devolved and that we had given no indication that we wished to have devolved.

Once that decision was made, I took the immediate step of making the papers available to the Committee, which, as I said earlier, I thank for its work in such a short period. I also thank the Committee for accepting that we had to go through a process of not just accelerated passage, but speed-of-light passage, as I think Mr Farry described it yesterday.

**Dr Farry:** Warp speed.

**The Minister of Finance and Personnel:** Double acceleration, Ferrari-type progress has been made on the Budget (No. 2) Bill over the past two days.

I turn to the points that were raised by Alban Maginness. He said that he was heartened by the extraordinary amount of money — £1.4 billion — that was provided for devolution. However, given the list of issues that the SDLP raised yesterday and today, we could have spent twice that amount. It is an interim budget, and Mr Maginness hoped that there would be an early opportunity for our own fingerprints to be placed on the financial package that has been devolved to us, which was originally determined by decisions made by the Northern Ireland Office and its Ministers. We will have that opportunity. I have made it clear that it is an interim budget, and the first step in putting the Assembly's fingerprints on it will be when the addendum to the Programme for Government is discussed. That will provide the opportunity to look at matters on which the Assembly wishes to spend the budget. I have no doubt that debates on that matter will be long and interesting. Mr Maginness also raised the fact that pensions constituted a £400 million line in the budget and caused year-to-year uncertainty because they were part of a departmental expenditure limit allocation.

I have nobody to address. All the Ulster Unionist Members have left. After Basil McCrea did the

damage of keeping us here half the afternoon, they have all disappeared.

The difficulty with the way in which pensions were treated to date is that, every year, there was a revaluation. If that valuation changed as a result of the actuary's decisions, there was an immediate hit on the Budget. Had we not secured the necessary change and reclassification, this year's commutation costs to the policing budget would have been £37 million. The change in how the Budget was dealt with has avoided that.

Mr Maginness raised the issue of legal aid. It is now well known that the legal aid allocation will be increased by £20 million a year in the period 2009-2013 and, after that, by £14 million a year, with the opportunity to draw a further £22 million from reserves. However, he rightly made the point that that does not mean that we should be complacent. Mr Ford made the same point: we should not be complacent about dealing with areas in which legal aid is overspent in Northern Ireland compared with other parts of the United Kingdom. A number of Members have raised that issue so I hope that rather than wait until the additional funding runs out, the Assembly and the new Justice Minister will take steps to change how legal aid is managed. If that is done, we may find that legal aid does not become a drain when the financial arrangements that are being put in place come to an end.

#### 4.00 pm

Alban Maginness also raised the issue of the redevelopment of Magilligan prison. The outline business case is being worked on currently and will be completed shortly. The Prime Minister made it quite clear in his letter that sufficient funds had been devolved to Northern Ireland to deal with the police college, the maintenance budget and capital projects, including the prison at Magilligan. All of those will be decided within the general framework of the capital spend for Northern Ireland.

In addition, the Member talked about the cost per prisoner and the disproportionate costs in Northern Ireland. He said that I took issue with that, but I did not: I accepted that the costs for prisoners in Northern Ireland were much higher than in other parts of the United Kingdom. Elements of the Prison Service have been a favourite target of the SDLP for some time. I took issue with the SDLP yesterday because the

urgency with which it felt the disproportionate costs in the Prison Service should be dealt contrasted with its much more softly-softly approach to the disproportionate costs in the legal aid budget. Perhaps that is a reflection of the background of the two SDLP Members who spoke about that, but I will not go down that road because I will be accused of all kinds of things.

Furthermore, the Member raised the issue of the training college. I pointed out yesterday that the business case is progressing but that a vital contribution is needed from the Health Department, from which £30 million of the total cost of the project is required for the Fire and Rescue Service element. Alban Maginness asked whether Prison Service training could be included in the college. It will be. Given that it will be a world-class facility and that recruitment to the police will probably drop off just as the college is being built, there will be opportunities to sell those services to other police services right across the United Kingdom and probably further afield. Given the amount of capital investment in the college, I imagine that that we would want to see revenue raised in that way.

Mr Farry raised a number of issues, including the challenges for the new Department. I would expect that the new Justice Minister will — in fact, he indicated in his speech that he will [*Laughter.*] — I refer to the Member who it is anticipated will be the new Justice Minister. There is many a slip twixt cup and lip, so we do not want to go into that too much. However, the bookies' favourite for the post of Justice Minister indicated that he wanted to look at many of the cross-cutting strategic challenges, including the kind of issues that Mr Farry raised about safer communities, access to justice, how we reduce offending, how we manage offenders and justice in the future.

Although I support those views, I want to make it very clear that I have not taken a new liberal direction. I am still of the view that we should be tough on crime and tough on the causes of crime. If that means getting at the criminals before they become criminals, we do it. If it means getting at the criminals when they become criminals, we do it. If it means getting at the criminals after they become criminals, we do it also. I wanted to make it quite clear where I stand. I do not want the liberal label to stick, because it could be very damaging to my reputation.



Mr Farry also raised the issue of female prisoner facilities. They are currently located in reasonably good accommodation at Hydebank Wood. However, the draft strategy for the management of women offenders was published for consultation a year ago and the summary of the responses was published in November 2009. That is another issue that the Justice Minister will have to consider.

There may be opportunities for innovative thinking. For example, some Members said that, if we have an opportunity to build a new prison, rather than building another version of our existing prisons, we should build smaller prisons with specialist units, which might be a better way forward.

Basil McCrea raised the issue of people still feeling that they have not had answers to events of the past. That issue may have been raised as a result of a meeting that Policing Board members attended this morning, given that the issue comprised a substantial part of Mr Attwood's speech. The Assembly will have to return to that matter, and the Department of Justice and the Policing Board will have to take a long and hard look at it. The issue probably goes beyond this budget, but I suppose that it has budgetary implications. At some stage, we must reach a point at which we ask how much of the policing budget is devoted to policing the past as opposed to policing the present and the future. Some of the ways with which the past is dealt can be costly, and, for some people and their needs, the return can be very meagre.

Mr Attwood and I have a difference of opinion on a certain issue from the past, but he has made no bones about the fact that he wishes to pursue it. He would love to keep chasing those who were involved in Special Branch, exposing, pillorying and punishing them for some of their actions. However, those were brave men and women who had to take tough decisions to ensure that lives were saved. Some of those people have visited my office, and they live with the consequences of their decisions. I am sure that there will be calls to pursue those matters and those people and to delve into what happened in the past. There will be calls for all the files on Special Branch and questions about who did what, who managed that person, what happened, what did they allow to happen, and so on. The Assembly will have to take a mature view on the question some time in the future, but I am not sure that it will change people's

views. I am not sure that it is a wise way to spend the limited resources that are available to us and to the police budget.

Basil McCrea talked about the need for certainty in police budgets and whether we should go for three-year budgets. I was glad to hear him say that because his party's economic spokesman has been one of the most strident critics of setting three-year budgets, as has his party. When questions were asked about black holes, I do not know how many times I have heard him say that there should be fundamental changes because we were not sufficiently fleet of foot and did not change the situation. However, the other wing of the Ulster Unionist Party — mind you, it has quite a number of wings — now says that there is stability in having a budget over a three-year period and that it might be a good idea. That is the point of the comprehensive spending review: we look three years ahead to allocate budgets. However, we have inherited a Budget for this year, and we have to live with it. We have decided to ring-fence it so that there is, at least, some stability.

Mr Attwood upbraided me. I know that we cannot refer too much to yesterday's debate, but we had a bit of upbraiding again today. I think that he felt that I was being disparaging, but I was not; I merely observed that the SDLP had presented a wish list. From what I remember of what was said yesterday and today, calls were made for more money to be spent on the youth justice system, prisons, and the past; Mr Maginness wanted money for the development of a new prison, and the police college. Many of those are included in the Budget, but many are additional. Mr Attwood's defence was that the SDLP was trying to be constructive and that it had identified £40 million of savings. However, what he said was that he believed that savings could be made if we brought prison costs down to what they are in the rest of the United Kingdom. As if we can simply flick our fingers and say that the annual cost per prisoner is £75,000 today; tomorrow we will get it down to £35,000 or £30,000.

He knows that things do not work like that and that that is not how such changes happen; nevertheless, he identified £40 million of savings. Anybody who can find savings of 33% in a prison budget of £131 million and believe that they can be delivered quickly is engaging in fanciful thinking.

**Mr Attwood:** Will the Member give way?

**The Minister of Finance and Personnel:** I will give way in a minute. Of course there are savings to be made; I have made it clear that I do not believe that the current arrangement is sustainable. When we are designing new prisons we ought to look at ways of designing out some of the costly types of prison estate that we have. However, to believe that one can find that magnitude of savings instantly, as the Member suggests, is fanciful thinking. If it is fanciful thinking, the list of things on which he believed £40 million could be spent is a wish list.

**Mr Attwood:** The Minister has to accept that there is a slight contradiction between what he said today and what he said yesterday. Yesterday, he complimented me on being one of the few Members who said that savings could be made, as that was a good thing. However you criticise the SDLP today for calling for more money to be spent on prisons. The two do not mix. The Minister is losing the run of himself. I was cautious about saying £30 million, £40 million or £50 million. Yesterday, I said that that figure was set cautiously; today I said that it was notional. The point is that you, Minister, accept the principle that there are savings to be made. Regardless of whether they can be achieved over three, five or 10 years, you have conceded the principle. Therefore Minister, in notional terms, what do you think the savings could be?

**Mr Deputy Speaker:** Will the Member refer his remarks through the Chair?

**Mr Attwood:** Through the Chair, Mr Deputy Speaker, do you think that it is feasible —  
[Laughter.]

Over a 10-year period, for instance, is it or is it not the case that you could get the cost per prisoner per year down to the figure in Britain? Is that or is that not a feasible outcome? It is a debate that we should have. It is interesting that the Minister accepts that there are savings to be made. Therefore what will he, as Minister of Finance and Personnel, the Executive and the incoming Justice Minister do to live up to that principle?

**The Minister of Finance and Personnel:** Mr Deputy Speaker, as you have pointed out, you do not think at all. By referring matters through the Chair, the Member should be speaking to the Minister and not to you, because, when sitting in

the Chair, you do not have an opinion on any of the issues being debated.

**4.15 pm**

Anyhow, first of all, I did not compliment the Member. Believe me; I rarely compliment him. Had I done so, I am sure that I would remember. During the debate yesterday, I observed that he had said that there would be savings of £40 million. He did not identify where those savings would come from or how long it would take to achieve them, other than to reduce the cost of detaining each prisoner by half over a period of time.

However, he made it clear in his speech today that he expects all of the savings that he hopes for under the new direction for policing and justice to be delivered quickly. Now, he says that it may take some time for savings to materialise. To want instant spending on all of these things, and to suggest that savings, the magnitude of which we do not know, could be made over a period of time, is to present a wish list. It is not deliverable. As he said, savings will be delivered over a long period, yet he admits that he wants a list of things that the SDLP has talked about to be delivered quickly — because, he said, people expect that. Therefore, I believe that I am justified in saying that there is a wish list.

**Dr Farry:** I am grateful to the Minister for giving way. Perhaps I will complicate things a little further. I do not necessarily disagree with Mr Attwood's point about the challenge of reducing the cost per prisoner in the prison system within a relatively short period. We have to address that. I want to make the point to the Minister that there will not simply be one-way traffic on that issue. Prisons will have additional cost pressures.

I will mention two particular examples. There is an ongoing pressure with regard to mental health services in the prison system, which may have to be channelled through health rather than through the prison system necessarily. In the near future, the Assembly will also have to face up to the provision of forensic psychology services in the prison system. That arises from the Criminal Justice (Northern Ireland) Order 2008, which introduced public-protection sentences and extended and indeterminate custodial sentences. The onus is on the state to provide the infrastructure to allow prisoners to demonstrate that they are suitable for release

into the community. That investment has not yet been made in the prison system. However, it may become an inescapable pressure. There may well be implications under the European human rights regime.

**The Minister of Finance and Personnel:**

Obviously, the Member has done a lot of study on this. I accept his point. Usually, his points have some validity. There will be pressures, some of which will, of course, be new. That is one reason why the Assembly must think about how exactly it will deliver the Prison Service.

Mr Attwood's next point was about threats to the police budget. He noted that I had indicated that the Executive would have to make a decision quickly on the Assembly and Executive Review Committee's view on whether the budget should be ring-fenced. I think that it would be sensible to ring-fence it for the current year. However, it should not be ring-fenced for ever. Yesterday, I explained the dangers of doing that.

Mr Attwood suggests that the danger of not ring-fencing that budget is that it could be nibbled away. I must say that, having listened to contributions from both the Alliance Party and the SDLP, I believe that there is potential for the budget to be nibbled away anyway. If those parties want to see greater partnership and co-operation with other Departments, and they tell them to take on functions that, perhaps, identify offenders early in order to make savings in the justice budget, the likely implications are, of course, that those Departments will want recompense for taking on that extra work.

Those are the kinds of issues that the Assembly will have to look at when it scrutinises the next Budget for Northern Ireland, which, let us not forget, will include money for all Departments. Whether that means that the budget will be nibbled away or parts of it will be directed in different ways, people can describe it in whatever way they wish.

I have already mentioned this point so I am not going to emphasise it again, but I think that it would be very wrong of us to decide that we want large proportions of the Budget to go on policing the past, as opposed to meeting the expectations that people have for a proper policing service in their communities in the present.

I felt as though I had gone back to my days on the Policing Board when, as soon as the name

Patten was mentioned, a shiver went down my spine. I remember the five years that I spent on the Policing Board, when we discovered that, to use the term coined by one of his own colleagues, Alex is a "Patten purist". Once Alex Attwood started getting into Patten, protocols, how the word "priority" is so important and how the SDLP would vigorously defend it, I thought about how glad I am that I am no longer on the Policing Board, because I remember those debates about the defence of Patten.

We just have to accept that Patten reported over 10 years ago and that we have got to move on; policing has moved on, and I hope that the Member will not get stuck in a Patten rut. I was not even aware of the issue that he was talking about, but I am sure that the new Justice Minister, whomever that may be, will be given a long lecture on the benefits of Patten and the dangers of any deviation from Patten, even though there have been quite a few deviations in the meantime and the policing world has not fallen apart. Indeed, some people would say that it has improved as a result of those deviations.

I have dealt with most of the points that Members raised during the debate. As I pointed out, some of those are policy issues, some are operational issues that will be dealt with by the Chief Constable, and some are issues that will be dealt with by the Policing Board. I believe that we have, at least, taken an important step today; the second important step. On 9 March, we agreed that we wanted to have the powers devolved. Today, I hope and expect that we will agree that the money that is required to deliver the powers that we wish to see devolved will be available to the Justice Minister. Of course, the next step will be to identify the person who is going to take on that responsibility and get on with the job.

Mr Maginness made the point that this is a good step because it shows that the Assembly is reaching another level of maturity, because we can deal with these issues. It completes the devolution picture, and I believe that it will lead to better operation of the Assembly. I am sure that we will have contentious debates about policing and justice because those issues, by their very nature, will generate such debate. That is not necessarily a bad thing. If those debates are conducted in the way in which the debates over the past two days have been conducted, they will lead to a better

understanding of where each party comes from and a better understanding of the issues involved in policing and justice. I ask the House to support the Bill.

**Mr Deputy Speaker:** Before we proceed to the Question, I remind Members that, as it is a Budget Bill, the motion requires cross-community support.

*Question put and agreed to.*

*Resolved (with cross-community support):*

*That the Budget (No. 2) Bill [NIA 11/09] do now pass.*

*Motion made:*

*That the Assembly do now adjourn. — [Mr Deputy Speaker.]*

## Adjournment

### **North Down: Housing for Pensioners and People with Disabilities**

**Mr Deputy Speaker:** I remind Members that the proposer of the topic will have 15 minutes in which to speak. All other Members who wish to speak will have approximately seven minutes.

**Mr Easton:** I welcome the opportunity to raise this issue in the House. It has been in the public domain for some time, yet we still await answers. I am referring, of course, to the multi-element improvement scheme to upgrade many one-bedroom bungalows on the Bloomfield estate in Bangor. The Minister visited the Bloomfield estate last summer, and I thank her for going to view the conditions in which many pensioners live.

At present, the houses can only be described as being old and unfit for pensioners and people with disabilities to inhabit. The homes are inefficient to heat, and they are damp and cold. The people who live in them, some of whom are aged 80 and over, should not be living in such conditions.

The improvement scheme that is in the pipeline was envisaged in 2003. Every year for the past seven years, residents have packed up and been ready to move so that the scheme can begin, but, every year, they have received letters to inform them that the work schedule is not going ahead. Residents are again packing and tidying up their household possessions in preparation for moving at the last minute. One wonders whether the move will happen this year. As Members will appreciate, residents are growing increasingly frustrated and angry about how they are being treated. The situation is quite appalling.

On 14 January, in response to a question for written answer, the Minister informed me that work is scheduled to start in September this year. However, the response came with a get-out clause: the work will depend on funding. I ask that the Minister make it her priority for the next financial year, as residents are getting extremely



annoyed at and stressed by the seven-year wait. They have been forced to live in conditions that would appal Members.

In January 2009, the Minister said that, as a result of a £25 million shortfall in the housing budget, the scheme was one of 85 that would be held back, with only 16 schemes proceeding. She informed us:

*“the Housing Executive aims to undertake its full schedule of work and to commence all schemes in its programmes at the earliest opportunity.” — [Official Report, Bound Volume 36, pWA461].*

Since then, her Department and the Housing Executive have been in receipt of an additional £20 million from the Minister of Finance and Personnel, Mr Wilson, for housing maintenance. The Minister for Social Development announced an extra £6 million, also for housing maintenance, in November 2009. Where is the money being spent, and is there any funding to implement the multi-element improvement scheme, which has been seven years in the making?

A resident who lives in one of the bungalows on the Bloomfield estate was quoted in the Bangor ‘Spectator’ as saying that he was cheesed off with the whole thing, with draughts coming through his windows and doors, and that it was getting harder and more expensive to heat his place. Another resident said that he was spending £25 a week on heating his one-bedroom bungalow, because his window frames were made of wood and were full of holes. People, especially the elderly, should not be forced to live in those conditions or wait so long for the improvement scheme.

Mr Cree and Mr McFarland have been called away to an urgent Ulster Unionist Party meeting, and I was asked to apologise for their non-attendance.

Will the Minister please move on the scheme as soon as possible? Disabled and elderly residents have been waiting for far too long. I know that the Minister cares, as she has been to see the residents, and I appreciate that. However, I hope that, showing some compassion, she will announce that the scheme will go ahead this year.

**Dr Farry:** I thank Alex Easton for securing the Adjournment debate, which is of particular concern to the community in north Down.

I also recognise the efforts of the Bloomfield Community Association, particularly its chairperson, Robert Hopps, who has been very vocal in keeping the issue alive. I know that, like me, all my MLA colleagues have been in touch with the Minister on the issue to try to keep the scheme alive and to ensure that we get closure on it.

#### 4.30 pm

The infrastructure of those houses is very old and, as Alex Easton said, the insulation in the houses is particularly poor and as a consequence, the heating bills are very high. Also, the form of heating in the houses is inefficient. I think a lot of them are using Economy 7, which, as we all know, is far from the most effective heating method, never mind the most effective in relation to cost.

I appreciate the financial situation that the Minister is in. We are all in a very difficult financial situation in the current context. I also recognise that the Minister is committed to addressing social housing in Northern Ireland, and I welcome her visit to Bloomfield last year to look at this. My staff joined that visit to see how things were going. I ask the Minister to do what is possible to ensure that we follow through with the commitment that has been made with respect to the scheme going ahead in September this year.

Particularly in relation to old people, it is not just the situation that they are in that causes difficulty, it is often the uncertainty. Some people say that they can live with the poor situation, but it is almost the hope that kills. There is a sense that people constantly have their expectations raised only to be dashed. That is a very difficult situation for people to engage with at a psychological level.

I ask the Minister to keep under constant review — as I am sure that she does — the correct balance of the funding that is available to her in relation to the choices to be made between newbuilds and improvements to the existing social housing stock, and to think through what is the most effective way of spending the scarce resources that are available in order to make the greatest impact on the greatest number of people in the public interest. She should also bear in mind that there is potential employment for people on the back of the multi-improvement scheme and any other schemes across Northern Ireland that the Minister is

able to take forward. That should be part of our consideration.

I appreciate that there is a lot of concern about fuel poverty in Northern Ireland. As we all know, we have the highest incidence of that in the United Kingdom. This is a very clear and tangible example of that fuel poverty, and one for which there is a ready-made solution available to us. It is there, and all we need is the confirmation that the money will be provided by the Department to enable it to go ahead. I join with my colleagues from North Down in urging the Minister to give that the formal go-ahead during the forthcoming financial year.

**Mr Weir:** At the outset, I thank my colleague Alex Easton for putting forward the topic for debate, and the Business Committee for selecting it. Looking across the Chamber, it is clear that this is one of those occasions when, as my and the Minister's colleague Jim Wells would say, we are speaking to a hushed Assembly, judging by the vast crowds that are here. I am sure that it is purely coincidental that those remaining in the Public Gallery cleared out in the middle of Mr Farry's speech. Nevertheless it is a very important subject, and a grave one for those involved.

I am sure that my colleagues would agree that, over the years, there have been a lot of improvements many of the estates in North Down. They have come on in leaps and bounds due to a combination of the hard work of statutory agencies such as the Housing Executive and the valuable work that has been done by community representatives on the ground in trying to improve various areas. In a broad sense, the debate should, therefore, be set against a good general landscape. However, there appears to be an outstanding issue relating to the housing stock in Bloomfield. Recently, I posed a question to the Minister about the number of houses in Northern Ireland that are considered to be not up to standard. Analysis showed that the vast bulk of those houses are in the private sector.

This case concerns houses that are part of the public sector. The Minister has shown a personal interest in the matter, and all Members for North Down thank her for that. The schemes are for the most vulnerable people. They are not simply for people who live in public sector housing but people who are elderly and who have disabilities. As Mr Easton said, one of the

essential problems for people has been a sense of frustration that they have constantly felt that something is on the verge of happening. Every time that they see light at the end of the tunnel, it seems that somebody builds more tunnel. Consequently, there is a concern that there is a constant delay.

We would all like more money, particularly for housing. Although much of the emphasis has been on newbuild housing, it is important that we ensure that sufficient balance is given to the maintenance of housing, particularly in the case of vulnerable people and elderly people. If the scheme were to go ahead in Bloomfield, it could make a significant difference to the lives of pensioners there.

I mentioned that the Minister has taken a degree of interest in the issue. I understand that she has secured the candidacy for the SDLP in South Down. She has indicated that, if she wins — as is likely — and is returned as the MP for South Down, there is the potential that she will vacate her ministerial post and make way for one of her colleagues. In one sense, therefore, she hopes that her days as Minister are numbered. If that is the case, I hope that she sees Bloomfield as Margaret Ritchie's legacy to Bangor. It would show her concrete commitment to, and her compassion for, Bloomfield.

I appreciate that this has been a short debate, but we are all united in wanting to see improvements for people, particularly the people of Bloomfield. Therefore, I hope that the Minister can bring some good news on her legacy for the people of Bangor in her closing remarks.

**The Minister for Social Development (Ms Ritchie):** I thank Mr Easton, Dr Farry and Mr Weir for their contributions. I particularly thank Mr Easton for bringing the Adjournment debate to the Floor of the House. I welcome the opportunity to take part in the debate, not least because it gives me the chance to clarify some of the issues that were raised. I will try to address all the issues that the three Members raised. I will study Hansard, and if I find that I have left any questions unanswered, I will write directly to the Member concerned.

By now, no Member will be unaware of the shortfall in the housing budget that has been suffered as a result of the collapse of the land and property market. The fact that so much of

my budget was predicated on land and property sales meant that it was inevitable that the downturn in the market would have a more savage impact on housing than elsewhere. The impact was greater on housing than on other sectors and on other Departments. Between last year and this year, the housing budget suffered a loss of up to £200 million. I have been asked to find a further £30 million in savings next year.

As a member of the Committee for Social Development, Mr Easton will be well aware of the state of the housing budget for this year and next year. I am conscious that Mr Easton has been particularly assiduous in pursuing me with questions about detailed constituency matters, and I have tried to provide answers with due reference to all the matters that he has raised. Ultimately, the outcome of the budgetary difficulties has affected the delivery of those multi-element improvement schemes, one of which we are debating today. I was happy to accept an invitation from Mr Easton to visit the pensioners' bungalows on the Bloomfield estate in July 2009. Back then, I asked the Housing Executive to consider some interim measures, and I am pleased that work is expected to begin on replacing a retaining wall at Ballyree Drive this summer. If the scheme cannot proceed, the Housing Executive will consider other incremental work on the bungalows.

I do not doubt that a multi-element improvement scheme would help to transform those homes. After all, everyone deserves to live in a decent home. Mr Easton may be interested to know that, in the past 10 years, my Department has invested heavily to ensure that that is the case. We have reduced the levels of housing unfitness, which is an issue that Mr Weir mentioned, from 4.9% in 2001 to just 2.4% this year. In the past five years alone, we invested almost £1 billion to maintain stock. This year, despite the difficulties in the housing budget, we will invest almost £170 million to maintain homes. My Department is, therefore, upgrading, repairing and looking after the housing stock.

However, I am sure that the two DUP members who spoke in the debate, Mr Easton and Mr Weir, will be more than happy to ask the Finance Minister for the money to ensure that I meet those shortfalls and cater for the needs of their constituents and those of many more people throughout Northern Ireland who have similar

problems. I am sure that that will be their legacy to the Assembly and to their constituents.

All of us must prioritise our spending to ensure that every pound that we invest makes the biggest possible impact in helping those in greatest need and protecting the vulnerable. As the quality of the stock improves, I want to do what we can to increase its quantity. Members will be interested to know that we are on track this year to deliver the largest number of new homes for a decade. My Department's approach is, therefore, to increase the quality and quantity of the stock.

The recent Savills report, which we debated here some weeks ago, provides me with the evidence base to take that forward. The authors of the report were highly impressed with the quality of the Housing Executive stock. In fact, they found that stock to be the best that they had ever surveyed. They also referred specifically to the programme of multi-element improvement schemes and suggested a new approach to how those could be delivered. The new approach involves — this is a potential solution of which Members should take heed — the transfer of unimproved stock to a housing association that can fund the necessary improvements by introducing private finance, thus removing the need for significant public investment. I am content to test that novel approach with a pilot scheme, and with the support of the Housing Executive, that is exactly what we are doing in Derry. If that scheme is successful, it could open up new opportunities and provide us with the necessary template. It is certainly worth exploring further. However, a tenant vote in favour is integral to any such process. Given that such tenant support is required, tenants have nothing to fear, because they will control the eventual outcome.

Although the topic for today's Adjournment debate relates specifically to schemes in one constituency, similar multi-improvement schemes for almost 3,000 homes across Northern Ireland have had to be put on hold. It is not simply a case of finding £3.5 million for the 71 bungalows on the Bloomfield estate. Across North Down, some 224 homes await that sort of improvement work, the cost of which is £10 million. I do not blame Mr Easton, Mr Weir or Dr Farry for restricting their concerns solely to North Down. However, as the Minister for Social Development, I must look at the bigger picture. The resources are simply not

there to proceed with those schemes anywhere in Northern Ireland at the moment, never mind in North Down. However, I am examining the potential solution offered in the Savills report. I will be able to convey the outcome of that examination to those Members. The scheme requires Department of Finance and Personnel (DFP) approval as well as tenant approval and participation, but I hope that it will provide the template. If it works out, we could, subject to the participation of housing associations in other areas, roll it out. That would alleviate the difficulty and is perhaps something to look forward to and to hang our hats on.

#### 4.45 pm

Alex asked me what happened to the £20 million that was allocated this year by the Minister of Finance and Personnel. DFP gave me £20 million in capital, £5 million of which was for disabled adaptations and £15 million of which was for private sector grants. However, that was conditional on my releasing £20 million for Egan contractors for replacement heating schemes and for kitchens and bathrooms. It was all revenue funding. I released the funding by careful management of other budgets, but there was no money available within that for multi-element improvement schemes.

Stephen Farry asked whether the scheme will go ahead in September 2010. I go back to the fact that we are exploring other options around how we deal with multi-element improvement schemes. Therefore, I ask Members to bide their time a little longer until we see how we can operate the scheme. Of course, on the other side of the coin, if the Minister of Finance and Personnel was feeling extremely generous when allocating the housing budget, as, I have no doubt, his DUP colleagues on the Benches opposite would very happily encourage him to be, that would alleviate some of my problems.

Peter Weir did a bit of crystal-ball gazing. Naturally, I liked the look of what he saw and its possible outcome for South Down.

**Mr Weir:** Jim Wells will want to talk to you.

**The Minister for Social Development:** I am sure that he will not.

Notwithstanding, I am conscious of the need to maintain Housing Executive properties. However, I remain steadfast in my priority to provide new homes. With a large number of

people on the waiting list and the need to address the large number of singles on it, there is always a rationale for decisions that are made, for strategies that are produced, and for programmes that roll out as a result. Mr Weir also referred to the private rented strategy. I am launching that strategy tomorrow, and it will bring forward new ways of dealing with a large section of housing that is provided in the social sector, albeit through the private rented sector. We have to deal with the regulation of that.

I say again: if the Minister of Finance and Personnel would provide me with additional resources, I would certainly consider additional capital works in the areas of greatest need. I implore the Minister's colleagues, when they are talking to him tonight before he leaves for Northern Ireland Question Time in the House of Commons tomorrow, to ask him to consider giving us extra money to cater for the number of people, throughout Northern Ireland, who require multi-element improvement schemes.

Once again, I thank the Member who tabled the Adjournment debate for the opportunity to respond, and I thank him and his two colleagues for their contributions. There is no doubt that we live in challenging, changing and financially difficult times and that difficult choices have to be made. I am doing all that I can to make the scarce resources that are available to me go as far as they possibly can. Where resources are not available, I am prepared to consider a radical and new approach. Possibly, that is where we can hang our hats. That is exactly the approach that we have taken in Derry, and I will keep Members fully apprised as that pilot scheme moves forward. I would greatly appreciate any support that they and their colleagues can give to the pilot scheme as an alternative to expediting and alleviating problems to do with multi-element improvement schemes.

*Adjourned at 4.49 pm.*