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# Northern Ireland Assembly

Tuesday 28 June 2011

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

*Members observed two minutes' silence.*

## Assembly Business

**Ms Ruane:** On a point of order, Mr Speaker. I put in a question to the Minister of the Environment on 27 May which was due for answer on 7 June. To date, I have not received a response. I understand that it is a new term and that people are busy. However, I think that that is an inordinate amount of time for me to wait to receive an answer.

**Mr Speaker:** I thank the Member for her point of order. Let me take it up with the Minister and the Department, and I will come back to the Member directly.

## Ministerial Statement

### **British-Irish Council: Summit Meeting**

**Mr Speaker:** I have received notice from the Office of the First Minister and deputy First Minister (OFMDFM) that the First Minister wishes to make a statement to the House.

**Mr P Robinson (The First Minister):** In accordance with the requirements of the Northern Ireland Act 1998, I wish to make the following report on the sixteenth summit meeting of the British-Irish Council (BIC), which was held in Lancaster House, London, on 20 June. All Northern Ireland Ministers who attended the summit have agreed that I should make this statement to the Assembly on their behalf.

The United Kingdom Government hosted the summit, and the heads of delegations were welcomed by the Deputy Prime Minister, the Rt Hon Nick Clegg. The Irish Government delegation was led by the Taoiseach, Enda Kenny. The Scottish Government were led by the First Minister, the Rt Hon Alex Salmond. The Welsh Government were led by the First Minister, the Rt Hon Carwyn Jones. The Government of Jersey were represented by the Deputy Chief Minister and Minister for Treasury and Resources, Senator Philip Ozouf. The Government of Guernsey were led by the Chief Minister, Deputy Lyndon Trott. The Isle of Man Government delegation was led by the Chief Minister, Tony Brown.

In addition to the deputy First Minister and me, the Northern Ireland delegation consisted of the Minister of the Environment; the Minister for Employment and Learning; the Minister of Justice; the Minister of Enterprise, Trade and Investment; the Minister for Regional Development; the Minister of Culture, Arts and Leisure; and the OFMDFM junior Ministers.

A full list of participants is attached to the copies of the statement that have been provided to Members.

The London summit again underlined the British-Irish Council's unique and important role in furthering, promoting and developing links between its member Administrations through positive, practical relationships, and in providing a forum for consultation and co-operation on east-west issues. The Prime Minister, the Rt Hon David Cameron MP, addressed delegates at the commencement of the conference and, in particular, drew attention to the need for member Administrations to work closely together. Member Administrations continue to consult, discuss and exchange information with one another on a wide range of matters of mutual interest.

The summit afforded Administrations an opportunity to provide an update on their respective economic situations and a substantive discussion on their shared objective of promoting growth and its related challenges and opportunities. The Council discussed how best to achieve strong, sustainable and balanced growth that could be more evenly shared across member Administrations. It considered measures to promote economic growth, including incentives to start, finance and grow businesses; the encouragement of investment and exports as a route to a more balanced economy; and the creation of a more educated, skilled and flexible workforce. The Council agreed that member Administrations should continue to learn from one another's successes and identify synergies between them.

For our part, we highlighted our particular challenges. While welcoming the encouraging signs of growth and our success in attracting investment at a time of deep recession, we emphasised that continuing effort and improved approaches will be needed to grow the economy back to full health and to rebalance it over the longer term. This may, as the Assembly is aware, include a change to the rate of corporation tax. We highlighted again, as we did at the North/South Ministerial Council (NSMC) plenary meeting on 10 June, the difficulties that Northern Ireland faces through the exposure of its banking sector to developments in the Republic of Ireland. There was also a shared concern among the Administrations about the continuing constraints on the availability of finance for homeowners and businesses.

The Council considered and welcomed a discussion paper on an all-islands approach (AIA) to energy resources which was tabled by the United Kingdom Government. It agreed the vision for an approach to energy resources across the British Isles that would enable opportunities for commercial generation and transmission; facilitate the cost-effective exploitation of renewable energy resources; increase the integration of markets; and improve security of supply. The Council agreed principles to underpin that vision and launched a programme of joint work spanning the potential for renewable energy trading, as well as work streams on interconnection and market integration.

The Council discussed the progress of the work to establish a standing secretariat for the British-Irish Council. The Council will receive a further progress report on that at the next summit meeting in Dublin later this year; however, it agreed a target start date for the operation of the secretariat of 1 January 2012, subject to all details and outstanding issues being finalised. This Administration is fully involved in the work necessary to establish the secretariat.

The Council also noted the progress described in update reports provided to it on each of the 11 work sectors of the BIC.

We took the opportunity, under "any other business", to register our continuing concern with the other Administrations about the United Kingdom Government's proposals for Her Majesty's Coastguard and its potential implications for Northern Ireland.

At the conclusion of the meeting, the Council agreed that the next BIC summit will be hosted by the Republic of Ireland in the autumn.

**Mr Elliott (The Chairperson of the Committee for the Office of the First Minister and deputy First Minister):** I thank the First Minister for his summary of the BIC summit meeting, much of which comes back to financial issues. I note that there was a discussion about the financial aspects of all the member Administrations and that they all provided an update on their respective economic positions. Given that a significant financial contribution was made to the Government of the Republic of Ireland by the European Union and a separate contribution was made to them by the UK Government, what is the up-to-date financial position of the Irish Government and of the Irish state?

**Mr P Robinson:** The Government of the Republic of Ireland gave a detailed exposition of their position and indicated that they felt that a number of the fiscal issues that had caused concern were now under control.

Of course, they emphasised the fact that they had not asked for the bailout but that it had been provided. Those of us who have looked at Northern Ireland's position have recognised that the assistance that has been given by the European Union and, indeed, the International Monetary Fund (IMF), as well as that which has been given by Her Majesty's Government, has presented us with a conundrum. To some extent, corporation tax levels in the South have been held down because of a subvention by the United Kingdom Treasury. Therefore, we have placed the onus on the Treasury to rectify the imbalance that we now have with our neighbour in order to ensure that we are able to reduce Northern Ireland's corporation tax levels as well.

**Mrs Hale:** How does the BIC's work complement other east-west relationships?

**Mr P Robinson:** It is worth pointing out that the number of meetings of the British-Irish Council, in plenary and other forms, has substantially increased during the past four years. Work has also been carried out by the Joint Ministerial Committee (JMC), which does not involve the Isle of Man, Guernsey, Jersey, or, indeed, the Republic of Ireland. We also have North/South relationships. Therefore, a range of interconnecting networks assists us in seeing how things are done best elsewhere and, indeed, in learning from mistakes that have occurred elsewhere. It is a growing east-west relationship, with which, I believe, everybody in the House feels comfortable, just as the North/South relationship has increasingly been one that has improved relations with the Republic of Ireland to an all-time high.

**Ms Ruane:** Go raibh maith agat, a Cheann Comhairle. Go raibh maith agat as an ráiteas. Tá ceist agam don Aire, agus is í an cheist seo í.

Given high energy costs and the importance of developing renewable energy, can the First Minister provide more information on the all-island approach to energy development?

**Mr P Robinson:** Of course, what the BIC discussed was not an all-island approach but an all-islands approach — an approach throughout the British Isles. We recognise that we have a link with

the Irish Republic, which I hope works well for both jurisdictions. We also have a mainland connection. As regards the all-islands approach, we are looking in particular at what renewables can do to augment the conventional energy supply that we already have on the grid. Northern Ireland is well placed with regard to its contribution towards EU targets. We hope that, with the above-average level of wind around the island, we might be able to make a continuing contribution towards renewables, not only through wind energy, but through wave and tidal energy.

**Ms Ritchie:** Bearing in mind the scarcity of indigenous energy resources, can the First Minister confirm that the energy work stream covers the vital area of security of energy supply? With regard to the economy, can he also confirm what discussions have taken place about the need to reduce VAT on tourism services from 20% to a rate comparable to the 9% rate that will exist in the South from 1 July?

**Mr P Robinson:** We already have the North/South grid link. We have the link with Scotland. Therefore, not only do we have an indigenous supply, which relies largely on coal and gas, we could, clearly, increase that supply with renewables.

We have an excellent opportunity through the all-island approach to exploit our resources commercially. There is also a spin-off: Belfast Harbour Commissioners' proposal to bring DONG Energy into the harbour estate. The more we exploit the wind farms in the North Sea and elsewhere, the more it will help jobs in Northern Ireland.

As for VAT, the honourable lady is in a better position to raise that matter in the House of Commons, as it is clearly a matter for the United Kingdom Government.

**Mr Lyttle:** I thank the First Minister for his statement. He said that there was "a substantive discussion" on economic growth and, specifically, that:

*"the creation of a more educated, skilled and flexible workforce"*

was identified. Given that the First Minister said that the higher education and student finance budget should receive a light touch, did he take the opportunity to discuss regional variations among the member Administrations

in the funding of higher education and student finance?

**Mr P Robinson:** Students will be more content with the policies of this Administration on student fees than with those elsewhere in the United Kingdom. The Member's colleague the Minister for Employment and Learning is bringing proposals to the Executive on how we deal with those issues and their impact on universities. The Member's colleague spoke during the BIC on higher education and skills, and he reflected the views of the Executive as a whole.

#### 10.45 am

**Mr I McCrea:** I thank the First Minister for his statement, one of the headings of which is "The Economy". Will the First Minister outline what discussions took place and give us some detail on them? This Administration faces problems similar to those of other Administrations.

Many Ministers from Northern Ireland attended the BIC. Will the First Minister look at that to ensure that, in comparison to other Administrations, Northern Ireland reduces the number of Ministers who attend?

**Mr P Robinson:** The same economic problems face every part of the British Isles to a greater or lesser extent; we all know the difficulties that there have been in the Republic of Ireland. With the possible exception of some of the smaller islands that have special and peculiar circumstances, everyone has had considerable difficulty with the reduction in public expenditure and pressure from a reduced job market. Those issues are common throughout.

Northern Ireland will be slower to come out of recession, as has always been the case in economic downturns. All the analysis of the economy indicates that unless there is— I hate using the word "game-changer" — a factor that gives us a new fiscal instrument that stimulates the economy, we will have a very slow rate of growth and a long time before we narrow the gap between levels of gross value added (GVA) in Northern Ireland and those elsewhere in the United Kingdom.

In relation to the number of Ministers, I would have expected the Member to rejoice that there is a desire in all parts of this House to be part of the east-west relationship to such an enthusiastic extent that we were the largest delegation. A question about the number of

Northern Ireland Ministers was asked at the press conference afterwards. Although there is a wide-ranging agenda and Ministers want to contribute on their subject, there is perhaps a need for us to look at how we might curtail the numbers attending. At the same time, we have to recognise that, unlike any other Administration in the BIC, we have a mandatory coalition Government and, therefore, we have five parties, all of which wish to know what is going on at those levels.

So, we have peculiar circumstances, but I am sure that, as we normalise our processes here, we will be able to reduce our numbers.

**Mr Molloy:** Go raibh maith agat. I thank the First Minister for his statement. I will ask two questions, the first about corporation tax. Was an understanding of the other regions' approach to corporation tax gained in the discussion? What were their general opinions of it? Secondly, is there a plan for planning authorities so that they can deal with applications for energy resources and make sure that they are used properly? Is there a plan to make the likes of wind energy more acceptable to the community at large?

**Mr P Robinson:** The Member and I will both be glad that the Speaker was distracted when he said that he would ask two questions. I think that it is clear that other parts of the United Kingdom feel that they, too, should benefit from the ability to vary the level of corporation tax.

The deputy First Minister and I have been very forthright in indicating that we have unique circumstances in Northern Ireland. We share a land border with a state that has a much more attractive level of corporation tax for foreign direct investment and, indeed, a level that helps its indigenous growth. Also, we have come out of a very long period of division and conflict. Our infrastructure has not received the level of attention and investment that it should have. Therefore, we have a historic legacy that requires us to have something that gives our economy a boost. We also face a number of difficulties because we are on the periphery of Europe. So, we have argued that our uniqueness means that Northern Ireland has a special case.

I believe that the consultation paper produced by Her Majesty's Government indicates that they, too, recognise that Northern Ireland has quite different circumstances to those that prevail elsewhere. We hope that that will lead to the

Government's allowing us to have the power to vary corporate tax.

On the question of energy, one purpose of the AIA is to look at a range of issues, including regulation, planning, research and development, and any environmental gaps that there may be. It will also consider how we might be able to better commercialise and exploit the resources. So, planning is clearly required, although when the Member was asking the question, I got the sense that he was referring more to on-land wind farms than those offshore. I will resist making a personal comment about what I think of on-land wind farms; suffice it to say that I would rather have them offshore.

**Mr Dunne:** I understand that the issue of the closing of Her Majesty's Coastguard station at Bangor was raised at the summit. Will the First Minister indicate the nature of those discussions?

**Mr P Robinson:** Colleagues charged the deputy First Minister and me with raising that issue at the summit, and that was duly done. It was, of course, outside the remit of the BIC, but that has never stopped us in the past. The Government acknowledged the concerns that we expressed. We had both been down to Bangor to see the work that is being done. We recognise that this is not just a financial matter, nor should it be considered as one; we are talking about people's lives and the very clear need for us to have a service that is close to hand and that can provide us with the best possible safety, not just around the coastal areas but on the loughs. That point has been well made to the Government.

I note that one of the Liverpool MPs indicated yesterday that they had had a very good meeting with the Minister on the issue. I hope that the Minister is moving away from the either/or attitude, which describes the choice as either Belfast or Liverpool. The Government should be looking again at their overall proposal for coastguard services for the whole of the United Kingdom. This is something that you cannot play about with for just financial reasons.

**Mrs Overend:** I thank the First Minister for his statement. I note the discussions on the electricity grid infrastructure. Will the Minister detail any discussions there may have been regarding the recent takeover of NIE by the Irish Government-owned ESB?

**Mr P Robinson:** There was no discussion on that matter. The leader of the Member's party and I have jointly written on this issue, expressing some concerns. There clearly are many advantages in respect of the availability of the market and what the commercial market can do. We have expressed some concerns, but, wearing my First Minister's hat, I cannot comment on them.

**Ms J McCann:** Go raibh maith agat, a Cheann Comhairle. I, too, welcome the Minister's statement. The Minister referred to the discussion on the continuing constraints on the availability of finance for homeowners and businesses. Was any update given on the legislation going through Westminster on credit unions that will bring forward alternative sources of revenue and finance for people?

**Mr P Robinson:** No, there was no discussion on that issue. The Member has made her point, and it is a matter that my colleagues can take up. Credit unions have played a significant role in Northern Ireland, and the deputy First Minister and I have been working with them as part of the team that was brought in to look at a joined-up approach to dealing with the downturn in our economy.

They have asked for certain things to be done. The Minister of Enterprise, Trade and Investment is responding to those issues, and I hope that that will make that area of activity a lot easier. As it gets more and more difficult to get loans from the banks, it is all the more important that we give every assistance we can to credit unions.

**Mr McGlone:** Go raibh maith agat, a Cheann Comhairle. I thank the Minister for his statement. Given the multi-billions of pounds of public money for bailouts for the banks, and the pivotal role that they have in the growth of the economy, was the matter of banks raised at the meeting? It is crucial to any re-growth there may be, especially for first-time homebuyers but also for the recovery of small and medium-sized enterprises, which are heavily dependent on banks in supporting them through this and helping them into the new growth that hopefully will come.

**Mr P Robinson:** I think the Member is right. I do not think we have had over the past number of months a meeting of the BIC, the JMC or the North/South Ministerial Council when we did not discuss the role of the banks. The deputy First Minister and I also met the Chancellor

and raised again the issue of our reliance on our main four banks, two of which are based in Dublin and clearly have difficult issues to face.

One of our other banks is a subsidiary of a bank that is now effectively under Government ownership in the United Kingdom, and the other, Danske Bank, is outside Northern Ireland as well. We asked at the JMC meeting that the Chancellor second one of his officials to look at the peculiar banking circumstances of Northern Ireland. I think I am right in saying that he agreed that he would do that.

**Mr G Robinson:** Now that the dates have been agreed for the British-Irish Council standing secretariat, what further action will follow to get the secretariat up and running, and will Northern Ireland contribute to it?

**Mr P Robinson:** Yes, of course Northern Ireland will contribute to it because the push to have a standing secretariat came from Northern Ireland. The target date of 1 January 2012 has been set.

At the previous BIC summit, we agreed that Scotland would be the home of that secretariat. The Scottish Executive have indicated that they will cover the set-up costs. Our contribution will be about £15,000 a year, so we are getting pretty good value. Staff will be co-located at the facility, which we expect to be in Edinburgh, but that issue has to be resolved between now and 1 January. The Scottish Government have to determine and provide us with details of the accommodation that will be available. We will then have to look at staffing issues, procedures and other issues that relate to it, so there is quite a lot of work to do between now and 1 January.

### 11.00 am

**Mr Allister:** Given the telling contrast between the speed and lavish nature of the secretariat that was established for the North/South bodies and the feet dragging over the secretariat for the east-west dimension of the Belfast Agreement, and now the revelation that we will contribute £15,000 to that secretariat even though we contribute over £1 million per annum to the North/South Ministerial Council, does the First Minister, who is now such an enthusiastic operator of the Belfast Agreement, have any explanation as to why the east-west link is so patently the poor relation? Why has it taken the four years that he has been in office to get even to the point of a start date for a secretariat for the east-west dimension?

**Mr P Robinson:** I suppose that that is as close as we will get to congratulations from the Member for succeeding where others have failed in getting to the stage at which we have a start date. Some day, the Member will shock us all and silence the House by coming out with one word that is positive or constructive to the Assembly, but we might have to wait some time for that.

Maybe he has not worked it out, but I will give him the pure maths for his own sake, and he can work it out in his own time. If two countries are sharing the cost of a secretariat, their contributions will be larger than they would be to a secretariat in which a whole range of countries, including the United Kingdom Government, incurred the cost. I would have thought that that is fairly basic maths, but clearly it is beyond the Member. *[Interruption.]*

**Mr Speaker:** Order.

## Assembly Business

### Principal Deputy Speaker

**Mr Speaker:** The next item of business is the nomination of a Deputy Speaker to act as Principal Deputy Speaker. The process will be conducted in accordance with Standing Order 5A. I will begin by asking for a nomination. Any Member may rise to nominate one of the Deputy Speakers to act as Principal Deputy Speaker. Only a name should be proposed at that point, as I will return to the proposer to speak first in the debate. When I have confirmed that the person nominated is willing to act as Principal Deputy Speaker, a debate relevant to the nomination will take place.

The Business Committee has agreed that only one Member will speak on behalf of each party in the debate. At the end of the debate, I will put the Question on the nomination. The vote will be on a cross-community basis. If the proposal is not carried, I will ask for a further nomination, and the process will be repeated until a nomination is approved by cross-community consent.

If that is clear, do I have a proposal for a Deputy Speaker to be nominated to act as Principal Deputy Speaker?

**Ms J McCann:** Go raibh maith agat, a Cheann Comhairle. I propose Francie Molloy.

**Mr Allister:** Shame.

**Mr Speaker:** Order, order.

Mr Molloy, do you agree to act as Principal Deputy Speaker?

**Mr Molloy:** I do.

**Mr Speaker:** Standing Orders provide for a debate to take place on the nomination. I remind Members that they may speak only once in the debate. I also advise Members that Standing Order 5(7) requires the debate to be relevant to the nomination. I will not allow Members to stray into any other area.

Members will have up to three minutes in which to speak.

**Ms J McCann:** It gives me great pleasure to nominate Francie Molloy. Francie has been a councillor for 26 years, held the position of mayor for two terms and was president of NILGA (Northern Ireland Local Government

Association). In his six years with NILGA, he held a number of positions, and has proved his ability to be independent. In 2007, he was nominated as Deputy Speaker and elected from the Floor of the Assembly. Over the past four years in that role, he has carried out his duties in an impartial manner and ensured that Members from all parties were respected and had their say. With that, I wish to nominate Francie Molloy as Principal Deputy Speaker. I am very pleased to do so.

**Mr Elliott:** It is interesting to hear Ms McCann speak of Mr Molloy in such a way. I do not think that she and her party always had that opinion of Mr Molloy. It was only a few years ago that he was suspended from that party for some of his actions.

The Ulster Unionist Party has clearly opposed the position of Principal Deputy Speaker, or deputy principal speaker, whichever way round it is. I am surprised at Sinn Féin, and, in particular, Mr Molloy, taking up such a post as a job for the boys in the Assembly. They seem to have bought into this entire process. We will be opposing the nomination.

Mr Speaker, I know that you are aware of Mr Molloy's conduct last week in the Committee for the Office of the First Minister and deputy First Minister, at which he totally disregarded the ruling of the Chair. That is why I believe that Mr Molloy is unfit to hold the position of Principal Deputy Speaker. Therefore, I look forward to witnessing how he will carry out the role, because I am sure that it will go through on a cross-community vote, thanks to the two main parties supporting each other. I will wait, and judge his performance in days to come. Mr Speaker, in holding your office, you would not allow people to stray off the mark and away from what is being discussed in such a way as Mr Molloy has shown that he is capable of in Committee. Therefore, we oppose this.

**Mr Lyttle:** My party has endeavoured to be co-operative throughout this proposal. However, in the final analysis at the last stage, we saw no demonstrable need for the change in title and voted against the proposal. It is for that reason that we will be voting against the nomination.

**Mr Allister:** Some of the first business of this Assembly when it came back after the election was the first stage of the sordid deal between the DUP and Sinn Féin, which, today, reaches its climax. On this, the last day of this sitting, we

will see elevated to the totally unnecessary and pointless position of Principal Deputy Speaker Mr Francie Molloy.

We heard something of his CV from the proposer. We certainly did not hear it all. Other places have heard much more about the CV of Mr Molloy. Those on the DUP Benches, when they go to elections, pretend — yes, pretend — that they are returning to Stormont to resist the Sinn Féin agenda. I have been here only a few weeks, but, every day, I see, hand in glove, the co-operation between the DUP and Sinn Féin. When those Members troop through the Lobby to my right to vote for Mr Molloy, as they inevitably will as the Lobby fodder that they are for DUP/Sinn Féin rule, may the words of their colleague Mr David Simpson ring in their ears.

I remind them what he said of Mr Molloy in the House of Commons when he implicated him in the murder of Eric Lutton. Yet today, people like David Simpson's colleague Stephen Moutray, who once said that he would go back to his shop before he would support Sinn Féin in government, will troop through that Lobby to elevate the very man who David Simpson told him all about.

Rev William McCrea addressed the House of Commons and told it that Francie Molloy should be arrested for war crimes against the people of the UK. May that salutary lesson ring in the ears of those who today troop through, and prick whatever conscience remains, as they do the bidding and show obeisance by taking whatever action it takes to keep Sinn Féin happy in this House.

**Mr Speaker:** Will the Member bring his remarks to a close?

**Mr Allister:** So, I say to each one of them: shame on you for the action you are about to take.

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

*Question put, That the nomination of Deputy Speaker Molloy to act as Principal Deputy Speaker be approved.*

*The Assembly divided: Ayes 50; Noes 33.*

## AYES

### NATIONALIST:

*Ms M Anderson, Mr Boylan, Mr Brady, Mr W Clarke, Mr Doherty, Mr Flanagan, Ms Gildernew, Mr Lynch,*

*Mr F McCann, Ms J McCann, Mr McCartney, Mr McElduff, Mr M McGuinness, Mr McLaughlin, Mr McMullan, Mr A Maskey, Mr P Maskey, Mr Molloy, Mr Murphy, Mr Ó hOisín, Mrs O'Neill, Ms Ruane, Mr Sheehan.*

### UNIONIST:

*Mr Bell, Ms P Bradley, Mr Buchanan, Mr Campbell, Mr T Clarke, Mr Douglas, Mr Dunne, Mr Easton, Mr Frew, Mr Girvan, Mr Givan, Mrs Hale, Mr Hamilton, Mr Irwin, Mrs Lewis, Mr McCausland, Mr I McCrea, Mr D McIlveen, Miss M McIlveen, Lord Morrow, Mr Newton, Mr Poots, Mr G Robinson, Mr P Robinson, Mr Ross, Mr Weir, Mr Wilson.*

*Tellers for the Ayes: Mr W Clarke and Ms Ruane.*

## NOES

### NATIONALIST:

*Mr Attwood, Mr D Bradley, Mr Byrne, Mr Dallat, Mr Durkan, Mr Eastwood, Mrs D Kelly, Mr McDevitt, Dr McDonnell, Mr McGlone, Mrs McKeivitt, Mr A Maginness, Mr P Ramsey, Ms Ritchie.*

### UNIONIST:

*Mr Allister, Mr Beggs, Mr Copeland, Mr Cree, Mrs Dobson, Mr Elliott, Mr Gardiner, Mr Kinahan, Mr McCallister, Mr Nesbitt, Mrs Overend, Mr Swann.*

### OTHER:

*Mrs Cochrane, Mr Dickson, Mr Ford, Ms Lo, Mr Lunn, Mr Lyttle, Mr McCarthy.*

*Tellers for the Noes: Mr McCallister and Mr Swann.*

Total votes	83	Total Ayes	50	[60.2%]
Nationalist Votes	37	Nationalist Ayes	23	[62.2%]
Unionist Votes	39	Unionist Ayes	27	[69.2%]
Other Votes	7	Other Ayes	0	[0.0%]

*The following Member voted in both Lobbies and is therefore not counted in the result: Mr Agnew.*

*Question accordingly agreed to.*

*Resolved (with cross-community support):*

*That the nomination of Deputy Speaker Molloy to act as Principal Deputy Speaker be approved.*

**Mr Speaker:** I offer my congratulations to Principal Deputy Speaker Molloy and look forward to working with him. I ask the House to take its ease as we move to the next piece of business.



## Executive Committee Business

### **Welfare Reform Bill: Legislative Consent Motion**

**Mr McCausland (The Minister for Social Development):** I beg to move

*That this Assembly agrees that the provisions in clauses 122 and 123 of the Welfare Reform Bill, as amended at Committee Stage in the House of Commons, dealing with the transfer of tax credit functions and the supply of information by a Northern Ireland Department, or by a person providing services to a Northern Ireland Department, should be considered by the UK Parliament.*

The Welfare Reform Bill was introduced in the House of Commons on 16 February 2011; it contains provision for the introduction in Great Britain of an integrated working-age benefit to be called universal credit. It will be paid to people in and out of work and will replace a range of means-tested benefits and tax credits such as income support, income-based jobseeker's allowance, income-related employment and support allowance, housing benefit, working tax credit and child tax credit. It will provide support for people between 18 and the age at which the claimant becomes eligible for state pension credit. The Bill also contains provision for the introduction of personal independence payment to replace disability living allowance, changes to housing benefit, employment and support allowance and to the forthcoming child maintenance scheme. The proposals in the Welfare Reform Bill that I have just outlined apply only to Great Britain at this stage. I am considering the position in relation to Northern Ireland and will bring forward proposals to the Assembly in due course.

The areas of the Westminster Bill that apply to Northern Ireland and which require this legislative consent motion deal with the transfer of tax credit functions and the supply of information by a Northern Ireland Department. The motion asks the Assembly to agree that those consequential provisions may be considered by the UK Parliament since they could change the functions of three Northern Ireland Departments and the legislative competence of the Assembly.

By way of background, I should explain that the intention is that there will be no new claims for

tax credits after the introduction of universal credit, which is planned for October 2013, after which existing tax credit claimants will be transferred to universal credit through a managed transition process. It is expected that, by October 2017, there will be no remaining tax credit awards. To enable the Department for Work and Pensions to manage the transition process, it may be desirable to transfer tax credit functions from HM Revenue and Customs (HMRC) to that Department.

The Welfare Reform Bill contains an order-making power to allow for the transfer of tax credit functions from Her Majesty's Revenue and Customs to the Department for Work and Pensions. It also contains an order-making power to allow for new functions to be given or functions to be removed from HM Treasury, HM Revenue and Customs and a Northern Ireland Department.

The power to allocate or remove functions is purely consequential on the transfer of tax credit functions to the Department for Work and Pensions. It is intended that tax credits will remain an excepted matter and that the Department for Work and Pensions will administer tax credits for Northern Ireland until the last tax credit claimants have been migrated to universal credit. That will involve new arrangements for investigating tax credits cases in Northern Ireland, as the Department for Work and Pensions does not have a presence here. It is proposed that the Department for Work and Pensions might seek to enter into an agency agreement with my Department — in practice, the Social Security Agency — to appoint authorised officers who would then be able to carry out the relevant investigations.

#### **11.30 am**

Following a transfer of functions, the Department for Work and Pensions will need to be able to access certain HMRC data and to provide to other Departments data relating to tax credits. The Bill includes provision for a wider single two-way data-sharing gateway between the Department for Work and Pensions, HM Revenue and Customs and relevant Northern Ireland Departments, so that information can be shared to facilitate the discharge of their respective functions. That provision is not without precedent. It builds on existing gateways that already extend to Northern Ireland to enable information to be shared and reused

for the exercise of functions in relation to social security, child support, war pensions and employment and training.

I expect that Members will have reservations about the wide-ranging proposals in the Westminster Welfare Reform Bill, but I emphasise that they relate to Great Britain, are not a matter that the Assembly has any power over and do not have any bearing on the motion. The legislative consent motion deals with the much narrower technical issues of the consequential changes to the functions of the Department for Social Development (DSD), the Department of Finance and Personnel (DFP) and the Department for Employment and Learning (DEL) as a result of the proposals dealing with the transfer of tax credit functions and the supply of information relating to Northern Ireland Departments contained in the Westminster Bill. On that basis, I ask the Assembly to support the motion.

**Mr A Maskey (The Chairperson of the Committee for Social Development):** Go raibh maith agat, a Cheann Comhairle. As Chairperson of the Committee for Social Development, I support the motion. At its meeting of 16 June 2011, the Committee agreed a short report on the legislative consent motion. That report concluded that the Committee will support the motion as it applies solely to clauses 122 and 123 of the Westminster Welfare Reform Bill. The report was e-mailed to every Member, and copies of my letter drawing attention to the report on the Committee's web page were provided to all MLAs.

As the Minister explained, the provisions relate simply to the transfer of tax credit functions and the sharing of information by Departments here, the Department for Work and Pensions, Revenue and Customs and the Treasury. DSD officials described the provisions as largely minor and technical in nature. As the sharing of information includes the Department of Finance and Personnel, the Committee also wrote to the Committee for Finance and Personnel and received confirmation that DFP is content with the provisions of the legislative consent motion that relate to it.

Although the Committee for Social Development supports the specific provisions that the motion refers to, the Committee's report notes that the Westminster Welfare Reform Bill contains numerous other provisions, such as the introduction of universal credit and changes

to industrial injuries benefit, housing benefit, pensions credit, disability living allowance (DLA) and so on. The Minister referred to that a moment ago. No doubt, those provisions will come before the Assembly in a welfare reform Bill later this year or in the early part of next year. That will be a completely different matter for many of us and will merit much more detailed scrutiny of its impact on the poorest people here.

In my role as a party representative, it is important to say that we have been advised by the Department that, over the next number of years, the consequence of what has been described as the British Government's Welfare Reform Bill will be that somewhere in the region of £450 million to £500 million will be taken out of the local economy. I believe that various Committee members share that concern. We believe that those will be stealth cuts masquerading as welfare reform. That will require much more scrutiny because, undoubtedly, many of the cuts that will result from that legislation will have a serious, negative impact on many of the most vulnerable people, while taking a considerable amount of money from the local economy. That will add to the £4 billion of cuts that the British Government have already taken from the block grant.

**Mr Copeland:** I speak as a member of the Social Development Committee. I am content that the matters have been discussed in Committee, and the representations that we have had have been useful and formative.

To any of us who have been involved in trying to assist constituents through the morass that is the benefits and welfare system, it is patently obvious that it is burdensome, cumbersome and difficult to operate as it is. No matter what legislation appears at the far end, there are, for us — for me — three principles that need to be reflected if not enshrined: simplicity in the legislation itself; compassion in the way in which it is interpreted; and respect in the way in which it is implemented. A benefits system that makes it more difficult for people to conduct their life in work rather than out of it cannot in any circumstances be considered compassionate, and, as has been said elsewhere, this legislation is fundamental to the day-to-day life of many of our citizens.

**Mr Durkan:** We also support the motion. These are two pretty innocuous clauses in an otherwise

draconian Welfare Reform Bill. Although we support the acceptance of those clauses, we do so without prejudice to our party's position on the Welfare Reform Bill, many elements of which we oppose due to the negative impact that they will have on the most vulnerable people in our society.

**Mr McCausland:** I thank Members for their contributions. As has been said, we will return to the issue of welfare reform in the autumn. However, the matter before us today is minor and technical in nature, as the Chair of the Committee observed, and relates to just two clauses in the Welfare Reform Bill. So, I thank Members for their contributions and commend the motion to the House.

*Question put and agreed to.*

*Resolved:*

*That this Assembly agrees that the provisions in clauses 122 and 123 of the Welfare Reform Bill, as amended at Committee Stage in the House of Commons, dealing with the transfer of tax credit functions and the supply of information by a Northern Ireland Department, or by a person providing services to a Northern Ireland Department, should be considered by the UK Parliament.*

## Committee Business

### Assembly Members' Pension Scheme

**Mr Speaker:** The Business Committee has agreed that the motion will be treated as a business motion. As Members know, there will be no debate on the issue.

**Mr P Ramsey:** I beg to move

*That the following Members are appointed as the trustees of the Assembly Members' pension scheme: Mr John Dallat, Mr Ross Hussey, Mr Trevor Lunn, Mr Mickey Brady and Mr Jim Wells.*

Five Members of the Assembly are required to act as pension trustees as set out in the Assembly Members' Pension Scheme (Northern Ireland) 2008. The present trustees were appointed by resolution of the Assembly in May 2007. Following the recent election, I beg to move the motion with the inclusion of the five new Members.

*Question put and agreed to.*

*Resolved:*

*That the following Members are appointed as the trustees of the Assembly Members' pension scheme: Mr John Dallat, Mr Ross Hussey, Mr Trevor Lunn, Mr Mickey Brady and Mr Jim Wells.*

## Corporation Tax

**Mr Speaker:** This item is a joint motion from the Committee for Finance and Personnel and the Committee for Enterprise, Trade and Investment. The Business Committee has agreed to allow up to two hours for the debate. The proposer will have 10 minutes to propose the motion and 10 minutes to make a winding-up speech. All other Members who are called to speak will have five minutes.

**Mr Murphy (The Chairperson of the Committee for Finance and Personnel):** I beg to move

*That this Assembly supports, in principle, the case for the devolution of corporation tax powers to the Northern Ireland Assembly; and looks forward to the outcome of the HM Treasury consultation on 'Rebalancing the Northern Ireland Economy', the provision of further information on the associated costs and benefits, and the development of more detailed proposals for implementing and exercising the powers.*

Go raibh maith agat, a Cheann Comhairle. In its emergency Budget in 2010, the British Government signalled that they intended to examine mechanisms for rebalancing the economy here, including, among other things, the possibility of allowing a more competitive corporation tax rate. The resultant consultation was launched by the Treasury in March 2011 and was extended to 1 July. The initial closing date of 24 June did not afford enough time to bring forward a co-ordinated response on behalf of the Assembly. The joint motion has, therefore, been tabled by the Finance and Personnel and the Enterprise, Trade and Investment Committees to help to inform any response that they or any other Committees or individual Members may wish to make to the Treasury consultation. Moreover, by agreeing the motion, which proposes cautious support for pursuing the devolution of corporation tax powers, the Assembly will send a collective message to the Treasury at this important point in the ongoing negotiations over the possible terms on which such powers could be exercised.

Members will be aware of the fundamental weaknesses in the local economy, which have been well documented and include, for example, greater reliance on the public sector, higher rates of economic inactivity, relatively low incomes, high rates of poverty and a legacy of capital underinvestment. Some of those issues were touched on in the Treasury consultation paper,

not least and significantly the lower productivity in terms of gross value added (GVA) per capita compared, with a few exceptions, with regions in Britain.

There is no question that a new approach must be taken to the economic challenges that face us. An economic strategy based simply on more of the same will not achieve the step change that is needed in the economy or go far enough in closing the productivity gap. In its recent report, the Westminster NI Affairs Committee noted that many of those who gave evidence to its inquiry considered:

*"that previous policies had not had the desired effect and a significant reduction in corporation tax would be the dramatic change that business"*

here needs.

The case for a more competitive rate of corporation tax and the impact that such a step would have on the local economy has been fairly extensively examined over recent years. As well as that recent NI Affairs Committee inquiry, investigations have been undertaken by, for example, the Economic Research Institute, the Economic Reform Group and, more recently, the Economic Advisory Group (EAG), which advises the Minister of Enterprise, Trade and Investment. The evidence from those investigations points to the potential net gains from a more competitive corporation tax rate. The issue was also examined in previous Assembly mandates, including by the previous Finance and Personnel Committee, which tabled a joint motion, again with the Committee for Enterprise, Trade and Investment, on the Economic Reform Group's report. The Assembly debated and unanimously supported that motion in May 2010.

There can be no doubt that attracting investment here will have a positive impact on the local economy. Among the key benefits of an attractive corporation tax rate that is cited in various reports is an increase in foreign direct investment (FDI). The Economic Advisory Group has highlighted that experience in the South as suggesting that low corporation tax is an important factor in attracting FDI. It also notes that corporation tax incentives in countries such as Estonia and Singapore are one of a number of policy measures that have attracted increased FDI and contributed to significant increases in output and employment.

In its report, the NI Affairs Committee noted that the rate of corporation tax is considered by many to have been a “game changer” in reviving the Southern economy. It also pointed to the Dublin Government’s clear belief that an attractive corporation tax rate remains an “important tool” in helping the South out of its present difficulties.

A Department of Finance and Personnel (DFP) briefing paper issued to all Members in advance of the debate advises that the mid-point estimate for a gross FDI increase is £160 million in year 1, rising to £310 million by year 10. Domestic investment would increase by an estimated £110 million by year 10. The DFP paper also notes that a study undertaken by Oxford Economics on behalf of the Economic Advisory Group estimated that an average of 4,500 net additional jobs a year will be created in the longer term and that the measure would go some way towards creating a more private sector-oriented economy.

Although considerable effort has gone into examining and establishing the theoretical case for a competitive corporation tax rate, it must be recognised that a number of practical issues require more detailed exploration. In a paper commissioned by my Committee, the Assembly Research and Information Service set out a series of questions to which the Department responded in its own paper. Further clarification is needed in some areas, not least with regard to the implications for the block grant. Members will be aware by now of the Azores judgement, which is an EU ruling that requires that a region bear the cost of any reduction in tax revenue and states that it cannot be compensated by the member state authority.

There appears to be a lack of clarity or agreement on precisely how much corporation tax is collected locally. Therefore, it is difficult to predict what the cost may be. Most assumptions are in the region of £200 million to £300 million a year, although the Assembly Research and Information Service paper notes that DFP has suggested in the past that the figure may be in excess of £400 million by year 5. In its paper, DFP states that:

*“The public expenditure implications of this are significant and it is vital that we know precisely how much corporation tax is collected”.*

Perhaps the varying estimates arise from different calculation methods, but, nonetheless,

I call on DFP to press the issue with the Treasury as a matter of urgency.

#### **11.45 am**

In oral evidence to the Committee, Kate Barker, the chairperson of the Economic Advisory Group, reminded members that, at the same time as the public sector bears the cost, there will be immediate benefits to the private sector. Kate Barker also said:

*“it is sometimes put as a gamble ... To be blunt, doing nothing is much more of a gamble.”*

By that, she was cautioning that it would be a gamble to simply expect that the block grant will continue at the same rate as at present and that we would have:

*“passed up ... an opportunity to change the game.”*

It should also be noted that the Economic Advisory Group report considered that it would be important for the Executive to retain yield from other taxes that would be expected to increase, such as income tax and National Insurance contributions. The NI Affairs Committee called on the British Government to provide clarity on the issue. If that were possible, it could evidently help to mitigate some of the costs that are associated with the rate of reduction. That aspect should, therefore, form a critical part of the negotiations with the Treasury.

Concerns have also been raised that a reduction in corporation tax here would encourage brass plating, profit shifting or tax evasion and that relocation from Britain would result in a net loss to the Exchequer. I do not seek to minimise such concerns. However, the NI Affairs Committee stated that its evidence suggests that that risk:

*“is sufficiently well mitigated against for it not to present a persuasive argument.”*

DFP also stated that it expects measures to be put in place to minimise profit shifting.

Members will be very mindful that, by itself, a competitive rate of corporation tax would not be enough to rebalance the local economy. Rather, it is one strand in a strategy that should include, among other things, investment in research and development, innovation, education and skills. It should be accepted now, however, that a strong theoretical case exists for the devolution of corporation tax powers. It is clear that much more detailed work has to be done, and much will

depend on the outcome of ongoing negotiations with Treasury on how attractive the measure would be in practice.

The motion has been crafted to maximise support among Members. It is vital that the Assembly sends a strong message to the British Government, in particular that fair and reasonable working arrangements for devolving corporation tax powers need to be agreed with the Executive. The negotiations must have the central aim of rebalancing the local economy and must not result in terms that are skewed purely in the self-interest of Treasury.

For my own part, I feel that, as I said, the motion was crafted to ensure a broadly positive response from the Assembly, even in the context of ongoing negotiations. It is recognised that there are concerns, but they echo those that we had in the previous mandate with the devolution of policing and justice powers, when it was felt that the issue was too complex and sensitive for the Assembly. Quite clearly, we have demonstrated since then that the Assembly is well capable of handling those powers.

As has been suggested, this is not the silver bullet to address all our economic woes, but it begins to give us control of the fiscal levers that allow us to shape our own economic destiny, recognise our particular circumstances and not be subject to the whim of ideological changes brought about by a Tory-led Government in Britain. As is evident from the business community across the island, it would also allow us to begin to strengthen the all-Ireland links so that we could harmonise an all-Ireland approach to economic recovery. That has been accepted very publicly by business. Indeed, it has been accepted publicly and privately by many in the Chamber. It affords us the opportunity to begin to seize some measure of control over our economic destiny and to try to shape economic recovery, both in this region and on the island as a whole, and to decide our economic future.

On behalf of the Committee for Finance and Personnel and the Committee for Enterprise, Trade and Investment, I commend the motion to the House.

**Mr Speaker:** I call Mr David McIlveen. The Member has five minutes.

**Mr D McIlveen:** I am grateful for the opportunity to speak on the subject, and I support the motion wholeheartedly.

Less than two weeks ago, I had the privilege of visiting Wrightbus in my North Antrim constituency. In the presence of the Chancellor of the Exchequer, the Minister of Enterprise, Trade and Investment and other representatives from the business community, we heard, one by one, the Confederation of British Industry (CBI), the Federation of Small Businesses (FSB) and the Chamber of Commerce speak with one voice. It said that the Assembly should be given the powers to set its own rate of corporation tax, which, although not a cast-iron guarantee of success, is the best — perhaps the only — way that we can reinject some life into the Northern Ireland economy.

There have been many debates surrounding budgets and cuts to public spending in this short term of the Assembly. However, on this issue, talking must be coupled with listening. That means listening to the members of the private sector, on whom to a large extent, most of us agree, the success or failure of our economy relies.

Of course, the cynical among us will say that asking a business owner whether they want to pay less tax will not provoke an entirely surprising response, but we must remember that the majority of small businesses will not benefit directly from a reduction in corporation tax, if we choose to reduce it. However, even the small businesses support it, because they know that the secondary spend that comes from jobs created through foreign direct investment will benefit small retailers also.

If we reduce corporation tax, we must not be unmindful of the cost. We cannot be complacent about that. If public services suffer as a result of a reduction in corporation tax, we, as elected representatives, will have considerable explaining to do. However, the most conservative estimates of economic growth as a result of a reduction in corporation tax see our economy rising by something in the region of 6% a year. Given that the most optimistic forecasts see our current output at around 1.9%, the gains in revenue would comfortably mitigate any losses that we would incur through a reduction in the block grant.

There are huge challenges ahead for Northern Ireland in rebalancing our economy. However, with challenges come opportunities. The Celtic tiger economy in the Republic of Ireland was built predominantly on foreign direct investment from

the USA. Given the investment that we have put into the US markets, we should continue to work hard to attract further investment from that area. However, with emerging economies becoming ever stronger in India, China and other parts of the Far East, we are extremely well placed to attract investment from those areas if corporation tax powers are devolved to the Executive. In that regard, there is a huge strategic advantage to our being part of the UK, as it enables foreign businesses to set up a much-coveted base in Britain. If we can further incentivise those companies with a lower rate of tax than the other devolved regions, we will have an opportunity to move Northern Ireland forward to a new level of economic growth.

I conclude by paying tribute to Invest NI, which has exceeded pretty much every target that has been set before it in the past four years. In particular, I pay tribute to Alastair Hamilton, whose leadership, vision and passion for business in Northern Ireland has been and, I believe, will continue to be a major contributor to rebalancing Northern Ireland's economy.

**Mr Cree:** I welcome the opportunity to speak in the debate, as the devolution of corporation tax to Northern Ireland is such an important issue. I also welcome the fact that the two Committees, the Committee for Enterprise, Trade and Investment and the Committee for Finance and Personnel, have brought the matter before the House today. The Committee for Finance and Personnel has looked at the issue and received representation from the Finance Minister. The positives for the devolution of corporation tax to Northern Ireland are well documented. They are increased economic growth; the attraction of foreign direct investment; an increase in jobs, leading to lower unemployment; and the rebalancing of the Northern Ireland economy, which is over-reliant on the public sector.

I want to focus on how a reduction in corporation tax would be implemented, should we have the power to alter the tax devolved to Northern Ireland. Any reduction in corporation tax should be done incrementally. That can be seen through the actions of the coalition Government, who announced major reforms to corporation tax with four 1% reductions to the main rate. The rate was reduced to 26% in April of this year and, by 2014, will be reduced to 23%. In Northern Ireland, we should look at a similar system, whereby we gradually reduce the rate of corporation tax with a view to competing on

a more equal playing field with the Republic of Ireland's rate of 12.5%.

There are a number of reasons why I believe that corporation tax should be lowered incrementally. First, due to the Azores ruling by the European Court of Justice, regional differences in direct taxation must satisfy fiscal autonomy. That means that Northern Ireland's block grant would have to be adjusted to reflect the cost of a reduction in corporation tax. In order to ensure that we do not inflict too severe a cut on the block in one go, an incremental lowering of the tax would mean that the reduction of the block grant would be spread over a longer time and would have the minimum impact possible on the provision of services to the people of Northern Ireland.

Secondly, incrementally lowering the rate of corporation tax would allow the Executive to respond flexibly to any change in the economy. The economic landscape is unclear in Northern Ireland, especially with a questionable four-year Budget that fails to protect front line health services and includes revenue-raising methods that lack sufficient clarity. I knew that the Minister would appreciate that comment. In those circumstances, it is vital that we have the ability to react to the particular challenges that the economy will present. Altering the rate of corporation tax on an incremental basis will allow us to do that.

Finally, it is essential that the devolution of corporation tax powers be used as one of a basket of measures to increase economic growth in Northern Ireland. The Treasury consultation sets out proposals such as research and development tax credits, an enhanced annual investment allowance, training credits and even a National Insurance holiday. All those measures need to be explored because only a combination of mechanisms will lead to a successful rebalancing of the Northern Ireland economy.

Bearing in mind the points that I have raised, I support the motion.

**Mr D Bradley:** Go raibh maith agat, a Cheann Comhairle. In my party's view, lowering the rate of corporation tax in Northern Ireland will be a major tool in helping to rebalance the economy here, which is over-reliant on a public sector that is all too often at the mercy of the political whims of whoever is in power at Westminster. The current tools that we have to develop the

private sector are useful and necessary but have not been successful in bringing about the growth that we require. We need to develop the private sector in order to generate more employment and spending and to deliver the revenue that we need to provide the best possible public services.

Foreign direct investment will be a major influence in rebalancing the economy, and a lower rate of corporation tax will be a major element in attracting it and closing the productivity gap. Indigenous businesses will also benefit from a lower corporation tax rate, and it will provide our small and medium-sized enterprises (SMEs) with additional capacity to invest to grow their businesses.

If the powers are devolved, we should not rush into reducing the rate without knowing the full fiscal implications of that decision. At present, we do not know how much corporation tax is taken in Northern Ireland. There are varying estimates from DFP and the Treasury, and we need an accurate baseline figure so that we can assess the true impact on the block grant and manage the shortfall. We know that corporation tax is volatile and that its take can vary greatly from year to year. To offset the costs associated with the devolution of corporation tax powers, it is important that Northern Ireland is in a position to avail itself of any indirect benefits that result from increased economic activity, such as receipts from increased income tax, VAT, National Insurance, excise duty and, indeed, corporation tax itself.

Although the devolution of corporation tax powers and the lowering of the rate here is not a magical mist that will cure all our economic ills, it is an essential tool in rebalancing the economy, making Northern Ireland a more attractive prospect for foreign direct investment and enhancing indigenous economic activity, which will result in a more prosperous Northern Ireland for all our people. We need the House to unite with enthusiasm behind the motion to ensure that we send a positive message on the issue. Those who negotiate on our behalf on this matter must put forward the strongest possible case for the devolution of corporation tax powers. It is an essential tool in advancing the prosperity of this region, and the SDLP fully supports the motion.

**Mr Lunn:** I support the motion as proposed, particularly as it specifies the words “in principle”

in stating that the Assembly supports the case for the devolution of corporation tax powers.

I feel that the next time we come to this matter, when we have the outcome of the Treasury consultation and all the cost-benefit information available to us, we will have a major decision to make. However, for today, I am happy to support the motion in principle, although I have some misgivings about the best way to proceed in the long term.

### **12.00 noon**

If we have a lower corporation tax rate, what will the benefits be, and will it work? I heard the Committee Chair mention that 4,500 jobs would be created per annum over the next 10 years. That figure at least sounds realistic, unlike some of the figures that have been bandied about in the past year. The other day I heard that there would be 90,000 jobs. We would have to find more immigrants from somewhere to fill those jobs — it is just not possible. However, 4,500 sounds like a figure worth going for.

There is no doubt that the overwhelming weight of opinion in Northern Ireland advocates the measure. Indeed, the Northern Ireland Economic Reform Group said:

*“it is, without exaggeration, the only means we know of comprehensively changing the economic environment, within a timescale of years rather than decades.”*

It is fair to say, however, that there are also well-informed voices, including some who would benefit from a reduction in the corporation tax rate, who take the opposite view. I wonder what the most important criteria are for an industrialist or an investor when deciding where to locate worldwide. I wonder where corporation tax ranks on the list of priorities. That list would include the availability of skilled labour; political stability; good infrastructure; closeness to markets; energy costs; wages levels; and the amount of government support available to establish incoming business. Some of those criteria we meet and some we would struggle with. However, I have heard it argued that no level of corporation tax would compensate for not ticking most of the boxes on that list.

The argument is forcefully made that, to compete for inward investment, we need a rate comparable with that of the Republic of Ireland. Compared with us, Ireland has certainly benefited from a level of inward jobs, but, again,



given the present circumstances, what will happen to the Irish corporation tax rate? The pressure is on from big hitters in the EU for Ireland to come more into line. It is a pressure that Ireland has so far resisted manfully, but is that position really sustainable? If the Irish have to go back to the EU for a further bailout, one condition will certainly be a rise in their corporation tax rate. The further argument is which line of investment to prioritise. Should it be this initiative, investment in our universities and education facilities — we had a good discussion about that yesterday — or support for small indigenous businesses? I imagine that the way forward is a cocktail of all three.

I can think of some people who started small in this country and went on to great things. I remember Allen McClay starting his business, Galen, in Portadown as a one-man band and where it led to. I think of Fred Wilson of FG Wilson, part of Caterpillar. Corporation tax was not a big factor for them when they started their businesses. Eddie Haughey of Norbrook is another example. As a young insurance man, I was famously asked to insure Norbrook when it first opened, but the company that I worked for decided that it did not like the look of it and that it would not go anywhere. *[Laughter.]* Mr Speaker, I can tell you that, if that company had made a different decision, I would not be here now, that is for sure.

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

We are right to support a full investigation of the costs and benefits of devolving corporation tax powers. The final decision regarding public expenditure will require the biggest leap of faith that we in the Assembly have ever had to make. We should not rush our fences on this matter; it is far too important, and there is no reason for haste. Other Members have said that we should take it as it comes. Let us make a balanced, well-informed decision at the end of the day. So, with the caveat that I expressed and those contained in the motion, I support the motion.

**Mr Hamilton:** I listened to the Member talk about a leap of faith, but I am not sure which side of the classic Alliance fence he wants to leap to. Having listened to his five-minute contribution, I am still not sure whether he is in favour of devolving powers.

**Mr Lunn:** Just to be clear: I said at the beginning and at the end of my speech that I support the motion.

**Mr Hamilton:** Very good. The Member's use of "in principle" was key, though.

I welcome the debate, not least its timing, which allows the House to offer its support, I hope, to the Treasury consultation, 'Rebalancing the Northern Ireland economy'. It is a very timely debate to have to allow the Assembly to endorse in principle, or however we want to do it, the devolution of corporation tax powers.

In the general chorus of positivity on the motion, many Members have said that we would be naive in the extreme to think that devolving corporation tax powers would be an instant panacea to all our economic ills and that looking at corporation tax levels would be the only consideration that an investor would make before investing. Even with 0% business taxes and a low-cost regime across the board, foreign direct investment will not come to Northern Ireland unless we have the infrastructure, the skills and the telecommunications in place. Indeed, businesses will not come here unless we have golf courses, theatres and so on. There is a cocktail of measures that we must have. Companies such as Citigroup and the New York Stock Exchange have come to Northern Ireland, while Home Box Office (HBO) is making films and TV programmes here. Such things would never have been considered possible 10 years ago. Therefore, Northern Ireland already has huge attractions for investors. We have an almost unbeatable product, but the addition of a low rate of corporation tax would take that almost unbeatable product to a whole new level.

**Mr Campbell:** I thank the Member for giving way. He outlines some of the very positive advantages, which I think are recognised across the House. Does he agree that the competitiveness that we could gain versus the cost is something that we will have to analyse? We need to concentrate on the rate — 15%, 10%, 12% or whatever it might be — and be sure that we are concentrating on its competitiveness. The one rate that has a political connotation, and about which people would have very strong reservations, is the 12.5% rate, because some people would use that as a harmonising tool rather than as a competitiveness tool.

**Mr Principal Deputy Speaker:** The Member has an extra minute.

**Mr Hamilton:** Thank you, Mr Principal Deputy Speaker. The Member's point is an important one. If we get the powers to reduce the rate of corporation tax, we need to strike it at a rate that is right for Northern Ireland. There is a whole other discussion to be had on how we reach that figure, but the Member is absolutely right. We need to get the right rate for Northern Ireland to allow us to be competitive in what is an increasingly difficult global market.

Quite a few naysayers have said that we should not be discussing the issue at all. As Mr Lunn said, this may be, if not the biggest, one of the biggest policy decisions that we will ever face in Northern Ireland, and we should not face that decision lightly. We should be very careful and considered in our approach. Therefore, I welcome the naysayers' contribution to the debate, although I do not necessarily agree with what they say. However, we should be cognisant of the concerns raised.

In some ways, though, this is a simple decision to take. Whenever I look into the cupboard of possible policy interventions that would allow a step change to occur in our economy to right the imbalance between the public sector and the private sector here and that would close the gap in living standards — we sit at only 80% of the UK standard of living — the cupboard is pretty bare. In not going after a reduction in the rate of corporation tax, given the positive changes that its introduction might make to bringing investment and jobs to Northern Ireland, making indigenous companies beneficiaries in the process, we will be consigning Northern Ireland to more of the same — a sort of as-you-were economic future. That is not acceptable. We should not be looking at simply trundling along, with more of the same for ever and a day in Northern Ireland. We should be looking at something different and something better for our people.

The benefits are well known: jobs; foreign direct investment (FDI); and spin-offs for local companies. Although colleagues and I have laughed at and ridiculed the basket case that is the Irish economy in some respects over how the bubble down there has burst, I did note that 'The Irish Times' last week reported that the Central Statistics Office in Dublin has said that the export market in the South is now at a

record high. Irish exports in the first quarter of 2011 were up some 3.8% on the final quarter of 2010, and up 20.6% — valued at €1.5 billion — over the past year.

In spite of that bubble bursting, the Irish export market is doing well. That success is driven by the companies attracted by lower corporation tax. Why do the Irish jealously guard their power to have low corporation tax? We must consider the cost, but our approach must be that we want a lower rate. After that, we can discuss how. Mr Cree left out the issue of skills. If we reduce the rate, we need to have people available to take up the jobs in any number of years' time. There are a lot of things to be discussed but, in principle, we should respond very positively to the consultation. We should tell the Treasury that we want those powers and make our own decisions thereafter on the future.

**Mr McLaughlin:** Go raibh maith agat, a LeasCheann Comhairle. I welcome the debate and the momentum for change that has built from a fairly lethargic beginning some five or six years ago. We have followed a trajectory that followed the all-party agreement during the Preparation for Government discussions and brought us to this point. The change of Administration at Westminster and the coalition Government taking a different approach from that of the previous Labour Administration have also contributed.

During every debate on the economy here, and we have debated it during much more benign circumstances than exist at present, everyone commented on, lamented or criticised the imbalance in the economy. It is a simple statement of fact: the economy is out of balance. Consequently, it is uncompetitive, underdeveloped and more vulnerable to the global and international economic trade winds. Up to now, the Assembly has experienced extreme difficulty, within its powers and resources, in responding appropriately to grow the economy, which was the number one priority established early in the previous mandate. The difficulty in addressing that was that the Assembly simply did not have the economic and fiscal tools in its toolbox.

I have heard comments on the dangers of harmonised tax regimes on the island of Ireland. That is a particular, sectional view. My opinion is that there are significant advantages in being able to market the island economy and

its harmonisation of rates as an economic opportunity for inward investment. The island could be marketed on the basis that it would be location indifferent because no fiscal advantage would apply on any part of the island. Up to now, the one-way street placed one part of the island at a significant disadvantage. However, a race to the bottom does not bode well for any economy, as we have seen over and over again.

I note that the Finance Minister has been careful to say continually to the Assembly that we must be responsible and careful. At times, he came across as negative, but he has done a service to the debate, because lowering corporation tax is not a risk-free option. No MLA will approach the decision not having been alerted to the possible downsides. A lower rate is not a silver bullet, and the decision requires a careful and, in my view, informed judgement. There has been considerable debate, study, research and consultation. Many exchanges have taken place, particularly between business, economic leaders, academia, trade unions and stakeholders. At the end of the day, all recognised the opportunities as well as the dangers.

I want to respond briefly to the warning about incremental change. That is a prudent and correct approach, and I do not argue against it. However, I do argue against — this is not a party political point — taking too conservative an approach. If we go for a lower rate of corporation tax but are afraid to be bold or imaginative, it could deny people the ability to produce early evidence that it is the correct strategy for growing and rebalancing the economy.

### 12.15 pm

Although we should continue to be vigilant of the steps that we take if the power is devolved, there is as much danger in being too cautious and careful as there is in overreaching. Were we given the additional powers, the collective wisdom in the Assembly and the experience and support of Ministers would ensure that —

**Mr Principal Deputy Speaker:** Bring your remarks to a close.

**Mr McLaughlin:** — we could deliver on the number one objective of growing the economy.

**Mr Girvan:** I speak in favour of the motion, on the understanding that a reduction in the rate of corporation tax is only one of a number of

measures to try to rebalance Northern Ireland's economy, albeit that I believe that it is one of the greatest opportunities that we will have to attract inward investment. If used correctly, it could reduce the Northern Ireland economy's reliance on public sector employment. It would be a great revenue generator, not only through the taxes received but for the wider economy, particularly the retail end, which would benefit from the money generated.

A reduction in the rate would give Invest NI a great opportunity to go out and sell Northern Ireland on the world stage. Like my colleague Mr Campbell, I fear our going down the route of setting a target of 12.5%. We should not be aiming to be on a par with what is a small economy of five million in the Republic of Ireland, given that the United Kingdom has a population of more than 60 million.

**Mr D Bradley:** The Member warns the House about establishing a rate of 12.5%. Does he agree with the First Minister, who has espoused the view that a 10% rate might be appropriate?

**Mr Girvan:** Our manifesto states that our ultimate goal is 10.5%. I am happy enough to say that if that were to happen, we would be an even more attractive region in which to invest, I hope and pray. It is not just about inward investment; a number of local companies would take advantage of and benefit from that rate.

There is a fear that we would end up with a number of companies coming in and brass plating, as it is known. I appreciate that measures would have to be put in place to ensure that that did not happen. Look at what the Exchequer in London has done: it has already made changes to the way in which corporation tax is worked in that economy. There is a view to bring it down to 23%, and hopefully that will help there.

Northern Ireland is the gateway to Europe, and I appreciate that America is one of our key markets. The UK has a population of more than 60 million, and I think that we have to look at the strength of the British economy. We know about the fears of all those in the euro zone at present, and we need to take those fears into account. Northern Ireland has the opportunity to look not only to America for inward investment but to one of the world's leading economies, China. We have a wonderful workforce and a great skills base here. The universities gave a presentation in the Long Gallery yesterday that showed off some of the innovation and ability

that Northern Ireland as a region can sell on the world stage. We have to look at that, too.

Corporation tax is only one tool in the box, so we need to consider others, such as how to work with the Planning Service to encourage investment. One of the problems in the past was that businesses were put off because of the protracted experience that was planning process bureaucracy. There was some reform in that area and that is the sort of area that we need to encourage, to open up our economy to a large extent.

I appreciate that the consultation is under way. I have received many positive messages from local businesses, not only from small businesses but from some larger employers such as FG Wilson and other companies that are based in my constituency. It is vital that we encourage them and give them the confidence that we are using every tool in the box to grow our economy and to encourage the creation of jobs in Northern Ireland.

**Mr Nesbitt:** I also support the motion. We in the House are here to make the big decisions. Those decisions do not necessarily have a right answer, an exact formula or a scientific equation such as  $E=mc^2$ , and that is the case when it comes to something like corporation tax. The only wrong decision would be to do nothing. The world is moving on, and I know that the Minister of Finance and Personnel will tell the House that all the models and the predictions are based on a fundamental assumption of all other things being equal. I also know that he could tell us that in English and in the original Latin.

There is another Latin phrase that is appropriate; it translates into English as “buyer beware”. As we consider taking the power to set our own rate of corporation tax, there are uncertainties that must be resolved, such as whether Europe will support us or whether we will end up in the European Court of Justice. We must also consider whether we can agree with HM Treasury on the exact current tax take from corporation tax and its implications for the block grant, and whether we can agree with Treasury on what will happen to additional tax revenues and receipts from sources such as National Insurance contributions and VAT.

The world is moving on, not least with Europe ending selective financial assistance (SFA), which was the main tool used by Invest Northern Ireland and its predecessors to attract foreign

investment here. For me, corporation tax is not just a replacement for SFA; it will represent a transformational change. SFA traditionally tended to attract cost centres and operations that do not necessarily make a profit for their parent company, and which, therefore, do not find themselves liable to any form of tax, never mind corporation tax. Corporation tax is more likely to attract profit centres, such as those that deal in manufacturing and tradable services, and that will attract taxation.

For me, corporation tax is a starting-line tax. Without the power to set that tax, FDIs will look elsewhere to do business, but having it gives us the opportunity to get them to the starting line and encourage them to delve deeper into our offer. We have heard from other Members about that offer and the package, toolbox and elements that are needed, including improved planning and taxation law, the removal of red tape, and, above all else, the creation of the necessary skills base. Indeed, in a debate yesterday, we talked about the need for our further and higher education colleges to ensure that the ever-widening demand for highly skilled workers is met in the coming years.

I would like to remind the House of why we want the power to vary the corporation tax rate and why we want to lower it. It is not to make the fat cats of business any fatter; rather, it will address some fundamental flaws that have been in our economy for decades. Those include under-productivity and lagging behind the UK average in our prosperity. It will make our citizens better off by creating the environment in which businesspeople can generate the jobs that create the income that yields the taxes that fund excellence in our public services.

In conclusion, this is an opportunity to show the indigenous and international business communities that we, as an Assembly and an Executive, are up to the challenge of transmitting the message of political cohesion and confidence that they are looking for. Finally, if I may refer back to Mr Lunn’s contribution and his honesty in admitting about the one that got away, I am interested to know what he first thought when he heard the Beatles and whether that is why he is not the Alliance Party’s music spokesman.

**Mr Principal Deputy Speaker:** Order. As this is the first debate in which the Assembly will hear from Mr Lynch, I remind the House that it is

the convention that a maiden speech is made without interruption.

**Mr Lynch:** Go raibh míle maith agat, a LeasCheann Comhairle. Ar dtús, ba mhaith liom mo bhuíochas a ghabháil le muintir Fhear Manach agus Thír Eoghain Theas as deis a thabhairt domh bheith i mo Chomhalta den Teach seo. I would like to take the opportunity to thank the people of Fermanagh and South Tyrone who elected me as a Sinn Féin Member of the House.

In thinking about my speech, I was interested in what a Member from the opposite Bench Mr David McIlveen said in his maiden speech a number of weeks ago. He dedicated his victory to his grandmother, an Irish republican, Mrs Evelyn Margaret McIlveen, who hailed from Bailieborough in County Cavan. My grandmother Margaret Hogg came from the Protestant tradition. She was a Methodist, but she changed her religion when she married at the time of partition. She suffered as a result, and it is from her side of the family that I get my republican beliefs. Mr McIlveen said that he was glad that he could be found on the side of the House on which he sits. Tá mé an-bhródúil a bheith ar an taobh seo den Teach mar phoblachtánach. Equally, I am proud to be on this side of the House as an Irish republican.

Our stories highlight the fact that we are not that far apart despite our histories. If we go back a few more generations to the late 1700s, when the United Irishmen and United Irishwomen fought for separation from England, we see that they consisted mainly of people from the Protestant tradition. It is my hope and vision that we all converge on the same path and build an Ireland that we can be proud of and which reflects our traditions. I dedicate my speech not to any one individual but to my family, particularly my parents, who are in their eighties and nineties and are currently in Donegal, and to my friends and comrades who placed their trust in me during many years of personal struggle.

I move to the motion. Devolution of corporation tax powers is a complex issue. I am not an economist. However, many stakeholders believe that it is one of the key economic levers that can rebalance and kick-start the economy in the North of Ireland. Some experts estimate that over 90,000 new jobs can be created over 20 years by reducing the rate of corporation tax. Central to the argument for reduction is the premise that the probability of attracting foreign

direct investment will be enhanced. Attracting FDI is seen as the way to create high-skilled and high-wage jobs. It is also assumed that lower corporation tax will encourage businesspeople to reinvest.

However, I have spoken to businesspeople in my constituency and attended a recent conference on the issue in Enniskillen. To say the least, many are not convinced that all boats will rise with the tide of FDI, particularly in a county that has to rely on indigenous business to sustain the local economy. Fermanagh could be further disadvantaged due to the fact that it relies mostly on the public sector. Any move on corporation tax should be used not as a tool to downsize the public sector but a lever to rebalance the private sector with the public sector.

I contend that, at the macro level, a lower corporation tax level can be an advantage in driving the economy forward but it should not be viewed in isolation. High levels of educational attainment, an increased skills level, increased research and development spending, and increased investment in training all have a part to play in developing a sustainable economy. We must continue to support and, indeed, increase our efforts with regard to small and medium-sized enterprises.

I support the motion, in principle, as a first step towards taking responsibility for influencing the future sustainability of our economy and harmonising corporate tax rates throughout the island of Ireland, particularly for border constituencies, such as Fermanagh and South Tyrone.

**Ms Ritchie:** I very much welcome the debate, which is extremely timely. Our thanks are due to the two Committees that have set it up. The debate comes at a time when the Treasury consultation on devolving tax-varying powers to the Northern Ireland Executive is drawing to a close. It comes just before the time when really detailed engagement on the cost of lowering corporation tax in the North is due to begin.

### 12.30 pm

I have made it clear many times that the SDLP's position is one of strong support for the devolution of tax-varying powers to the Northern Ireland Executive and for the subsequent lowering of corporation tax, although I recognise the fact that there is a downside in the cost, which I will

come to later. We also believe in varying other taxes, and we have argued repeatedly that, if we are to move our economy out of recession and onto a new growth trajectory, we need to take control of more economic levers.

The ability to vary taxation in the North is a major new economic lever, and even though it comes at a price, it must be cost-neutral to the Treasury, and, therefore, we have to grab it with both hands. Given our failure to do much for the economy using the only other economic lever currently available to us, which is public expenditure, with our, I suppose, policy-lazy and unimaginative Budget, we must surely try to make the most of this opportunity.

Happily, the vast majority of public representatives and the five parties in the Executive are fully behind a lower rate of corporation tax. However, although some of the trade unions and the MP for South Down — sorry, North Down, I hasten to correct myself — are opposed to a lower rate of corporation tax, I am particularly concerned about one politician, our Finance Minister, Mr Wilson. Not only has he stated his scepticism on numerous occasions but he has made it clear that he does not share his party's enthusiasm for a lower rate of corporation tax. I will go further. On a spectrum of support for lowering the rate of corporation tax, Mr Wilson is closer to the outright opposition of Lady Hermon than to the unequivocally in-favour position of his DUP colleague, the Enterprise Minister, and he is completely at odds with the position of his colleague and party leader, the First Minister, who not only supports the lowering of corporation tax but argues that it should go below 12.5% to 10%, a point already referred to by my colleague Mr Bradley.

I know that the DUP is an increasingly broad church, which we welcome. However, in this case, the problem is that the dissenter is the Finance Minister, and he is the person whose job it is to lead the team that will negotiate the terms and, ultimately, the cost to all of us of lowering the rate of corporation tax. How can he lead a successful negotiation for a concession that he does not believe in? How can he make sure that the cost is closer to, say, £100 million than £500 million if he does not believe in the project in the first place? I believe that his opposition is fundamentally misplaced. As with the Budget, there is a policy-laziness and a lack of imagination at work in DFP. His position is one of excessive caution and fear of change,

masquerading as prudent management. So who should lead the negotiation on the ultimate cost of this proposition?

Let me immediately correct myself and tell you that, when I raised the matter with the Chancellor of the Exchequer at our meeting last week, he told me that there would be a price but not a negotiation. The cost of lowering the rate of corporation tax would be determined independently by the Office for Budget Responsibility. However, although the Chancellor has kindly described the process, he is wrong about the negotiation because no instant calculation can objectively determine the correct cost to the Treasury of lowering the rate of corporation tax in Northern Ireland. Too many fundamental assumptions are open to question, and there are many complex and debatable variations in that calculation.

Ultimately, the bottom-line figure will be arrived at following intensive discussions between economists and their political masters from all sides, and that is effectively a negotiation. It is not only prudent but vital to our interests that we put forward the strongest possible economic argument for the lower end of the range of possible costs, and the only people whom I have heard put forward a credible argument here are from outside the government service.

Let us be clear: we fully support the lowering of the rate of corporation tax, while recognising the downside.

**Mr Principal Deputy Speaker:** Will the Member please bring her remarks to a close?

**Ms Ritchie:** We believe that Northern Ireland must put its best foot forward.

**Mr Dunne:** I welcome the opportunity to speak to the motion.

There is no doubt that there is a real need to grow the economy in Northern Ireland, as the current balance is considered overly dependent on the public sector. Our economy needs to be driven more by the private sector. With a vibrant private sector, Northern Ireland would benefit greatly from more wealth and prosperity, economic opportunities and jobs through new investment. A reduction in corporation tax would encourage investment and provide a much-needed boost to our local economy, which has, unfortunately, become too dependent on the public sector.

Much of the current infrastructure is already well placed to complement a competitive and vibrant private sector. Northern Ireland enjoys good transport links, a modern telecommunications framework and, thanks to our two leading universities, an excellent skills base. Although there is always room for improvement in those areas, we currently have a good base from which to start as we seek to grow Northern Ireland and make this country the best place to do business.

Foreign direct investment has the potential to be highly successful in achieving the required rebalancing of the economy. However, it also depends on a corporation tax rate that will enable Northern Ireland to close the gap with the rest of the UK and compete for investment with the Republic of Ireland, which currently has a tax rate of 12.5%. That rate looks set to continue long into the future.

A reduction in the rate of corporation tax is a long-term policy, as it is a long-term economic plan designed to benefit this country and ensure a prosperous future. It is inevitable that such a reduction in corporation tax will have short-term effects. One such impact that we will have to face is a reduction in the block grant. This is a central issue, and it is important to have clarity on it. It is imperative that we do not create an extra burden on ourselves by reducing public spending. It would be foolish significantly to reduce public spending in areas that help to attract and maintain a good business-friendly environment. It is essential that we are not short-changed and that we get a good deal.

There is clear evidence that a reduction in the rate of corporation tax would attract FDI to Northern Ireland. We require more direct manufacturing jobs. Northern Ireland must return to being a place where engineers carry out research and development on future projects, which they take through to development, production and manufacturing in a competitive marketplace. Having listened to the views of important professional bodies, such as Invest NI and the Federation of Small Businesses, who are undoubtedly better placed than many of us in the House today to assess the benefits of reducing corporation tax, I feel that this is an opportunity to bring real and lasting benefit to our economy.

**Mr Allister:** The Member said that he had listened to views. The one report not mentioned

in the debate — doubtless, the Member has read it — is that by PricewaterhouseCoopers (PWC). Will he comment on the fact that it states that there is no clear evidence of a correlation between low corporation tax, per se, and high levels of FDI? The Member seems to think that it is a magic formula for increasing FDI. What about the PWC report?

**Mr Principal Deputy Speaker:** The Member has an extra minute.

**Mr Dunne:** Throughout the world, the evidence is that a reduction in corporation tax leads to significant improvements. Some like to regard it as a tax reduction that will benefit only the large multinational companies. However, the FSB's recent survey in May 2011 concluded that the overwhelming majority of owners of small businesses in Northern Ireland believed that the lowering of corporation tax would have a positive impact on the local economy. It concluded that that would help to improve the conditions for a competitive, business-friendly environment.

For too long, our manufacturing has been unable to compete against the rest of the world. We now seek to compete with countries in the Far East, such as China. I am aware of a large manufacturing company in Belfast that is involved in government contracts. It sources material locally, sends it to Vietnam for sub-assembly, and returns that to Belfast for final installation in the completed product.

It is important that we do all we can to expand and advance our already well-established aerospace and pharmaceutical industries and further help to promote our proud reputation for innovation and invention across the spectrum of industries. We need to be able to compete competitively again in the world market and see an increase in foreign investors who will develop our skills, grow our economy with increased productivity, increase employment —

**Mr Principal Deputy Speaker:** Bring your remarks to a close.

**Mr Dunne:** — and help to create a more prosperous future for our country. We need to demonstrate to the world that Northern Ireland is open for business. I support the motion.

**Mr Flanagan:** Go raibh maith agat. Comhghairdeas, a Phríomh-LeasCheann Comhairle, as do phost nua. Éirím le tacaíocht a thabhairt don rún.

I support the motion and the plans to devolve corporation tax to this Assembly. For many years, we have argued that fiscal powers should be transferred to this Assembly and that decisions on the rates of taxation that should be set need to be taken by locally appointed Ministers.

The potential for devolved corporation tax is only one small part of this. This debate is not about a reduction in corporation tax but the devolution of the powers to set the rate. Whether or not one agrees with a reduction in corporation tax is not the issue at hand. If we manage to get these powers devolved, then we can begin a discussion on what the actual rate will be.

There is a corporation tax rate of 12.5% in the South. That has often been heralded as the main reason why so many foreign investors decided to locate there. It may have been one reason, but it surely was not the only one. Huge multinational companies decided to locate in the South as a result of a wide range of factors, including a high number of skilled people willing to work, a young and educated population, widespread use of the English language, and a decent level of infrastructure investment.

**Mr A Maginness:** I listened carefully to what the Member said. He referred to the skills base in the South and a young, well-educated population. Does that description not exactly suit our own situation here in Northern Ireland? However, the one thing that is different is the corporation tax rate. Is that not really an argument in favour of a reduction in corporation tax and the centrality of that in transforming the economy?

**Mr Principal Deputy Speaker:** The Member has an extra minute.

**Mr Flanagan:** I am quite baffled by the question. There was quite a bit in there that I missed, but I will go on, and if the Member wishes to intervene again, he can.

A lot of the jobs that were created have now disappeared, and we have seen how quickly that can happen. Those measures that I referred to, and to which the Member referred as well, are the kind of things that we need to put in place to ensure that our economy, in particular our private sector, is enabled to grow sustainably.

We also need to work on the basis of co-operation, as opposed to competition, to grow our all-island economy. For too long, the

argument has been put forward that in the North we are over-reliant on our public sector and handouts from the British Government. Yet the British Government tell us all this without the knowledge of how much tax, including corporation tax, is accrued here.

Before the Assembly can take a decision on what any future rate of corporation tax will be, we need full clarity on what the implications may be for the block grant and our public services. At present, those implications are unclear. The future of our economic success is not simply a matter for DFP or the Department of Enterprise, Trade and Investment (DETI). As we all know, growing our economy is the responsibility of many Departments and of the Executive as a whole.

We rely on our education system to ensure that young people receive the right training, advice and support to equip themselves for a fast-moving and challenging economy. We need proper investment in our road network and telecommunications infrastructure to ensure that businesses can compete, transport goods and communicate effectively. We also need to see reform on how procurement takes place so that small and medium-sized enterprises can have access to public contracts, limited though they may be at present.

In the past, much of the focus was on attracting foreign direct investment to create jobs and grow our economy. We, as an Assembly, need to realise that the people who will grow our economy in a sustainable way are those who live here and those who have an entrepreneurial spirit. Those are the people who require our help.

Mr Nesbitt referred to Invest NI, and there has been a lot of focus on its work. It is clear that it is going to have to change its tactics for attracting foreign direct investment, as a result of the abolition of SFA from 2013.

#### 12.45 pm

We also need to ensure that any additional revenues that are generated from increased taxation — income tax, VAT and National Insurance contributions — are retained by the Executive. That is particularly important given the threat of a cut to the block grant, although, as I have said before, the British Treasury has no idea what size any cut might be.



This debate has been going on for quite a while, and opinions have been mixed across society. Mr Lynch referred to some of the scepticism in Fermanagh. I look forward to this debate gaining momentum and to a full and frank discussion taking place from this point on.

Whether any potential reduction in corporation tax would benefit our small and medium-sized enterprises, particularly in areas west of the Bann, is questionable. We need to see a wide range of measures being put in place to sustainably grow our economy. Those must include a job creation strategy and continued investment in education, skills and infrastructure. We must focus on supporting our indigenous businesses as well as growing our tourism and agrifood sectors and putting measures in place to ensure that the benefits of any reduction in corporation tax are felt across our society and not just within big business. Go raibh maith agat.

**Mr Ross:** There has been recognition from virtually everyone that lowering the rate of corporation tax in Northern Ireland will not be the silver bullet to transform our economy. Mr Hamilton, in his opening comments, said it would not be a panacea. Ms Ritchie was unfair on the Finance Minister when she said that he was reluctant to take this step. He is right to inject some realism into this and say that it is not going to be a panacea. In 2007, the Finance Minister spoke about how devolution would not be the panacea for all our ills, even though it would be significantly better for us than direct rule. Lowering corporation tax would be significantly better for us by transforming our economy, rather than us continuing as we are. Although all of the Ministers have been careful to say that it is not a silver bullet, we have agreed that the devolution of corporation tax powers will be a significant lever in our economic toolkit.

I listened to the Chairman of the Finance Committee, and I must disagree with him, because this is not about harmonisation of taxation across Ireland; it is very much about competitiveness. Just as businesses in Northern Ireland are at a disadvantage when it comes to air passenger duty because we share a land border with another EU region, this is another prime example of how business in Northern Ireland is at a disadvantage, due to the adjoining nation having a lower rate of corporation tax.

I look around the world to places where there are lower rates of corporation tax. The Secretary of State is always very keen on pointing to Canada and the results that it saw when it reduced corporation tax. In Europe, we can look at Estonia; we can look at Singapore. All of those areas have had lower rates of corporation tax and have been successful in attracting more investment. Indeed, the national Government at Westminster have modestly reduced the rate of corporation tax for the United Kingdom, which is recognition from Treasury that it can have a positive impact in stimulating the economy.

Of course, lowering corporation tax must sit alongside other fiscal and economic levers that this Executive can operate. It will attract further foreign direct investment in coming years, but there are other things that businesses will look at. Yesterday, I spoke about university funding and making sure that we continue to have a highly skilled graduate workforce. After companies look at the rate of corporation tax, they will look at the quality of the education system and the type of graduates that are coming out of our universities. Indeed, they will look at the quality of our universities, as well as at telecommunications, infrastructure and all those sorts of issues.

One of the key points is that having a lower rate of corporation tax gives Northern Ireland a unique selling point. When Invest NI or businesses look for investment, the lower rate of corporation tax will be a very attractive proposition for companies before they look at some of the other things that Northern Ireland has to offer. It is very much about our getting a foot in the door.

It is telling that lower corporation tax is supported not only by Members, but, as Mr McIlveen said, by members of the business community, including small businesses. Although small businesses might not directly benefit from a lower rate of corporation tax, they recognise that further job creation in Northern Ireland will have a knock-on effect down the supply line, and everyone can benefit from that.

There is a need to grow the private sector in Northern Ireland so that we become less reliant on the public sector. Lowering the rate of corporation tax could well be the tool that we need to help rebalance our economy and ensure that, in future years, the gap in the standard of living between people in Northern Ireland and

those in the remainder of the United Kingdom is closed. I fear that if we do not do something quite dramatic, that gap will continue to be as wide as it is today.

We said that corporation tax can increase FDI. An independent economic advisory group suggested that there could be up to 58,000 new jobs created by 2030. That would be around 3,500 to 4,500 new jobs a year. We need to make sure that we are ready for this. As I said, it is not just the high-end graduate jobs but jobs further down the supply chain and local indigenous businesses that can benefit.

As Members have said, it will also help us to become more of an exporting economy, which is something that Northern Ireland needs to move to in future years. Indeed, even the more modest projections and assumptions point to the reduction of corporation tax as having a positive impact on the Northern Ireland economy.

It is important to say that, although it will stimulate the local economy, it is important that we get a fair deal from Treasury in getting the powers to lower corporation tax. Of course there will be a cost to the Executive, and that has to be taken into account, but I believe that that can be managed. It should not be viewed as a barrier but as an investment in our economy and in this country to grow our private sector and create more jobs in the future.

I believe that, if we can get the power to do that —

**Mr Principal Deputy Speaker:** Bring your remarks to a close.

**Mr Ross:** It is important that the Executive plan it carefully and that we can see the realisation of a more vibrant private sector in Northern Ireland.

**Mr Hussey:** I begin by commenting on the many languages that have been used here today. We have had Irish, Latin and English, and it was good to hear one of the Members on the other Benches comment that one of the strong selling points of the Irish Republic is the ability of people there to use the English language. It is good to see that the ability to speak English is something that we should be taking forward.

In the past, the Minister suggested that my speech was written by Owen Paterson. I can assure him today that the only Owen in my speech is Tír Eoghain, and County Tyrone at that. I hope you can understand my Tyrone

accent today, Minister; I will speak slowly for your benefit.

I welcome the opportunity to speak in the debate. As a member of the Finance and Personnel Committee, I thank all those who spoke before me, and I thank the Committees for bringing the issue to the House. The rebalancing and growth of the Northern Ireland economy is the number one priority for the Assembly throughout this mandate, and we must work to make sure that we deliver for the people of Northern Ireland on that front. Let me state from the outset, as my colleagues have done, that the Ulster Unionist Party is in favour of devolving the setting of the rate of corporation tax to Northern Ireland. We recognise the unique situation that Northern Ireland finds itself in, with a vast over-reliance on the public sector and a land border with the Republic of Ireland, which has a very low rate of corporation tax at 12.5%.

Devolving corporation tax powers has been at the forefront of discussions around addressing the economic problems before us. It has been a much-debated topic, and it has received support from the majority of the House. However, today I want to deal with two main issues that are imperative to the success of the devolution of corporation tax powers: the effect that a decrease would have on the Northern Ireland block grant, and how a decrease would be administered.

First, the devolution of corporation tax powers will have obvious consequences for the Northern Ireland block grant, given the Azores ruling. At present, the cost to the block grant that is being mooted is far too high. However, there seems to be some disagreement as to what the figure actually is. The estimates provided by her Majesty's Treasury differ significantly from those provided by the Department of Finance and Personnel. Last year, DFP calculated that the cost to the block grant would be in the region of £400 million by year 5, whereas the two estimates by the Treasury put that figure at between £225 million and £270 million by year 5. Although I appreciate that those figures are estimates that have been done at a fairly early stage in the process, further work must be carried out to find out precisely how much our block grant would be reduced by should a decrease in corporation tax be taken forward.

Secondly, I want to deal with how the devolution of corporation tax powers would be administered.

That is an area that we need to think about now, as it impacts heavily on the cost of devolving corporation tax powers. The two obvious options would be that the corporation tax is charged so that it is administered by the Department of Finance and Personnel through Land and Property Services, or it could remain as it is now, and continue to be administered by Her Majesty's Revenue and Customs.

The advantages and disadvantages of both options need to be given serious thought. However, the main issue with the administration of the tax is that Northern Ireland should have the ability to decrease the rate of corporation tax without taking the final decision on by how much it should be reduced. That would give the Northern Ireland Executive the time and latitude to consider what is best for the Northern Ireland economy and to react to an ever-changing economic environment.

Finally, I want to reiterate what a number of Members have said already in the debate, which is that the devolution of corporation tax is neither a silver bullet nor a panacea for the Northern Ireland economy. It needs to work in conjunction with a number of other initiatives. Nevertheless, the benefits that it can bring will be tangible for the people of Northern Ireland, in the form of more jobs and greater economic growth. I, too, was an insurance official, but, unlike Mr Lunn, I would have thought a little bit harder about Norbrook, and I might have taken the risk and gone with it. However, that decision has passed us by. I look forward to greater economic growth in the Province, and, for that reason, I support the motion.

**Lord Morrow:** I have listened intently to what Members have said in the debate. I do not want to be the Job among everyone, but I suspect that I may be, because I do not share the total enthusiasm that has been demonstrated today. The old adage of the need to be careful of Greeks bearing gifts is very appropriate in this case. We have some very good examples, at which we should take a long, close, hard look.

I am pleased in two respects. First, that the motion contains the phrase, "in principle". I am glad that that is there. Secondly, I am glad that the leader of the SDLP brought it to our attention that the Finance Minister is cautious. I congratulate him on that. That is a sign of maturity, not of weakness, and it demonstrates to me that, in fact, he is not going to jump in

with both feet and say that everything is well and wonderful because we have got corporation tax down to 12.5%. Let it be clearly said that there is no such thing as a free lunch. We will learn that very shortly, if and when the powers are devolved.

I would like the Minister, when he sums up today, to tell us exactly what this is going to cost to get corporation tax down to 12.5%. I have no doubt that he will, because he is more than capable of doing it. I hear and read about all sorts of figures. I have heard £400 million, £300 million and £200 million mentioned. I do not know which of those is true, or, indeed, if any is true, but I suspect that the figure of £300 million may not be far away.

Very recently, the computer company Dell withdrew its entire operation from its base in Limerick and relocated to Poland. We all know that the corporation tax rate in the Republic of Ireland is 12.5%. We also know that the rate in Poland is 19%, but that did not stop Dell from uprooting and taking its whole operation there. The rate of corporation tax in Poland is 50% higher than that in the Republic of Ireland. The lower corporation tax rate did not keep Dell in Limerick. It may have kept it there for a while, but Dell saw other opportunities in Poland and moved there.

Not every Member said that the devolution of corporation tax is a panacea for all our economic troubles. It is anything but. If we were to speak to 10 different economists about corporation tax — I will not name them or embarrass them — and ask them the specific question of where on a scale of one to 10 they would put the importance of lowering the rate of corporation tax, they would put it at six or seven.

In other words, at least six other issues are more important than corporation tax. I wonder what they could be. I believe that the cost of labour is certainly one of them and that educational attainment is another, as is a stable society. Those are three things that will help to move our economy in the right direction.

#### 1.00 pm

It also has to be said that a major international computer company recently selected Northern Ireland as its European research base. Its managing director confirmed that tax was not an issue. So, I say to the House and to the Minister — I do not think that the Minister needs it said,

but I will say it anyway — that we need to be cautious.

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

**Lord Morrow:** I am happy that the Minister is in that mode, and I have no doubt that he will bring a common-sense approach to all this.

**Dr McDonnell:** The SDLP's position on corporation tax is clear and has been consistent not just for a few years but for 15 or 16 years. Indeed, many years ago, when some of us went to Pittsburgh for the second White House conference, it was the famous Tony O'Reilly who convinced me on the matter. If the Executive are serious about governing in an effective and efficient way and about creating effective and efficient economic benefits for businesses here and for the people of Northern Ireland, I would be in favour of devolving not just corporation tax powers — that should be done first — but all tax powers locally, so that we can have much greater influence on what we do and how we do it.

To maximise the impact and create a level playing field across the island of Ireland, the rate should be set at 12.5%. The power to devolve tax cannot be separated from the level of the tax, and to focus on devolving powers without reference to setting a competitive rate would be to render this debate meaningless. There is absolutely no point in taking the power if we do not use it. I believe that that rate would dramatically change our economic landscape in a relatively short time.

All too often here, whenever we discuss our economy, we talk about the block grant and how we might tweak it a bit here or there. However, there is much more to our economy than working with the block grant. Only this morning, I was at a business breakfast seminar in Belfast City Hall. The focus of the event was on enhancing Belfast's competitiveness, and, time and again throughout the discussion, economists, businesspeople and other political representatives brought up the importance and value of a lower rate of corporation tax. It is clearly seen as a tool with which to build a bigger and better private sector.

Far too often in Northern Ireland, we have a habit of knocking ourselves, encasing ourselves in silos or restricting ourselves under a glass ceiling, with a cannot-do as opposed to a can-do attitude. However, we should not lose sight

of the fact that Northern Ireland has lots of positives to offer to investors. To ensure that we build a bigger, stronger and better private sector, as well as reducing corporation tax, we must bundle those positives. We have a large pool of skilled, cost-effective labour. Although it may not be as cost-effective as some inward investors would like, compared with the labour markets in London, Dublin and the main European cities, it is relatively cost-effective. Beyond labour costs, we have a relatively low cost base. We are in a prime location for trading and for exports. Our tourist industry has huge potential. We have a very strong IT sector, and we have the devolved Assembly and Executive.

We have the powers to make choices and decisions for the benefit of Northern Ireland. The devolution of corporation tax powers is one decision that we must make. In a relatively short time, it will enable fair competition and dramatically increase the economic attractiveness of Northern Ireland. Corporation tax at a competitive rate will, as the evidence overwhelmingly indicates, speed up economic growth. It will bring in foreign direct investment and increase the number of people in well-paid, sustainable jobs. Some people estimate 90,000 new jobs over 20 years. That may be a slight exaggeration, but most commentators talk about more than 64,000 jobs.

The ability of reduced corporation tax to speed up inward investment and economic growth in Northern Ireland is important against the backdrop of the clear intent of the Treasury to slash the block grant. The fact is that a reduced devolved corporation tax will, in the medium to long term, increase tax revenue for the UK and, in turn, help to offset any reduction. That is why it is important that we debate the details of implementing the tax change —

**Mr Principal Deputy Speaker:** Bring your remarks to a close.

**Dr McDonnell:** — and make a strong, persuasive case to the Treasury.

**Mr Allister:** Not for the first time, and, I suspect, not the last, I am somewhat out of step with the consensus in the House. However, I feel a little less lonely since Lord Morrow's contribution. In the Budget debates, the Minister liked to refer to me as Elijah. Well, Elijah and Job probably had quite a lot in common. If the Job of the DUP Benches would like to volunteer as a Teller, I could give him some useful employment in a

few minutes. I hope that he proves more stoical in his resistance to corporation tax powers than he did having started down the same road in respect of policing and justice.

People in the House like to talk about game-changers. The game-changer in regard to corporation tax was the Azores judgement. At a stroke, it revolutionised the debate and made it abundantly and irrefutably clear that, if you go for corporation tax, you must, because of the fiscal autonomy requirements, adjust your block grant. We in Northern Ireland, whether we like it or not, have a huge fiscal deficit, and the block grant is the one thing, as the Minister well knows, that gives certainty to our budgeting. Going down a road where you play fast and loose with the block grant and take risks with it in a state of total blindness because you have no idea of what the actual working figures will be seems to be the absolute height of folly.

Remember, there is no reverse gear when it comes to corporation tax devolution. Therefore, there is supreme danger in sleepwalking into a situation in which we devastate the block grant for the sake of some sort of aspiration. All that I have heard in this debate is aspirations; I have not heard any reality talked at all. The volatility of the receipts from corporation tax makes anyone who thinks seriously about it back away pretty fast, just as the Welsh have. It is on the point of the volatility.

Much nonsense has been talked about the impact that it would have on foreign direct investment. I remind the House that the Irish Republic had low corporation tax from 1958. That did not do it any good in the 1950s, the 1960s, the 1970s and most of the 1980s. It is not the panacea; it is not anywhere close to the panacea. Those who think that it is are sleepwalking —

**Lord Morrow:** Will the Member give way?

**Mr Allister:** Certainly.

**Lord Morrow:** Thank you. It is now Job speaking. I hear what the Member says. I made it clear that some Members said that it was not the panacea or silver bullet. Does the Member accept that it is imperative that the Northern Ireland economy is always competitive and that our nearest rival is the Republic of Ireland?

**Mr Allister:** Of course. I want to see the economy totally rebalanced in Northern

Ireland. I am not opposed to that at all — far from it. What I am opposed to is taking steps that we then regret and taking steps that distance us from the centrality of our equal citizenship as part of the United Kingdom. There is an ideological issue, which is that common taxation lies in close relationship to common responsibilities and benefits. That is why the party that sits over here — Sinn Féin — is suddenly so ideologically wedded to the reduction in corporation tax. It is not because that party believes in low corporation tax.

I sat in the European Parliament for five years and listened to Bairbre de Brún and her Marxist clique constantly demand soaking the corporations and higher corporation tax. That is their ideology. In the Irish Republic, they fought elections saying that they would introduce higher corporation tax, but, suddenly, because it happens to fit with an overriding political ideology — harmonising taxation on the island of Ireland — they are now the prophets of low corporation tax. They are no such thing. They are the economic illiterates of the House.

**Mr Hamilton:** I have heard the Member say what he is against. We are well used to hearing what he is against. If he genuinely believes in the rebalancing of the Northern Ireland economy, will he tell us what he is for? In all this bluster, we have not heard him suggest anything that would make the step change in the economy that the rest of us are in favour of.

**Mr Allister:** I suggest that the Member studies the economy of Germany. It has relatively high corporation tax, but it has one of the best success rates in foreign direct investment. Why? Because —

**Mr Principal Deputy Speaker:** Bring your remarks to a close.

**Mr Allister:** — it has multiple aspects to its attraction package that make it an attractive place to invest.

**Mr Agnew:** I support the motion. Like Trevor Lunn, I support in principle the devolution of corporation tax powers and other fiscal powers. We should look at the powers that we have on the whole. However, the real question for me is what we should do with those powers. For that reason, I want to voice the many concerns that I have about some Members' apparent willingness to rush head first into reducing corporation tax to 12.5% or less.

Yesterday, the Assembly passed a Budget that was decimated by cuts passed down from Westminster. Indeed, the Finance Minister seemed to suggest that we should praise him for being able to present any kind of Budget. He even went further and suggested that those who criticised it were nothing but whingers. I do not subscribe to that view, as I opposed the Budget, but I agree that, given the cuts that we have had to face, it was a very difficult Budget to produce. For that reason, I am astonished that we are seeking to voluntarily reduce our block grant further in order to cut corporation tax, which PricewaterhouseCoopers ranks as seventeenth in the list of factors that influence companies that are looking to invest.

A question that the Finance Minister often asks of those of us who dare to propose amendments to his Budget is “Where will the money come from?”. Well, where will the money come from if we reduce corporation tax and have our block grant reduced? We have not had that question answered, and I have yet to hear what cuts to services and job losses will result from that potential cut to the block grant.

There are other potential costs that have yet to be outlined. How much will the administration burden be? I put that question to the Minister, and, as yet, there has been no estimate. Therefore, Members are supporting the reduction in corporation tax without the full facts. My understanding is that the administration costs will be quite significant.

Varney estimated that brass plating could cost us in the region of £80 million in further reductions to the block grant. Another concern that has been raised is that, if the power to reduce corporation tax were devolved and receipts were to drop, would we then seek the introduction of borrowing powers that might be necessary to mitigate that possibility, given that we do not have those powers?

### 1.15 pm

We know that there will be costs. The costs are guaranteed, but the benefits are purely speculative. Many Members have talked as though the various projected figures on new jobs are guaranteed. They have said that they do not know how many jobs will be created but it will be tens of thousands. We do not know that. At this point, it is speculation.

I welcome Simon Hamilton's contribution that we must consider the matter seriously and look at all aspects of it. In doing so, we should look at the alternatives. I am a member of the Committee for Enterprise, Trade and Investment, and I asked departmental officials what alternatives the proposals were being marked against. The only alternative that they have been marked against is doing nothing. I agree with Members that we should not do nothing; we have to address the state of our economy. I propose that we should at least mark the proposals against investment in the green new deal. The costs are similar, so why not see which has the better outcomes? The green new deal will help not only to boost our economy but to move us towards a lower-carbon economy and to reduce our reliance on ever-diminishing fossil fuels, the prices of which are rising. Let us look at the two proposals and compare them. The benefits of the green new deal are not speculative. There are guaranteed benefits, and, if we invest in it, we will create jobs.

Although I am willing to support the motion —

**Mr Principal Deputy Speaker:** Draw your remarks to a close.

**Mr Agnew:** I implore the Finance Minister and the Enterprise Minister to explore the alternatives before we rush head first into a potentially very damaging tax cut.

**Mr Principal Deputy Speaker:** The Minister of Finance and Personnel, Mr Sammy Wilson, will have up to 20 minutes to respond.

**Mr Wilson (The Minister of Finance and Personnel):** It will be 20 minutes. I thank everyone for contributing to the debate on a very important issue. In fact, it is probably one of the most important policy issues that we will debate, contemplate and, finally, have to make a decision about in this mandate. The issue will have very long-term consequences, potentially positive and negative. Therefore, it is important that the debate be considered and that we have as much input into it as possible.

From my party's point of view, the parameters of the debate and the objectives of the policy are all about what we will do to make the Northern Ireland economy more competitive; it is not about making our economy more like that of the Irish Republic and converging with that economy. Mr Allister sees it as some kind of plot by Sinn Féin to drag us into a fiscal

united Ireland. Indeed, he pointed out that Sinn Féin spokespeople in the European Parliament used to be ranting, left-wing communists. Lots of biblical characters have been mentioned. We have had Job here and Elijah here, and we have Saul of Tarsus over here. They have had a Damascus road experience. They have been converted. I would have thought that Mr Allister would welcome that and not condemn them for it. I would have thought that, in Mr Allister's book, a consideration of more mainstream economic thought would be a benefit rather than something to be criticised for.

Let me make it clear that, as far as we are concerned, this is about what we should do to change the face of the Northern Ireland economy. Member after Member said that. We cannot go on with a situation where we, on average, have 80% of the average GDP in the United Kingdom. We cannot go on with a low-productivity economy. We cannot go on with an economy that is dominated by the public sector. Even the activities that go on in the private sector are very heavily dependent on public sector spending and on low-wage-type activities. We cannot go on that way, and, therefore, we need to look at change.

The economic theory behind it is that one way in which we might do that is to look at how we give fiscal incentives to the private sector to expand. I accept a lot of the points that were made by those who were more sceptical during the debate. It would be foolish of me, as Finance Minister, as an economist or as an observer of real life, to do otherwise. Indeed, many of those who support the change have made it clear that they understand that there is no silver bullet and no panacea. People can pull evidence out from different sources, and some people will point at reports and economic theories that suggest that, if you reduce the tax burden and reward people for the activities that they undertake, they will have an incentive to undertake more of those activities and, if you let them keep their profits, they will have more money to invest and, therefore, to expand their firms. Therefore, there is an incentive effect.

Mr Allister pointed out that the PWC report indicates that that is not necessarily the case, and it is not. You could look at some low-tax economies and find that there has not been that stimulus. As Mr Nesbitt pointed out, when economists look at all those things, if they want to isolate the impact of one variable on the

economy, they have to make an assumption that rarely applies in real life. *Ceteris paribus* — I have got the Latin in as well — or all other things remaining equal is not always the case. Hence, what Mr Allister said about the situation in the Republic is quite true: for a long time, it had a 10% tax rate, and that had no impact. Then it had a 12% tax rate, and that did have an impact because other things changed as well. Therefore, anyone who says with certainty that this will suddenly make the economy grow magically does not understand or has ignored many of the economic complexities.

One thing that we do know is that there are lots of modern examples of how a reduction in corporation tax and in taxes on profits has had a dramatic impact on the rate of growth, not least in the country that is next door to us. For that reason at least, we have to consider it. We cannot simply write it off, as some did during the debate, and say that there are other ways and, therefore, we do not have to consider it. It would be remiss of us to do that. Indeed, if we want to rebalance the economy, we have to look at that.

The second point that I want to make is that, no matter how you look at this, there will be costs involved. Let us not pretend to ourselves that there will not be. I know that some Members said that, in the long run, it will give us more revenue than it will cost us. That depends on what you wish to include in that revenue. We know from all the reports, whether from the Treasury or the EAG, that, in 10 years' time, even with the best of circumstances, we will only break even. The worst report shows that, in 20 years' time, we could still have a negative fiscal impact on this economy, so we have to bear that in mind. Even if it creates 4,500 higher-paid jobs in each of the next 20 years, resulting in a thriving economy that enables young people to stay here, get the rewards that they want while living in a healthier, happier, more prosperous economy that employs more people with a better lifestyle, not much of it, apart from the tax take, will register on our fiscal balance. However, it will change the face of Northern Ireland, which is what the Assembly is here for. It will give the people whom we represent better prospects and enable us to hold on to the best of our talent. For that reason, when we look at the costs and benefits of lowering corporation tax, we cannot look at the fiscal benefits and costs alone and decide that, because of them, we will not go down that route.

That does not mean that we recklessly imperil in the short and medium term our ability to provide public services. The job creation models' predictions vary from 1,500 additional jobs a year to 4,500 a year. Anybody naïve enough to believe that a model can project economic activity and the impact of a policy 20 years in advance does not know a great deal about economic modelling. Many models are lucky to survive two years in our changing circumstances. Those who say that there is an element of faith or gambling involved in economic models are absolutely right. That is why it is imperative that we scrutinise the corporation tax policy to the nth degree in making our decision. That is why a debate such as this — I hope that there are many more like it — is so important.

We have to consider the immediate fiscal burden. People have said that I differ from other Ministers on this, but I do not believe that at all. Ministers have differing responsibilities: some are interested in job creation, and others look at the wider benefits to society. As Finance Minister, my responsibility is to look also at the impact on public finances, because I must produce a Budget every year and we must ensure that Departments do what we want them to. That is why it is important that we consider the costs.

Ms Ritchie said that I was not fit to lead the negotiations because I brought some of those issues to the debate. Indeed, she tried to make me choose between two women: Lady Hermon and Arlene Foster. However, I tell you one thing: had she put herself in that bunch, I would have told her which of them I would not choose. *[Laughter.]* The puppyish devotion that she —

**Mr A Maginness:** I am going to tell Arlene.

**Mr Wilson:** I am going to be told on, and I have to fly to London with her later. I will probably get it in the ear.

Adopting a puppyish, wide-eyed devotion to this without bringing to bear any critical faculties is certainly not how to go into corporation tax negotiations with the Treasury.

### 1.30 pm

When we go to the Treasury, it is important that we are aware of all the pros and cons and that we go in cautiously and go in hard, because there is much to be gained. I cannot remember,

but I think that it was Mr Allister who asked what the upper limit of the cost would be. In any report that I have seen so far, the upper limit is about £355 million a year. If we had to take that as a deficit for the next 20 years, it would, of course, be absolute folly to say that we should go down that route, given all the uncertainty surrounding job creation, etc. Despite what Ms Ritchie said about the Chancellor stating that there would be no negotiation, there will be considerable negotiation. She was correct to say that there would be no negotiation on the amount of income tax. As several Members pointed out, once the amount of income tax has been established, the Azores ruling is that we have to pay whatever the bill happens to be. However, there is considerable variation.

**Mr Allister:** On that very important point, once that figure is negotiated, is it set in stone? David Gauke, the Exchequer Secretary, told the Northern Ireland Affairs Committee that, if corporation tax receipts were less than expected, the Northern Ireland Executive would have to deal with that. Clearly, that indicates that you are on your own. Once you set the figures, is that the long-term consequence?

**Mr Wilson:** I am glad that you raised that point, because I wanted to come to it. I noted the issue of volatility raised by Mr Allister and Mr Agnew. One danger would be that, if receipts went up and down, the block grant would become more volatile. As far as I am concerned, one area of negotiation that would be open to us is where those variations occur, and there will be variations. Over the past five years, the percentage of corporation tax collected in Northern Ireland has varied between 1.6% and 1.1% of the United Kingdom total. Therefore, there is considerable variation over the economic cycle. Although we would have to pay the bill, there would be an acceptance that those variations could be evened out through adjustments to the block grant. Therefore, in the good years, we would probably pay back, and, in the bad years, we would take in. Although it is not impossible to deal with that, it is an issue, and the Member was right to raise it.

Of course, other issues are open to negotiation. The Treasury assumed a profit movement of, I think, £70 million. The Azores ruling does not require that to be attached to the bill. Although the Treasury assumed that profit movement, it might never materialise. Indeed, in discussions that DETI officials had with Europe, it was made



clear that any profit movement would, of course, come under the Azores ruling, but that it could be decided after the event, rather than being anticipated and added to the bill. We want to negotiate that with the Treasury.

If the investment were to succeed, the other thing that could help to offset the cost would be counting in the additional receipts from National Insurance contributions, additional VAT receipts and PAYE, because more people would be employed. That could have a considerable offsetting effect — up to 20% of the total bill — which would reduce the impact of the reduction in the block grant.

The administration figure has not been decided, although we have received some indicative figures. However, given that I know that a tax should not cost a disproportionate amount of money to collect, either in administration or compliance, the figures struck me as very high. That is another area that we would want to negotiate with the Treasury. When trying to reduce the size of the public sector here, it would be ironic to set up in Northern Ireland a parallel tax-collecting system, which would not have the benefit of economies of scale, etc. Anyway, firms would not want to deal with two different tax offices. So, I would rather see it kept with Her Majesty's Revenue and Customs (HRMC) and the cost set at a realistic level.

Other suggestions have been made as to how the cost might be reduced. I am glad to see that the Ulster Unionist Party has demurred from its past position on how to reduce the costs. In its manifesto, it had a rather enigmatic phrase; it said that we could offset the cost by looking innovatively at business rates. I do not know what that means. I see Mr Cree in the Chamber, so he might want to tell us what it means. The only way that I can see how you would look innovatively at business rates is if you said, "For the reduction in corporation tax, we are going to put up business rates." If we were to do it, and we had the maximum figure, you are talking about a 60% increase in business rates, which would apply even to those small businesses that do not benefit from corporation tax changes. I suspect that that is one of those policies that the Ulster Unionist Party thought was clever at the time but which it has decided it does not want to pursue any longer. It is surprising that three of its Members who spoke in the debate never mentioned it. Maybe that is another one that it has dropped from its manifesto.

It has also been suggested that a new rate could be introduced incrementally. I am not so sure that I agree with that, because all the evidence so far shows that corporation tax is not an end in itself; it is simply a means of getting the door opened when we go to talk to foreign firms to try to get them to invest in Northern Ireland. It is the appetiser. Then, when the real tax accountants in the firm get to it, they look for such things as tax credits, the cost of labour, etc. If it is the door-opener and simply the means of getting listened to, why would we reduce it incrementally? A reduction to 18% will cost us but will not get the door open; a reduction to 16% will cost us but will not get the door open; and a reduction to 14% will cost us but will not get the door open.

**Mr Principal Deputy Speaker:** Will the Minister draw his remarks to a close?

**Mr Wilson:** I will.

You would be paying the cost, but you would not be getting the benefit.

I have not got to deal with all the points that were raised in the debate. It has been a useful debate. I am sure that there will be many more debates about the issue. It is one that the Executive, the Assembly and Committees are going to have to address.

**Lord Morrow:** Will the Minister give way?

**Mr Principal Deputy Speaker:** The Minister is out of time.

**Mr Wilson:** Therefore, it is important that there is a debate not only among the wider public, but in the Assembly, so that we come to a considered decision on what will have long-term consequences, good or bad, for the economy of Northern Ireland long after many of the Members who are sitting in the Chamber are gone.

**Mr A Maginness (The Chairperson of the Committee for Enterprise, Trade and Investment):** Thank you, Mr Principal Deputy Speaker. I welcome the debate and thank the Chair of the Finance and Personnel Committee, in particular, for proposing the motion. I apologise to him for being late into the Chamber. I did not hear all of his remarks, because I was held up at a Justice Committee meeting.

I echo what the Minister has just said. This has been a very useful debate. It has also been a very mature debate, and the consensus in the

Chamber was quite properly challenged by those who reserve a more sceptical position on the devolution of corporation tax powers and the reduction of corporation tax. Those interventions were useful in challenging a consensus in the Chamber, because it is important that we examine and address all the issues that arise. There are many difficult issues involved in, first, the transfer of the tax and, secondly, the lowering of the tax, which is the ultimate objective.

I welcome this opportunity to speak as Chair of the Enterprise, Trade and Investment Committee on this very important and pressing issue. It has been just over a year since the two Committees co-sponsored the first debate on corporation tax in the Chamber. There has been much discussion on the matter since, and much has been written on the issue. As Mitchel McLaughlin said, it has taken time to gather momentum, but we have reached the stage at which there is an air of expectation both within and without the Chamber that the powers will be devolved to the Assembly.

In opening the debate as Chair of the Finance Committee, Mr Murphy highlighted the obstacles that we will have to overcome and the practical concerns on which we require clarification and agreement before corporation tax is devolved. We need to know where we stand on the impact on the block grant; on compliance with the Azores ruling; on the level of corporation tax collected here; and on the measures to be put in place to counter so-called tax tourism, which is an important issue. Very importantly, we need clarity on the mechanism to be developed to ensure that we retain the benefits of any increase in revenue from other taxes.

There will be costs in the short term to pay for this opportunity. It is an opportunity, and that is how we should view it. As Mitchel McLaughlin said, it is not risk-free, but if we are to move forward, we have to take some risks. We should recognise the opportunities that exist.

It is appropriate that I concentrate on the longer-term future and on the opportunities and benefits that a reduced rate of corporation tax can bring. It is sometimes said that corporation tax is not the only factor, or, in many cases, the most important factor in determining where a foreign company will invest. That point was made by Simon Hamilton and others. Factors such as transport, logistics, infrastructure, labour costs, productivity, telecommunications infrastructure,

education and skills are considered equally or even more important. However, as the Prime Minister, David Cameron, said in the Chamber earlier this month about us:

*"You have excellent transport connections to the rest of the UK, to Ireland and to the rest of Europe. You have the English language; great educational results; two brilliant universities; highly competitive operating costs; 100 broadband access; Project Kelvin, linking north America, Northern Ireland and western Europe; a strongly pro-business climate".*

Those are important factors to remember, and it was timely that the Prime Minister reminded us of them.

Although having a competitive rate of corporation tax is not the only important factor, it is one of the few for which we currently do not possess responsibility. That is the point that I was attempting to make to Mr Flanagan in my intervention. That is why it is so important that those powers be devolved as soon as possible. We need to rebalance our economy through growing the private sector. We must develop an economy that is driven by the private sector and that creates more wealth, more economic opportunities and more jobs through new inward investment. We need an economy that provides opportunities for our indigenous businesses, large and small, to grow and prosper.

Dominic Bradley said that the current tools are simply not working. That was echoed by David McIlveen and other Members. Albert Einstein was quoted earlier in the debate in respect of  $E=mc^2$ , but I will quote him again:

*"We cannot solve our problems with the same thinking we used when we created them."*

Let us think on that. Control over corporation tax is an example of the new type of thinking that we need to embrace if we are to solve the economic problems that we face today. Perhaps this is the "something better" that Simon Hamilton referred to in his speech. He emphasised the point that we cannot have more of the same but must move on. I listened carefully to Mr Allister, but the point must be made that we are moving to a situation post-2013 when we will not have state aid for many business enterprises coming here. What do we do in such circumstances? We must have some alternative strategy.

**1.45 pm**

Attracting business and more investment, and providing opportunities for businesses to grow, will, inevitably, bring jobs. Treasury estimates for domestic investments are up to £65 million in the first year alone. That is considerable. Treasury estimates for foreign direct investment are for an increase of up to £200 million in the first year. Again, that is very substantial. The Northern Ireland Economic Reform Group estimates up to 90,000 new jobs over 20 years. In a statement, Almac, one of our leading and most respected indigenous businesses, said that it would double its workforce of 2,000 if corporation tax were reduced. That is not only encouraging but, if mirrored by other companies, suggests that the figures are not simply aspirational or optimistic but achievable. It begs the question: what would Sir Allen McClay have achieved with a 12.5% corporation tax in Northern Ireland?

As was mentioned by Mike Nesbitt, another key reason for decreasing the rate of corporation tax is the need to narrow the productivity gap with Britain. That is a key aspect of the previous Programme for Government and DETI's regional innovation strategy. We have got to narrow that gap. This is one way of doing that.

Although some short-term sacrifice may be associated with decreasing the rate of corporation tax, as we attract investment, grow the economy and create more employment, there will be increased tax benefits through additional revenue from increased income tax, National Insurance, VAT and excise duty. Those benefits will be realised in the long term, but it is important that we, who are charged with planning for the long term, look beyond the horizon and plan for a brighter, more prosperous time for future generations. A lower rate of corporation tax can make an enormous contribution to that.

I recognise the scepticism expressed by Mr Allister and Mr Agnew. Mr Agnew referred to the green new deal. The green new deal is not incompatible with lower corporation tax. The green new deal and the devolution of corporation tax are not mutually exclusive.

**Mr Principal Deputy Speaker:** Bring your remarks to a close.

**Mr A Maginness:** I commend the motion to the House.

*Question put and agreed to.*

*Resolved:*

*That this Assembly supports, in principle, the case for the devolution of corporation tax powers to the Northern Ireland Assembly; and looks forward to the outcome of the HM Treasury consultation on 'Rebalancing the Northern Ireland Economy', the provision of further information on the associated costs and benefits, and the development of more detailed proposals for implementing and exercising the powers.*

**Mr Principal Deputy Speaker:** Due to Question Time starting at 2.00 pm, the Assembly will suspend until that time.

*The sitting was suspended at 1.48 pm.*

*On resuming (Mr Deputy Speaker [Mr Beggs] in the Chair) —*

**2.00 pm**

## Oral Answers to Questions

### Culture, Arts and Leisure

#### Arts: EU Funding

1. **Dr McDonnell** asked the Minister of Culture, Arts and Leisure to outline the uptake of EU funding by arts and cultural organisations in the 2010-11 financial year. (AQO 207/11-15)

**Ms Ní Chuilín (The Minister of Culture, Arts and Leisure):** I thank the Member for his question. My Department delivers arts and cultural services through arm's-length bodies such as the Arts Council and the Armagh Observatory. The Arts Council proactively encourages its funded organisations to make use of European funding. It also works closely with Visiting Arts, the managing authority for the EU culture programme, hosting workshops to assist the application process. However, information on uptake will not be available until September this year, when the results of the Arts Council-funded organisations survey are complete. I am aware that, in recent years, arts organisations have used funds under the culture programme and the lifelong learning programme. In 2010 and 2011, the Armagh Observatory obtained EU funding of £250,000 for three projects. That will help the observatory's offering to primary schoolchildren.

**Dr McDonnell:** Has the Minister got any plans to take action, and, if so, what action will she take, to encourage local arts and cultural organisations to better access funding from the EU and elsewhere?

**Ms Ní Chuilín:** I am aware that, recently, some groups, particularly in the Member's area of south Belfast, have asked to meet me to discuss how smaller groups can have better access to European funds. The Member will be aware that larger groups with international partners have successfully achieved funds on their own. However, I will talk to the Arts Council to ensure that smaller groups, single artists and artists' collections will have better use of

European funding in the future. I welcome the Member's advice or views on any particular issue.

**Mr McCallister:** Does the Minister think that the Office of the Northern Ireland Executive in Brussels could do more to help her Department to access potential funding?

**Ms Ní Chuilín:** My Department liaises with the Office of the First Minister and deputy First Minister's (OFMDFM) office in Brussels to try to access better opportunities for European funding. I know that the creative industries in particular have been very successful in securing funding. As regards reviews and lessons learned, sure there is always room for improvement. I am quite happy with progress to date. I am concerned about smaller groups' access to funding. That is primarily my arm's-length bodies' responsibility, rather than OFMDFM's.

**Mr Flanagan:** Go raibh maith agat, a LeasCheann Comhairle. Will the Minister undertake to increase the level of engagement by her Department and arm's-length bodies in the EU, including establishing a greater presence in the bureau in Brussels and applying much greater focus on the potential of the EU culture fund?

**Ms Ní Chuilín:** I thank the Member for his question. It is similar to the question that John McCallister asked. I will keep a watchful eye on specific programmes, including those relating to fisheries and creative industries, and even on better use of structural funds or funds for culture, arts and leisure. Although there may be different programmes and progress in some areas and sectors, clearly, the perception exists that a lot of money is distributed from Europe but that local people cannot access it. Therefore, through liaison with the Brussels end of things and even with groups on the ground, I will, certainly, keep a watchful eye on the issue and will bring it back in the new term.

#### Commonwealth Games 2014

2. **Mr Ross** asked the Minister of Culture, Arts and Leisure whether she has held, or intends to hold, meetings with the Northern Ireland Commonwealth Games Council about the 2014 Commonwealth Games in Glasgow. (AQO 208/11-15)

**Ms Ní Chuilín:** With the Deputy Speaker's and Alastair Ross's permission, I will begin by congratulating Rory McIlroy on his fantastic achievement in the US Open golf championship.

This is the second year in a row that one of our local golfers has succeeded. It would be remiss of me to not acknowledge that today on behalf of the House.

Since taking up office last month, I have not yet had the opportunity to meet the Commonwealth Games Council to discuss the 2014 Commonwealth Games in Glasgow.

I can confirm that engagements and discussions are ongoing. I have not received an invitation from the council as yet, but I am keen to meet it to discuss the Commonwealth Games or any other issue.

**Mr Ross:** On this side of the House, we too congratulate Rory McIlroy. Indeed, we conveyed our congratulations last week.

Does the Minister agree that it is important that we get as many teams as possible from Northern Ireland to compete in the Glasgow games? Will she ensure that the governing bodies of each sport, Sport NI and the Northern Ireland Commonwealth Games Council are appropriately funded so that we can build on the successes of Delhi?

**Ms Ní Chuilín:** I concur with the Member's sentiments. It is important that the successes achieved in Delhi be our benchmark, and they are in my Sport Matters strategy. It is not easy for any athlete to compete under the pressure of bringing medals back home. The target that was set for Delhi was five and that was exceeded. The same target is set for the Commonwealth Games in 2014.

The Member is right: support and resources must come from the sporting bodies to ensure that we give our athletes every possible opportunity to achieve success.

**Mr A Maskey:** It is an opportune time to congratulate athletes and to look forward to the next games, when, no doubt, the boxing fraternity here will excel again and achieve more medals than all the other sports put together. However, I do not mean to be ungracious about anyone else's success.

Can the Minister give us any further information on whether discussions are under way between Sport NI and the Commonwealth Games Council?

**Ms Ní Chuilín:** I thank the Member for that question, and fair play to him for getting the boxing in. You are on record. Well done, Alex.

As I said to Alastair Ross, discussions are under way and will continue. They will take on a new focus as the time grows near. In the Sport Matters strategy, there are two targets for Commonwealth Games, including the number of medals to be won in Glasgow. Sport NI, along with the sporting organisations, needs to ensure that every opportunity and all support is made available to all the athletes. I believe that the discussions are going fairly well. It is expected that any revision of the strategy would have to be concluded and any views from those bodies taken on board, I would say, by October of this year, in preparation for the games.

**Mrs McKeivitt:** Can the Minister confirm whether discussions have taken place with other nations to utilise Northern Ireland's training facilities in preparation for the Commonwealth Games in 2014?

**Ms Ní Chuilín:** To be honest, I am not aware of that in relation to the Commonwealth Games. I am sure that the Member knows that intense discussions are ongoing, led by Sport NI, to attract other countries to come here for their pre-games training for the Olympics. I will obtain that information for the Commonwealth Games and send it to the Member.

### **DCAL: Regional Language Strategy**

3. **Mrs Overend** asked the Minister of Culture, Arts and Leisure whether she will bring forward an indigenous or regional strategy rather than an Irish language strategy. (AQO 209/11-15)

**Ms Ní Chuilín:** It is my intention to prepare separate strategies for the Irish language and the Ulster-Scots language, heritage and culture. That reflects the wording of the St Andrews Agreement and the Northern Ireland (St Andrews Agreement) Act 2006 and the different needs and stages of development of each language.

**Mrs Overend:** I thank the Minister for her answer. Does she agree that the St Andrews Agreement called for a regional minority language strategy and not solely an Irish language strategy?

**Ms Ní Chuilín:** I am clear as to what the St Andrews Agreement means. It is also provided for in the agreement that I can take the strategies separately, and that is what I intend to do. I have had some discussions with some of the stakeholders, but not with all of them. Discussions and consultations with the

stakeholders will intensify over the summer. I met some stakeholders in Derry on Saturday who are affiliated the Apprentice Boys. Their emphasis was not solely on language but on heritage and culture. However, it is within my gift to take forward separate strategies, and that is what I intend to do.

**Ms Ruane:** Will the Minister provide information on what previous consultation was undertaken by the Department in the North on Acht na Gaeilge?

**Ms Ní Chuilín:** My Department has undertaken two formal public consultations and an equality impact assessment on proposals for Irish language legislation. The first, which sought views on legislative approaches, took place in December 2006 and lasted until March 2007; the second, which was from March 2007, sought views on possible draft clauses. I intend to seek Executive agreement to a further public consultation about renewed proposals for legislation.

**Mr D Bradley:** Go raibh míle maith agat, a LeasCheann Comhairle. Gabhaim buíochas leis an Aire as na freagraí a thug sí go dtí seo. Ba mhaith liom a fhiafraí den Aire cad iad na príomh-eilimintí a cheapann sí a ba chóir a bheith mar chuid de Acht Gaeilge.

What key elements does the Minister consider should be part of an Irish language Act?

**Ms Ní Chuilín:** I thank the Member for his question and his ongoing commitment to Acht na Gaeilge and the Irish language strategy. I have many ideas about what key elements the legislation should contain; however, I think it appropriate that I wait for the consultation before sharing them. Nevertheless, the Member will know, as I told the Committee and repeated in public, that a rights-based approach to legislation is the best, and only, way forward.

**Mr Allister:** No later than this morning, during the corporation tax debate, the Minister's colleague Mr Flanagan regaled the House with the benefits of the English language as an attraction for inward investment. Why, therefore, does the Minister want to waste valuable resources on promoting a language that will disadvantage young people in seeking employment in these hard economic times, instead of better equipping them to be more proficient in English?

**Ms Ní Chuilín:** I have no comment on what the Member alleges my colleague to have said. That is his opinion. There is plenty of documentation that having more than one language helps people, constituencies and communities with their economic development. I suspect that economic development and well-being are not really what the Member is hinting at. I hope that that has answered whatever sort of question he had.

## Border Areas: Culture and Sport

4. **Mr Eastwood** asked the Minister of Culture, Arts and Leisure what action she is taking to promote cultural and sporting activities in border areas. (AQO 210/11-15)

**Ms Ní Chuilín:** I thank the Member for his question. My Department actively promotes cultural and sporting activities in the border areas as it does in all areas of the North of Ireland. There are many activities across my Department's areas of responsibility, and I want to give him a few examples.

Northern Ireland Screen funds and works closely with three creative learning centres in Crossnacreevy and Armagh, as well as one in the Member's constituency in Derry. Waterways Ireland manages the Erne navigation and the Shannon-Erne waterway and is preparing plans for the extension of the navigation from Upper Lough Erne to Clones in County Monaghan. Moreover, Sport NI, which has invested more than £11 million over the past three years in border district council areas, is also involved in cross-border initiatives to promote sporting activity on an all-island basis.

**Mr Eastwood:** I thank the Minister for her answer. Given that Derry City Football Club plays in the League of Ireland and is a cross-border team in that regard, is the Minister considering funding the Brandywell stadium?

**Ms Ní Chuilín:** I do not know whether the Member is aware that I visited the Brandywell stadium on Saturday. I have to say that there was a hard sell. To be frank, the conditions in the Brandywell stadium are not befitting of the team. I am aware that it is managed by Derry City Council, and, through Derry City Council and the citizens of Derry, we need to pool our efforts to do what we can to promote better use of the Brandywell. That will happen only when there is a fit-for-purpose facility.

**2.15 pm**

**Mr McCartney:** Go raibh maith agat, a LeasCheann Comhairle, Gabhaim buíochas leis an Aire as a cuid freagraí. I congratulate the Minister. I know that she visited the Brandywell on Saturday. Indeed, she took time out to meet Eamon Zayed, a Derry City footballer who was the subject of racist abuse, and I thank her for taking the initiative. In relation to sporting activities in and around Derry and other places, could the Minister give us some outline of what her plans are in relation to angling, particularly on an all-island basis?

**Ms Ní Chuilín:** I thank the Member for that supplementary question. To put it on the record again, the racist abuse that the player received will have no support from anybody in this House.

I suspect that my colleague's senior colleague Mr McGuinness may have prompted him to ask his question about fisheries and angling. There are a number of fisheries and waterways attached to my Department. There are more than 60 fisheries available to the public on purchase of a licence and permit. My Department has distributed around £5 million in Peace II funding to develop water-based tourism in the sector over the past 10 years and has generated a great deal of angling and tourism around the border, particularly around the lower ends of Donegal. My fisheries officers maintain good links with their counterparts in the South, particularly in relation to lower and upper Lough Erne.

**Mr Nesbitt:** If the Minister agrees that participation in grass roots sporting activities qualifies as preventative spending in health terms, what are her plans for cross-cutting initiatives with the Health Minister?

**Ms Ní Chuilín:** I welcome that question. As recently as this lunchtime, myself and the Health Minister met to discuss, first, using our Departments to promote better health and well-being, which was an issue raised in a legacy report from a previous Culture, Arts and Leisure Committee, and, secondly, joining up the Departments more through sports and the arts, particularly for better health promotion on suicide prevention and mental health, while also looking at physical health. We are looking at initiatives and events that we can use across different age sectors, because we are acutely aware that what may be OK for young boys may not be so for older people.

I think that the Member is probably hinting at the fact that where joined-up government can work together to take a collaborative approach to support those who are particularly vulnerable, that is what we need to do. If those are the Member's sentiments, I fully welcome them.

**Ulster-Scots and Orange Cultural Groups**

5. **Mr Campbell** asked the Minister of Culture, Arts and Leisure for an update on the funding allocated by her Department to Ulster-Scots and Orange cultural groups for events during the current year. (AQO 211/11-15)

**Ms Ní Chuilín:** During 2011, the Ulster-Scots Agency allocated the following funding to Ulster-Scots groups: £478,000 for music and dance tuition; £145,000 for festivals; £72,000 for summer schools; £29,000 for partnership funding; and £31,000 for other eligible projects. The Department of Culture, Arts and Leisure (DCAL) has also allocated £450,000 to the community festival fund, which is administered by local councils on a match funding basis. Some of this funding has been provided to the Ulster-Scots and Orange cultural groups, and it is likely that those groups will receive funding again this year. The Arts Council has also made awards of £54,000 to the Royal Scottish Pipe Band Association and £25,000 to the Ulster-Scots community network in this financial year.

Following a competitive process, the Grand Orange Lodge of Ireland has been identified as one of two suitable organisations to work with DCAL to develop proposals to implement the objectives of the cultural awareness strategy, whose objectives are to build understanding of cultural traditions in the North and contribute to a shared and better future. Work on that, on a three-year basis, is expected to start in July. NI Screen administers the Ulster-Scots broadcast fund, and, since April, it has allocated awards to five projects totalling almost £500,000 out of a budget of almost £1 million.

**Mr Campbell:** The Minister has outlined a package of measures, all of which have, obviously, been carried out in the past year or several years. She must understand the low esteem in which she is held because of recent decisions that she has taken in her Department. Does she think that she will be able to put aside the baggage of the past and the violence and all that went with it, which, by her own admission, she was involved in, and try

to administer departmental funds and resources impartially for the greater good of all the people of Northern Ireland for the future?

**Ms Ní Chuilín:** Tá. Yes.

**Mr Swann:** I thank the Minister for her answer. She made reference to pipe bands. Taking into consideration the importance of the marching bands and the Ulster-Scots and Orange cultural groups, following the study done by her Department into marching bands, what investment does she intend to make, given the opportunities for development that were outlined in that study?

**Ms Ní Chuilín:** I thank the Member for his question. I have not had the opportunity to read the results of that study, but I appreciate the culture, the background and the community that some of those bands are involved in. In fact, they are part of the community.

I intend to meet some of the leaders of the different band associations to work through some of the issues. Once I have read the study, if the Member has any further questions or needs any further detail, he can come to my Department. The door is always open.

**Ms Lo:** The Minister mentioned the cultural awareness strategy. Does the strategy include ethnic minority cultures?

**Mr Deputy Speaker:** That is not particularly relevant to the substantive question, but the Minister may wish to answer.

**Ms Ní Chuilín:** To be quite honest, there is nothing specific about ethnic minorities in the strategy. There are cultural awareness activities in the strategy, but I want to try to work, in the first instance, with Belfast City Council, particularly given the work that it has done on some of the mayor's events and the cultural awareness week. I want to look at some of the programmes that are there to make sure that they are inclusive, because the last thing that I want is for people to be looking in from outside and feel excluded.

**Mr Boylan:** Go raibh maith agat, a LeasCheann Comhairle. This is my first opportunity to wish the Minister all the best in her new post. How are decisions made on the festivals that are successful in securing funding from the community festivals fund?

**Ms Ní Chuilín:** Decisions are made primarily by local government. The Member has not been involved in local government for some time, but that is where the decisions are taken and where the money is distributed. I see the value in that, because elected representatives have worked for and represented communities and have fought particularly hard for this fund over the years. So, it is important that local government still has that involvement.

However, I am aware that some groups did not receive funding. I am not encouraging them to short-circuit their local council, but if there are particular areas or issues that those groups feel their councils did not take into consideration, they need to write in, in the first instance, and let my Department know.

### **Creative Industries Innovation Fund**

6. **Mrs Dobson** asked the Minister of Culture, Arts and Leisure to outline the priorities within the £4 million budget of the creative industries innovation fund and how she will ensure that the budget is allocated equitably. (AQO 212/11-15)

**Ms Ní Chuilín:** The creative industries are recognised locally and internationally for their potential job and wealth creation. They also stimulate wider innovation and expert focus growth and can, therefore, make a contribution to rebuilding and rebalancing the economy. Funding secured by my Department will provide support for creative businesses as well as sectoral initiatives to harness the potential of creative skills and strengths across the North.

By supporting innovation, we can help create the content, products, services and experiences that are capable of competing in global markets. Priorities will focus on export activity; cross-sectoral collaborations; high-growth subsectors, such as digital content; and harnessing the innovation and entrepreneurial potential in the culture, arts and leisure base. Funding to businesses will be on a competitive basis, but my Department and other agencies will promote and encourage applications from across the North.

**Mrs Dobson:** I thank the Minister for her answer. Will she outline how she intends the creative industries innovation fund to work with the rural development programme to ensure that creative industries in rural areas are considered?

**Ms Ní Chuilín:** I thank the Member for her question. I am acutely aware that 52% of that



fund comes from Belfast. It is not a fund that needs to be spread across the North because it is there; it has to respond to initiatives that are economic in their base. I will endeavour to liaise with my colleague on the rural development fund, because I do not want further gaps to be created between urban and rural. People living in rural areas should have the same opportunities as people living in the city. So, I will endeavour to take that on board.

**Mr P Ramsey:** I welcome the Minister's response. I think we all recognise the importance of the creative industries in a modern society and the potential for job creation. Will the Minister outline to the House what her Department is doing to ensure that there is a good spread of the creative industries outside the greater Belfast area?

**Ms Ní Chuilín:** Apart from the answer that I have just given, I am aware of the creativity in the Member's constituency in Derry, which I witnessed first-hand on Saturday. I am actually surprised to go through Question Time with no one asking me about funding for Derry City of Culture. Here is an opportunity to use creative industries to export and import and to support entrepreneurial and business growth. I will endeavour to ask my officials to compare with my colleague, particularly around the urban and rural gaps.

**Mr Ó hOisín:** Go raibh maith agat, a LeasCheann Comhairle. Does the Minister have a formal strategy for developing the creative industries?

**Ms Ní Chuilín:** I do have a formal strategy. I have about two pages of an answer here, but, in short, I do. I also want to make sure that people are aware of any development or any potential to harness innovation for any of the sectors. I intend to try — maybe, if it is useful — to bring forward a synopsis of that strategy and forward it to all Members, so that everyone has the same information at the same time.

### **Public Record Office of Northern Ireland: Balmoral Avenue**

7. **Mr Gardiner** asked the Minister of Culture, Arts and Leisure for an update on the sale of the former Public Record Office of Northern Ireland (PRONI) site at Balmoral Avenue, Belfast. (AQO 213/11-15)

**Ms Ní Chuilín:** The site at Balmoral Avenue was vacated in January 2011 and is now surplus to requirements. As there was no sustainable interest from other parts of the public sector in acquiring the premises, my Department has obtained outline planning permission for the site to achieve the most favourable return from sale. The site was placed on the open market from 8 April 2011. The sale, which is being managed by a local agent, has been advertised in several local property publications and websites. There has been interest from a number of parties who have viewed the premises, and we anticipate that my Department will receive a reasonable offer or number of offers shortly.

**Mr Gardiner:** What steps has the Minister taken to help implement the Bain report, which, by relocating government jobs out of Belfast, would free up government buildings in Belfast for sale, rental and other solutions?

**Ms Ní Chuilín:** In the last four weeks, I have opened the new PRONI building. Unfortunately for the Member, that is in east Belfast. In relation to the Bain report, I have to be honest and say that I am not aware, but I will find out and write to the Member in due course.

## **Education**

### **Down High School**

1. **Mr Wells** asked the Minister of Education for an update on his Department's plans for a newbuild for Down High School, Downpatrick. (AQO 221/11-15)

**Mr O'Dowd (The Minister of Education):** Go raibh maith agat, a LeasCheann Comhairle. A capital scheme for the extension and refurbishment of Down High School was announced on 21 March 2001 by the then Minister, Martin McGuinness. The scheme formed part of a public-private partnership (PPP) cluster, which also included Tor Bank special school and Lagan College.

The South Eastern Education and Library Board (SEELB) subsequently withdrew the school from the PPP cluster with a view to providing a new school on a greenfield site.

### **2.30 pm**

The SEELB has since been involved in a protracted search for a suitable site. Having obtained planning permission in December

2009, the board submitted a revised economic appraisal to the Department in January 2010, which is currently with the Department's technical advisers. The proposed major capital scheme for Down High School is not in the Department's investment delivery plan, but it is one of a large number of schemes that are at an early stage of planning.

Over the next four years, my Department is faced with limited capital funding, which will impact on its ability to deliver new school building projects. I am looking closely at how to make best use of the capital funds to address the most pressing needs and maximise educational benefits for children and young people. That work will be a priority for me and my officials in the coming months. In the autumn, when I have considered the options available to me, I wish to be in a position to make a statement on the way forward to the Assembly. As a result of the Budget, I will not be able to bring forward all the projects that are currently planned or in the early stages of planning. That is a difficult position for any Minister, but the capital funds available to me simply will not build the number of newbuilds that schools, quite rightly, seek at this time.

**Mr Wells:** That is extremely disappointing news from the Minister, because the project has been ongoing for over 10 years. At present, the very successful Down High School finds itself in extremely cramped conditions, with many Portakabins being used as classrooms and a building that costs a small fortune to keep in an adequate state of repair. The school pulled itself up by its bootstraps and successfully attracted students from Down district and further afield. Will the Minister indicate to the Assembly that, when it comes to revising the capital list, Down High School can be confident that it is, at least, well up towards the top of that list?

**Mr O'Dowd:** It would not be reasonable for me, as Minister, ahead of an announcement, to indicate anything about an individual school's application. I would like to be able to tell the Member that School A, B or C will go ahead, but I have to be responsible for the budget that I have been allocated. I have to ensure that the projects brought forward in this and other financial years are a priority, that they will meet the needs of the educational framework into and beyond the coming decades and that they are sustainable. Each school will be judged on its merits and proposals. I want to be in a position

to make a substantive statement on the matter to the Assembly in the early autumn.

**Mrs McKeivitt:** What discussions has the Minister had with the Minister of Finance and Personnel about the £270 million backlog in the school maintenance programme?

**Mr O'Dowd:** During the recent monitoring round, we made bids for further funds to deal with the maintenance backlog in the school estate. When I spoke to the Finance Minister at the Executive, I told him that I wished to hold a series of meetings with him to discuss the entire education budget. It is clear, however, that, as Education Minister, I will have difficult decisions to make in future. I am prepared to make those decisions. I cannot simply go to the Executive, put my hand out and ask other Departments to divvy up moneys if I am not prepared to make the difficult decisions required in education. That includes the restructuring of education services and how those are delivered in the twenty-first century.

**Mr Gardiner:** Will the Minister confirm the latest situation with the newbuilds for Lurgan College and Portadown College? What is the timescale for that action?

**Mr Deputy Speaker:** That is a little further afield from the original question. It is up to the Minister whether he wishes to answer.

**Mr O'Dowd:** I do not have the specific information in front of me. I understand that the Member has submitted a question for written answer. I asked for further information on that matter today. Those projects fall into the same category as those that Mr Wells spoke about and any other projects mentioned by Members. They await my deliberations on a capital budget and on how we move forward with capital building.

## **Schools: 'Every School a Good School'**

2. **Mr Molloy** asked the Minister of Education to outline the effectiveness of his Department's 'Every School a Good School: A Policy for School Improvement' and what plans he has to develop this policy in the future. (AQO 222/11-15)

**Mr O'Dowd:** 'Every School a Good School' has been very effective in raising standards. In 2006, some 53% of school leavers achieved at least five good GCSEs, including maths, English and, for those in Irish-medium settings, Gaelic. In 2010, the figure improved, with an increase

to 59%, which equates to almost 3,000 more young people achieving those results. In the past two years, the inspectorate evaluated provision as either outstanding or very good in 143 schools. Last week, at a reception to celebrate those schools, I was delighted to be a host and to see members of the education family and the Education Committee.

Ensuring that schools are supported in addressing the areas for improvement identified by the Education and Training Inspectorate is a central element of Every School a Good School. Most settings improved between initial and follow-up inspections by at least one performance level, including schools placed in the formal intervention process that had been evaluated as inadequate or unsatisfactory. Since 2009, 28 schools have entered the formal intervention process and eight schools have successfully exited it. However, we cannot be complacent. We remain average by OECD standards, and too many young people are leaving school with poor literacy and numeracy skills. I will continue to implement the school improvement policy and the new literacy and numeracy strategy to ensure that all our young people fulfil their potential.

**Mr Molloy:** I congratulate the Department and the Minister on their success so far. What effect will budget restrictions have on the Every School a Good School programme in future?

**Mr O'Dowd:** Dealing with a heavily depleted budget clearly leads to concerns that it will have an effect on the educational outcomes of young people who are going through the schooling system. My predecessor and I have urged those in charge of budget lines throughout the education system — there are over 1,200 budget lines in education — to prioritise front line education services. I am meeting the education and library boards to go through their budget allocations and to discuss how we can ensure that budgets are used to maximum effect, not only to sustain our education system but to improve educational outcomes for the young people involved.

**Mr McDevitt:** I am sure that the House will be very concerned to hear the Minister's assertion that the cutbacks will impact on every aspect of the education sector. Will the Minister assure the House that the now inevitable impact on children — children will pay for the cutbacks — will be monitored closely? In addition, will

he tell us specifically how he will ensure that the quality of every child's education and the right that every child in this region has to an education will not be undermined in any way by the proposed cutbacks?

**Mr O'Dowd:** I thank the Member for his question. Many of the responsibilities relating to that question and the comments rest with me, as Minister of Education. I must ensure that the constrained financial circumstances in which we are working do not affect front line services. However, I do not admit that that is inevitable. I have to make decisions, as does the House, on how to plan and distribute education services. We are dealing with an outdated education management model. The five education and library boards and the several other bodies that manage education are no longer an effective or efficient way to deliver education. So, the public would certainly expect us to ensure that, before going anywhere near classrooms to seek savings, we modernise service delivery and squeeze every penny that we can out of bureaucracy. That is the way to ensure that our limited funds achieve the maximum educational outcomes for young people.

### Integrated Education

3. **Mrs Overend** asked the Minister of Education for his assessment of integrated education. (AQO 223/11-15)

**Mr O'Dowd:** I take my statutory duty to encourage and facilitate the development of integrated education very seriously. The integrated sector continues to grow, with over 20,000 pupils attending 43 primary and 20 post-primary integrated schools here. My Department will continue to respond to parental demand for any and all education sectors, where proposals are robust, provide value for money and meet specified criteria.

My Department is exploring other means of sharing and integrating, and opportunities for cross-sectoral collaboration for young people at Key Stage 4 and post-16 are presented through the entitlement framework. Members will also be aware of the project being developed in Omagh for a shared education campus, where post-primary schools can relocate to a single site. Each one will retain its own ethos but develop shared facilities and teaching expertise in the best interests of the people of Omagh and surrounding areas.

**Mrs Overend:** I thank the Minister for his answer. Does he plan to use co-operation between schools on the delivery of curriculum entitlement and on achieving a sufficiently wide subject range as a means of achieving greater and more effective cross-faith integration? In addition, what stage has he reached in his discussions with the Council for Catholic Maintained Schools (CCMS) and the education and library boards on the matter?

**Mr O'Dowd:** Clearly, one of the ways forward for integration and the sharing of services is for schools to work together. You will note that, through area learning communities, there is greater sharing of services and resources and sharing with pupils moving back and forth between schools. That is an effective and realistic way of moving forward in respect of shared futures.

I am not one for glossy documents, consultants' reports, commissioners' reports and commissions; I want to see practice and reality on the ground. When I visit schools, particularly in the post-primary sector, I witness the sharing of resources and services across the sector. That can improve. Although I have had individual discussions with CCMS and the boards about how we move that forward, I would welcome further discussions between all the education providers on sharing services. Even if we were flush with money, there is a duty on all our education providers to start sharing services and to allow our young people to meet and exchange with one another in the school setting.

**Mr I McCrea:** The Minister will be aware that my party leader called for consideration to be given to a single education system. Has his Department given any consideration to that option, and will he inform the House of the outcome?

**Mr O'Dowd:** I am aware of Mr Robinson's speech; there was much debate about it. However, no formal proposals have come across my desk. We, as politicians, are elected to make decisions. The days of setting up commissions and bodies to examine the work that we should be doing are over. The difficult decisions rest with us. If we are serious about shared futures and shared societies, I suggest that measured words and comments from politicians would also assist in that regard.

**Mr Dickson:** Minister, do you agree that parental choice is paramount when it comes to choosing

the education for one's children and that integrated education and schools deliver an excellent model of education for this community?

**Mr O'Dowd:** I agree with your comments about parental choice and integrated education. The Department can act only if there is sufficient parental demand in an area to expand or develop a new school provision in any sector. My predecessors, Martin McGuinness and Caitríona Ruane, worked favourably with the integrated sector. I intend to continue that relationship. We have several education sectors, all of which provide excellent education services to the communities and are based on parental demand.

### Gaelscoil Aodha Rua, Dungannon

4. **Ms Gildernew** asked the Minister of Education for an update on the proposals for Gaelscoil Aodha Rua in Dungannon. (AQO 224/11-15)

**Mr O'Dowd:** Go raibh maith agat. I am pleased to tell you that, on 15 June 2011, I conditionally approved the development proposal to establish a new grant-aided Irish-medium primary school in Dungannon, which will be known as Gaelscoil Aodha Rua. The school will open in September 2011, provided it meets the minimum enrolment threshold for a rural primary school in the Irish-medium sector. It must achieve the minimum viability intake of 12 pupils in year one. In addition, the Department must be satisfied that the site and premises comply with health and safety requirements, and the school must provide the Department with written confirmation that it will comply fully with all statutory conditions in relation to the operation and management of a grant-aided school.

**Ms Gildernew:** I thank the Minister for his answer. My supplementary question was around the minimum requirements. I understand that Aodha Rua has 14 children enrolled already for primary one — rang a haon — which is very much to be welcomed. Will the Minister make it his business to visit the new school during its first year in operation to see for himself the benefit that it will bring not just to children from Dungannon but to the south Tyrone community at large?

**2.45 pm**

**Mr O'Dowd:** I welcome the news that the school has met the minimum enrolment figure for a new Gaelscoil in a rural area. I come from a

rural background, and good manners dictate that I have to accept that invite.

**Mr Storey:** Will the Minister consider the fact that the current legislation regarding the Department's statutory duty to promote and facilitate Irish-medium and integrated education will be looked at? Other education sectors feel that there is not a level playing field in the allocation of capital projects or the way in which they are dealt with in respect of other issues emanating from his Department.

**Mr O'Dowd:** I have no plans to revisit either piece of legislation, which, the Member will be aware, flows from the Good Friday Agreement and the St Andrews Agreement. I assure the Member that all decisions relating to the provision of grant aid to any sector are open and transparent and are open to examination by members of the public. They are set against clear published criteria and against the legislation, which is on the legislative books. Therefore, all those decisions can be examined. Like any Minister or Department, we are open to criticism for our decisions, but, as long as I am satisfied that any decision of mine is made against clear criteria, I will stand by that decision.

**Mr McGlone:** Go raibh maith agat, a LeasCheann Comhairle. Gabhaim buíochas leis an Aire as ucht an fhreagra sin. Ach an dtig liom a fhiafraí den Aire cur ina luí orainn na céimeanna atá á nglacadh aige le breis maoinithe a thabhairt don bhunscolaíocht, don mheánscolaíocht agus don ardscolaíocht?

What measures has the Minister taken to increase and enhance the amount of money that his Department has spent on nursery, primary and secondary school education? That question relates to Irish-language education.

**Mr O'Dowd:** Patsy, my Irish is not great, but I did pick up from your question that you were referring to the Irish-medium sector. Go raibh maith agat, Patsy. In respect of the previous answer to the Chair of the Education Committee, each proposal will have to be looked at on its own merits. We can look back on the past number of years with pride that the Irish-language community has been able to develop its Irish-medium education sector, as it rightly should, because parents want their children to be taught through the medium of Irish. There is a growing sector out there that deserves to be supported, and there is a legislative basis on which it will be supported. My Department has

policies on which it will be supported, and each development proposal that is forwarded to my office will be judged against that legislation and those policies.

## **DE: Budget 2011-15**

5. **Mr Cree** asked the Minister of Education how he plans to meet his Department's budgetary shortfall during the 2011-15 period.  
(AQO 225/11-15)

**Mr O'Dowd:** The budget outcome for education for 2011-15 has presented major challenges. A savings delivery plan has been developed to realise resource savings over the four-year Budget period of £100 million, £101 million, £187 million, £229 million and £306 million in the last year to enable the Department to live within its budget. Savings measures seek to protect spend on departmental priorities and bear down on administration and duplication. I will continue to work to alleviate pressures on front line services. I intend to work with my Executive colleagues in the months and years ahead to help to alleviate the pressures on the education budget.

I wish to work with my Executive colleagues in reaching agreement on the establishment of the Education and Skills Authority (ESA), which I believe will ensure greater consistency and efficiency in service delivery. Without it, scarce resources will continue to be spent on unnecessary bureaucracy and will be spread too thinly over existing institutions.

**Mr Cree:** Has the Minister assessed the number of teachers who will lose their job because of budgetary cuts, or can he give any guarantees on job protection, given that the median age for teachers is only 40 years of age?

**Mr O'Dowd:** Sorry, I missed the last point of your question.

**Mr Cree:** Can you give any guarantees on job protection, bearing in mind that the median age for teachers is only 40 years of age?

**Mr O'Dowd:** Education is presented with a number of difficulties in preparing its budget, including retrieving information for assessment and distribution, especially to elected representatives. I am head of a Department that has over 1,200 budget lines, the majority of which are made up by schools that manage their own budget. Boards of governors will decide

how those budgets are spent and the number of teachers and redundancies.

Quite rightly, boards of governors will come back to me and say that they can work only within the budget that they are set. They are correct. I can work only within the budget that I am set. So, I am not able to give a forecast on forced redundancies at this stage. I hope to return to the subject in September, when all the boards and schools have reported back to the Department. We have a figure to work off for this year, which they will be able to extrapolate over the remaining three years.

**Mr Flanagan:** Go raibh maith agat, a LeasCheann Comhairle. Could the Minister outline how the establishment of an Education and Skills Authority could help to deliver savings in the education system?

**Mr O'Dowd:** The Education and Skills Authority was not originally promoted simply as a saving device. However, it is very important, especially in the current economic climate, that we alleviate the financial pressures on education, as has been the case in other Departments where the review of public administration has either been completed or is proposed to go through. It is important that we modernise our education administration here. I require and am seeking agreement with my Executive colleagues on how we move the ESA programme forward. I understand that some other parties have concerns about how we deal with that. I believe that those concerns can be overcome and that the other parties want to have that matter resolved in the short term because they also recognise the budgetary constraints. The primary focus of ESA has to be on the ability to improve the educational outcomes of young people in our schools, thereby raising the standard of young people who go out into society and play an active role in the community and the economy and who, therefore, are of benefit to our entire society.

**Mr T Clarke:** In an answer to Leslie Cree, the Minister indicated that he could not give figures. His Department will have figures on schools that are unsustainable in the area. Given that, in budgetary terms, a total of 850 schools are involved, how many schools are in an unsustainable position to the extent that, ultimately, he would consider them for closure?

**Mr O'Dowd:** I can consider a school for closure only if the governing authority —

CCMS, Comhairle na Gaelscolaíochta or the education boards — comes forward to me with a development proposal to close the school. However, although I am aware that we have a number of unsustainable schools in our portfolio, I caution Members not to judge unsustainable schools simply on the basis of numbers. There is a sustainable schools policy, and that is what schools should be judged against. I hope that the Member is as enthusiastic about closing schools when it comes to closing a school in his constituency, because that is when —

**Mr T Clarke:** You close schools, not me.

**Mr O'Dowd:** If I am correct, the Member is a member of an education board, so he also has a responsibility around closing schools.

A school should be closed only if does not meet the criteria in the sustainable schools policy, if it is not achieving the educational outcomes for the young people in it and if every other measure to raise the standards in the school has been tried and has not succeeded. I will inform the House that several schools in the education portfolio are letting down the young people who attend them. Although several of those schools are receiving assistance from the Department of Education, their education board and the Education and Training Inspectorate, unless there is a major turnaround in those schools in the short term, I believe that there is a responsibility on the governing bodies and me to close those schools.

**Mr Dallat:** The Minister has depressed us somewhat by talking about the closure of schools and the loss of teaching posts. As we approach the holidays, can he cheer us up by assuring us that information and communication technology (ICT) will remain a priority for his Department? Will he explain how he intends to do that, given that the ICT budget has been savagely cut?

**Mr O'Dowd:** I encourage the Member to examine the Every School a Good School policy and the sustainable schools policy. I have no doubt that the Member, as a constituency MLA, would not want a school in his constituency that was failing its young people after going through all the measures of support that are available. We cannot allow more children to go through schools that have not reacted in a positive way to the policies and interventions that are available to them to improve educational outcomes. I will

not be shy when it comes to making a hard decision on closing an underperforming school that has not turned the corner.

The Member made comments about ICT. We were fortunate that, over many years, we had a very healthy ICT budget, and we have had major investment in ICT schemes throughout our schools. C2k has been a very successful project, and it still has a substantial budget to carry forward its work. I have asked that all my budget streams be examined to ensure that we get as efficient a response as possible to the money that we spend, and I believe that IT is a good area in which to ensure value for money.

### Post-primary Education: Armagh

6. **Mr Murphy** asked the Minister of Education for his assessment of relocation opportunities for post-primary education facilities in Armagh city. (AQO 226/11-15)

**Mr O'Dowd:** To date, no formal proposals have been submitted to my Department about the matter. However, I am aware that some schools in the city are exploring possible options, including the potential use of land at the St Luke's Hospital site. It is the responsibility of the school managing authorities in the first instance to manage provision in their respective sectors and to bring proposals to the Department to meet local demand. Given the financial constraints, we will have to be creative and innovative when developing solutions to meet the needs of schools. We will have to consider more sharing, co-location and collaboration, and I encourage all those developing proposals to embrace a way of thinking to meet the needs of a modern education system.

**Mr Murphy:** I thank the Minister for his answer. He rightly refers to the financial constraints that he faces in his budget, particularly on the capital side. Does he agree that, in the context of the constrained financial budget, it is a very welcome prospect for schools to come together with radical proposals that facilitate the sharing of facilities both within sectors and, on occasion, across sectors? Will the Department consider giving support to schools that want to develop such ideas to allow them to bring those ideas to the Department for support?

**Mr O'Dowd:** In principle, I endorse the proposal that the Member sets out. We have

to encourage our sectors to come together, share resources, share sites and look at ways, even through area planning, to bring schools together under capital build programmes. If schools wish to hold on to their identities under such a programme, that can be achieved through the proposals. However, I am awaiting the publication of the Commission for Catholic Education's post-primary review, which is a piece of work that has taken place across the North and has looked at the post-primary estate in the Catholic sector. I want to be in a position to make a statement in September on the way forward for my capital budget. I want the post-primary review to be published and on my table before I make that statement. However, as Minister, I have a responsibility to move ahead and spend the limited funds available to me, and I do not think that delay will favour anyone.

**Mr D Bradley:** Go raibh maith agat, a LeasCheann Comhairle. Gabhaim buíochas leis an Aire as an fhreagra a thug sé go dtí seo. An dtiocfadh liom a fhiafraí de an bhfuil sé sásta leis an soláthar don Ghaelscolaíocht ag leibhéal an mheánoideachais i dtoghcheantar an lúir agus Ard Mhacha nuair a chaitheas páistí taisteal 20 míle ar bhus ó lúir Cinn Trá go hArd Mhaca?

Is the Minister happy with the Irish-medium provision at secondary level in Newry and Armagh, given that some children have to travel 20 miles by bus from Newry to Armagh and given that he specifically said that he would encourage children to attend their local secondary school and not travel such distances?

**Mr O'Dowd:** I am very happy with the educational outcomes in the Irish-medium sector, especially at Coláiste Chaitríona. It is a shining example of how the English-medium sector and the Irish-medium sector can share resources successfully. It is regrettable, but we are still developing the Irish-medium sector.

For years, we went through the naíscóils. We have now developed a wide area that is covered by bunscoils. The next area that needs to be worked on is the meánscoils. However, we cannot do one without the other. The quality of education that young people receive in their educational establishment must be emphasised and is at the core of Irish-medium education. That is set against a number of factors, whether in the Irish or the English medium. It would be nice for me to stand up and announce a number of meánscoils across the North, but I will not do

that unless I am satisfied that the educational attainment in those schools is going to be of the highest standard. Let us build that gradually and make sure that it is successful.

**3.00 pm**

## Assembly Commission

**Mr Deputy Speaker:** Questions 3 and 7 have been withdrawn. Paul Maskey is not in his place to ask question 1.

### Damages (Asbestos-related Conditions) Bill

2. **Mr Elliott** asked the Assembly Commission to outline the cost to the Assembly of the Attorney General's referral of the Damages (Asbestos-related Conditions) Bill to the Supreme Court. (AQO 236/11-15)

**Mr Cree:** The time spent on this matter by our in-house lawyers and others is not costed, as it is part of their role to respond to such challenges. Senior and junior counsel were appointed to represent the Assembly's interests, but their fees have not yet been agreed by the Assembly Commission. However, a Supreme Court application fee of £180 was also incurred.

**Mr Elliott:** I thank Mr Cree for that answer. Given that the Attorney General withdrew his reference to the Supreme Court of the Damages (Asbestos-related Conditions) Bill, will the Attorney General for Northern Ireland pay the Assembly's case costs?

**Mr Cree:** Prior to consenting to the withdrawal of the reference, the Assembly Commission advised the Attorney General for Northern Ireland that, although the Assembly would be entitled to pursue costs against him, to do so would not be in the public interest. The Assembly Commission, therefore, agreed to bear its own costs in respect of the reference. The Attorney General for Northern Ireland will not, therefore, be asked to pay the Assembly costs. We understand that the Department of Finance and Personnel has adopted a similar position.

**Mr Allister:** I note the figures that the Member has quoted, but they are at total variance with figures supplied to me in questions for written answer, which suggest that there was a £30,000 bill for potentially defending this matter and an estimated £4,000 bill in respect

of the Attorney General's office. If Ministers are supplying totally different figures, where is the Commission getting its figures from?

**Mr Cree:** Figures were supplied by the Minister of Finance and Personnel. He was asked to provide an estimate of the cost of the Northern Ireland Attorney General's challenge to the validity of the Damages (Asbestos-related Conditions) Bill, and in answer to a question in the Assembly on 3 June, which I think the Member refers to, he estimated that the work undertaken by his Department in defending the reference would cost £30,000. The Minister stressed that that figure was just an estimate that may be revised. As the Assembly Commission is currently negotiating counsel fees in respect of the reference, it would not be in the interest of the public purse to release an estimate at this point.

### Parliament Buildings: Car Parking

4. **Mr Gardiner** asked the Assembly Commission why it has not yet extended the lower east car park. (AQO 238/11-15)

11. **Mrs Overend** asked the Assembly Commission what was the outcome of its recent negotiations with the Department of Finance and Personnel in relation to resolving the car parking problem at Parliament Buildings. (AQO 245/11-15)

14. **Mrs D Kelly** asked the Assembly Commission for an update on increasing car parking facilities in the vicinity of Parliament Buildings. (AQO 248/11-15)

**Mr P Ramsey:** With your permission, Mr Deputy Speaker, I will answer questions 4, 11 and 14 together.

The Assembly Commission is very aware of the difficulties currently being experienced with car parking, most notably on plenary days; that is, Mondays and Tuesdays. I can tell Members that car parking is high on the agenda at all Commission meetings that I have attended. Ongoing discussions with Department of Finance and Personnel (DFP) officials recently resulted in an agreement that the Assembly can develop an existing car park adjacent to the lower east car park for use as an overflow facility, particularly on plenary days.

It has also been agreed that minor alterations can be made to the parking layout in the lower



east car park. Together, those proposals will create approximately 50 additional car parking spaces for users of Parliament Buildings.

It is planned that construction work will be carried out during the summer recess and that the spaces will be available in early September. Further to that, agreement has been reached with the Department of Finance and Personnel that Assembly security staff will assume responsibility for managing those car parks and that access to them will be restricted to those who use Parliament Buildings. The issue of car parking has been raised by a number of Members, and it is anticipated that that will significantly improve car parking facilities, particularly on Assembly plenary sitting days.

**Mr Gardiner:** I thank the Commission for that reply. It is unfortunate that the Commission appears to be able only to discuss the matter but never begin to resolve it. I hope that the action being taken will resolve the matter. Does the Commission agree that, in general, parking is getting worse on the estate and that urgent action is required immediately?

**Mr P Ramsey:** The Assembly Commission has been diligent on the matter. It is not easy when it has to deal with another Department that has overall control of the management of the estate. It took considerable discussions to reach agreement. As I outlined to the Member, he will see significant improvement, with 50 additional car parking spaces being made available in September when staff return after the summer recess.

**Mrs Overend:** I welcome the movement on the issue. I have no further questions, so long as it is confirmed that there will be extra places in September.

**Mrs D Kelly:** What plans has the Commission for the maintenance of the Stormont estate over the next 12 months?

**Mr P Ramsey:** In general terms, the maintenance of the Stormont estate is under the governance of DFP. There is a need for ongoing maintenance, and the Commission will be taking up that issue directly with that Department.

## Assembly Committees: IT Facilities

5. **Mrs McKeivitt** asked the Assembly Commission what plans there are to introduce IT facilities in Committee meeting rooms. (AQO 239/11-15)

**Mr Cree:** The provision of IT facilities in Committee meeting rooms is the subject of an ongoing cross-directorate piece of work. The aim of the project is to determine the most appropriate means by which to facilitate Committee meetings to embrace modern technology and provide a more efficient service to Committees and their members. To ensure that the IT facilities provided are the most appropriate for the needs of members, the Assembly's Research and Information Service will carry out initial research of technologies employed in other legislatures and local councils, and issue a questionnaire to help determine the attitude of members to the introduction of such facilities and the most appropriate mechanism for delivering the needs of members.

Under consideration will be the choice of hardware to be employed. Options might include, but are not limited to, fixed screens and keyboards in each Committee room, laptops or hand-held tablet-style devices. In determining the most appropriate option, consideration will be given to the preferences expressed by members; the cost, health and safety implications; the effect that the choice of equipment might have on existing recording equipment and any alterations that might be required to it; the security of information contained on the equipment; the training required by members and staff to use the new equipment and software; and the reputational risk to the Assembly and its users. The project is in its initial stages, and a vast number of variables will need to be considered as it progresses. The progress of the project will be periodically reported to the Chairpersons' Liaison Group.

**Mrs McKeivitt:** What is the status of the planned upgrade to all Assembly IT software?

**Mr Cree:** The real purpose of the exercise is to cut down the paper packs. In the past financial year, almost nine million sheets of A4 paper were used for printing and photocopying across the Assembly at an approximate cost of £54,500 plus VAT. Although Committees are not the only users, they are one of the biggest. No longer producing Committee information packs will greatly reduce that cost. However, that cost saving can be made only if all members move to paperless Committee meetings.

## Assembly: Constituency Offices

6. **Mr Allister** asked the Assembly Commission for its assessment of the impact on services to constituents caused by the delay in approving the rental valuations of some new Members' constituency offices. (AQO 240/11-15)

**Mr Weir:** The desirability of obtaining an independent valuation of constituency office rentals was covered in the 'Financial Support for Members Handbook' in March 2011 and was effective from the start of this new mandate. It arose as a result of a recommendation made by the Review Body on Senior Salaries in its November 2008 report on Members' pay, pensions and allowances, which was adopted by the Assembly Commission in its report to the Assembly on that matter. That requirement reflects the Assembly Commission's desire to ensure that value for money is consistently achieved for rental payments funded from public funds and that such payments are perceived as fair.

The Assembly Commission is aware of a number of issues that have arisen during the implementation of the project. However, the Commission is also mindful that the degree of market analysis and comparison that is required to ensure that the most accurate rental valuations are provided means that professional valuations may take some time to complete.

The Assembly Commission has already met to review the progress that has been made on the exercise to date and will be meeting later today to discuss the matter further. The Assembly Commission wishes to assure the House that it will move to resolve these matters as soon as possible to ensure that all newly appointed Members have access to suitable constituency office properties at the earliest opportunity.

**Mr Allister:** I take no issue with the fact that there should be independent valuation. But, at the induction of new Members, it was boasted to us that the process would take four or five days; it is now some seven weeks. It is almost as if some people did not know that there was going to be an election and nothing was put in place to deal with it. Apparently, it was some weeks after the election that valuers were appointed; then, they got out on the ground; then, they produced reports —

**Mr Deputy Speaker:** Can we have a question, please?

**Mr Allister:** How could the Commission be satisfied or complacent about a system that, patently, is not working and is robbing constituents of the service that they should by now have?

**Mr Weir:** That is an issue that we will be looking at later today. The valuers can look at a property only when it is identified, first of all, by the Member. Therefore, they would not be in a position to look at new properties on 5 May, for example. The process had to be a competitive process of tendering to ensure that we had consistent valuations in connection with that. I understand the frustrations of the Member, because I suspect that they are shared by others. However, it is important that we get this right to ensure not only that the system offers proper value for money for the taxpayer in the first seven weeks of this Assembly but that it will be robust and stand the test of time over the next four or five years. It is, therefore, important that the proper time is taken to get it correct.

Struck against that must be the balance of ensuring that there is proper provision for constituents. Today, we will be looking at how that can be brought about. The processes have been timely in that regard, and effort has been made to ensure that the cases of new Members who are seeking property are dealt with first. The process is supposed to cover all MLAs, but, principally, the focus has been on new Members.

**Mr Dickson:** I am a new Member, and I identified a suitable property in my constituency in May. We are now sitting at the end of June, and I have not yet been able to secure appropriate premises because of the delays caused by the valuation process. I am not in a position to deliver an adequate constituency service to my constituents in East Antrim who deserve such a service and have done so since the day and hour I was elected.

**Mr Weir:** Again, I understand the Member's frustration. As I said, we will be dealing with the issue later today via your Commission member and other Commission members. This is the first time that this has been done. It is important that whatever process is put in place is got right. I appreciate the level of concern and inconvenience that it causes a new Member, but we have got to look at something that will be robust right across the full mandate, rather than something that will simply be there for the first few weeks.

**Mr Elliott:** I thank the member of the Commission for his response. It is obviously quite a technical issue. How much input did the Commission have in the appointment of the property valuation company? How much is the overall process going to cost and how long is it going to take? How much consideration was given to the property valuer's relationship with each area and his knowledge of the property values in each area throughout Northern Ireland?

### 3.15 pm

**Mr Weir:** I will try to take those questions in turn. There was a competitive tendering process and, from a procurement point of view, the best bid was made by the successful surveyor. I believe that the cost is around £12,000 for the overall survey, covering all 108 Members. The surveyor was given, I think, three months, but with the understanding that new MLAs and those who were seeking to renew a lease were given priority. I know that a number of Members, particularly new MLAs, have lodged appeals, so there is a process for that. I suspect that I have forgotten some of the questions. However, the gist of the answer is that we are trying to ensure a professional and correct process.

**Mr Deputy Speaker:** That is the reason why Members should ask one question that they want answered. Question 7 has been withdrawn. Question 8 will be answered by Barry McElduff on behalf of the Commission.

## Assembly: European Engagement

8. **Mr Swann** asked the Assembly Commission for an update on the development of a European engagement strategy to enhance engagement with the European institutions. (AQO 242/11-15)

**Mr McElduff:** The Commission is mindful that it does not take the lead role in scrutinising Europe. Everyone knows that Statutory Committees take the lead in scrutinising how Departments and Ministers, first, become aware of European Union legislation, and, secondly, enact that legislation. The Committee for Employment and Learning is a good example, with its recent work on the transposition of the agency workers directive. Committees have a major role to play in challenging what Departments are doing to ensure that available EU funding is channelled through various streams.

The Commission is keenly aware of the lead role of the Committees in this matter and its

role is to ensure that the Committees have the necessary support and resources to carry out that work properly. In carrying out that role, the Commission works very closely with the Committee for the Office of the First Minister and deputy First Minister, which takes the lead on European issues. That Committee took forward inquiries on European engagement in the previous mandate and the mandate before that, when it was the Committee of the Centre.

Both the Commission and the Committee for the Office of the First Minister and deputy First Minister have expressed the view that there might be some merit in appointing a person who would be based in Brussels and would look after the interests of the Assembly there. However, because of the current economic climate, the Commission and the wider Assembly need to be satisfied as to value for money. For now, the preferred way forward is the appointment of an EU scrutiny co-ordinator to be based at Parliament Buildings. One of that person's early tasks will be to put forward options for arrangements for a presence in Brussels. Initial preparation work will begin in the summer and there will be a report to the Commission by the end of the year.

**Mr Swann:** Is there further detail on how that person will be selected or on who will make the final decision on selection?

**Mr McElduff:** It is my understanding that the Commission will appoint from within the secretariat. There will be an open trawl. For example, staff within this Building may wish to go forward to become the EU scrutiny co-ordinator. What exactly will that co-ordinator do? The post is currently being graded, and typical Assembly procedures will be followed to make the appointment. On appointment, the officer will co-ordinate the flow of information and expertise to Committees to give them more assistance in scrutinising Ministers and Departments. The co-ordinator will also engage with a wide range of external sources and create linkages from those to the work of Committees.

**Mr Dallat:** I have very fond memories of one of my early trips to Brussels, which was with Barry McElduff, who created quite a stir. Does he not agree that, in times of economic austerity, we need to have the closest relationship with Europe to ensure that we maximise whatever benefits come from there?

**Mr McElduff:** I thank the Member for the question. Again, cost is an issue, but so too are the potential benefits. You might have to invest to save in a situation such as this. That is why the Commission is looking at a number of options. It might be worth knowing that, if there were to be a permanent officer in Brussels similar to that of other Parliaments or regional Assemblies, the calculated cost would be in the region of £95,000 to £132,000 annually. Before the Commission or the Assembly would commit to such expenditure, we would want to be clear that we were getting value for money. However, I do take the Member's point that it might be very necessary to spend that money to get a better return and investment.

**Mr Deputy Speaker:** Ross Hussey is not in his place, so we will move on to the next question.

### North/South Parliamentary Forum

10. **Mr Murphy** asked the Assembly Commission for an update on the establishment of the North/South Parliamentary Forum. (AQO 244/11-15)

**Mr Cree:** On 23 June 2011, at a joint meeting of the North/South Parliamentary Forum working groups in the Oireachtas, it was agreed that a further three joint meetings of the two working groups will be convened to take forward the ideas and actions generated by the North/South Parliamentary Forum conference at the Slieve Donard Hotel in October 2010. The meetings are planned for the autumn of 2011, and areas for consideration include parliamentary relationships in Europe, European agriculture and rural development reform and the role and arrangements for the North/South Parliamentary Forum. It was further agreed that the report from the Slieve Donard conference will be issued to all members from both legislatures.

**Mr Murphy:** Thank you, a LeasCheann Comhairle. Depending on which member of the Commission is answering questions, I almost have to rephrase my words. However, I am sure that you share my frustration at the length of time that it has taken to establish the North/South Parliamentary Forum. That area of work was part of the St Andrews Agreement; it emanates from the Good Friday Agreement some 13 years ago but is yet to be established. Although the work of the conference is welcome,

we have now moved into working groups but have yet —

**Mr Deputy Speaker:** Could we have a question, please?

**Mr Murphy:** Yes, I am just coming to that. Does the Member think that it reflects badly on this institution that it continues to take such a long time to establish the forum? Will the Commission try to bring some sense of urgency to the working groups to get a proposition so that we can actually establish the forum?

**Mr Cree:** I understand the Member's frustration. I was at the Slieve Donard conference last year. Last week's meeting was very fruitful. There was a good atmosphere, and genuine efforts were made to take the matter forward. That will happen in the autumn.

**Mr Deputy Speaker:** Question 11 has already been dealt with, so we will move on.

### Assembly Committees: Mobile Phones and iPads

12. **Mr I McCrea** asked the Assembly Commission what steps are being taken to facilitate the use of iPads and mobile phones in Committee meeting rooms. (AQO 246/11-15)

**Mr Cree:** The use of laptops and mobile phones in Committee meeting rooms has been an ongoing issue for some time. As Members will be aware, the use of mobile phones creates particular difficulties because the signals transmitted and received by such devices interfere with audio recordings. Every effort has been made to attempt to address the issue, from altering the sound levels and adjusting the equipment to the use of alternative microphones. However, it has not been possible to resolve the issue. Westminster now has equipment that can almost eliminate the effect of the signals transmitted and received by mobile phones. However, that has been at a high financial cost. It would also involve considerable alteration to Committee rooms.

On the issue of iPads, as part of an ongoing project across the Assembly secretariat, consideration is being given to the introduction of IT facilities in Committee meeting rooms as an alternative to Committee packs. As part of that project, consideration will be given to a hand-held, tablet-style device similar to the iPad. The iPad is just one of the ever-increasing range

of such devices available. Indeed, last evening, I had sight of my granddaughter playing with a BlackBerry device called a “play board” or something — fantastic technology. In deciding on the most appropriate hardware to be used by Committee members as a result of the project, the option of an iPad or similar tablet computer will be considered.

**Mr I McCrea:** I thank the member of the Commission for his answer. He stole part of my supplementary question by referring to what happens at Westminster. Surely the Commission accepts that something needs to be done to ensure that mobile phones do not interfere with equipment. Some MLAs consistently choose to break the rules by using their mobile phones in Committee rooms and, indeed, the House. Will the Commission at least give an assurance that it will seriously consider purchasing equipment to eradicate any interference?

**Mr Cree:** I thank the Member for his supplementary question. Indeed, based on the Westminster model, the estimated cost of upgrading the audio facilities here is between £80,000 and £90,000 for each Committee room. It is important to note that that is only an indicative cost, as any new system must be bespoke to the room in question, which is likely to result in an additional cost. So the cost is high. However, Westminster has a working solution, and the Commission will look further at that model.

**Mr Murphy:** Does the member of the Assembly Commission agree that, in addition to the interference that mobile phones and iPads cause, the content of some messages shown on them can be disturbing and offensive? Perhaps the Member who asked the original question might reflect on that.

**Mr Cree:** It is certainly an issue. In fact, as I said in an earlier answer, any sort of progress in that area must have the full support of Committee members. If they are not prepared to use the technology or have reasons for preferring paper, the whole project will be an absolute waste of time. It is a difficult issue. Circulars will be sent to Committee members asking for their opinions, and we will work on that basis.

**Ms Lo:** With your indulgence, Mr Deputy Speaker, I will ask a question that is slightly off the track. I would like to point out that the sound system in the Senate is still very poor.

The Environment Committee meets there every Thursday. Any other Committee members here will probably agree with me. We would like the system to be improved. If that does not happen, we might have to think about moving from the Senate to another room for our Committee meetings.

**Mr Cree:** I take your point. The difficulty with the Senate is that it is the oldest room here. It is in a similar condition to when it was built in the 1930s, and it has a considerable history. The Senate is a large room and is difficult to handle. We believe that the Westminster system could work in that room and would not be obtrusive. As I said to Mr Murphy, we will certainly review the situation to see what can be done. It is probably the biggest room outside of this one and has its own particular problems.

**Mr Deputy Speaker:** Basil McCrea is not in his place for question 13. Question 14 has already been dealt with. That is the end of questions to the Assembly Commission.

# Question for Urgent Oral Answer

## Justice

### **Prisoner Release: George Damien MacFerran**

**Mr Deputy Speaker:** The Speaker has received notice from Paul Givan of a question for urgent oral answer to the Minister of Justice.

**Mr Givan** asked the Minister of Justice what measures are being taken to investigate the erroneous release of George Damien MacFerran from HMP Maghaberry and to ensure that a fit-for-purpose system is in place to prevent further such incidents occurring.

**3.30 pm**

**Mr Ford (The Minister of Justice):** I regret to advise the House that George Damien MacFerran was released in error by the general office of Maghaberry prison on Friday 24 June 2011. The matter came to light on Monday 27 June, and Mr MacFerran was returned to Maghaberry prison by police officers at approximately 6.00 pm yesterday.

Mr MacFerran was released 47 days before his due release date. I take the matter very seriously, and I am clear that an immediate and thorough investigation is required into the circumstances that led to that erroneous release. Terms of reference for that investigation have been issued and a senior prison governor, who reports directly to Prison Service headquarters, has been appointed to lead the investigation. Although I do not wish to pre-empt the outcome of the investigation, as far as I am aware, the circumstances of this erroneous release are quite different from those of the three prisoners who were released in error last year. At this stage, there are no indications that the early release occurred as the result of a systems error.

I do not underestimate the seriousness of the incident and the impact that it will have on public confidence in the Northern Ireland Prison Service. It serves to highlight the need for fundamental end-to-end reform of the Prison Service, which is to be taken forward through the strategic efficiency and effectiveness

programme that I launched earlier today. There is a pressing need to ensure that Prison Service personnel get the basics right and get them right consistently. Keeping prisoners in custody until their due release dates is a fundamental part of the role of the Prison Service, and I am, therefore, committed to doing everything that I can to ensure that real improvements are made in that area of work.

**Mr Givan:** Today, the director general of the Prison Service said that the vision of the Prison Service would be based on getting back to basics, and I am sure that the Minister would agree that there is nothing as basic as ensuring that those who are supposed to be in prison stay in prison. So that public confidence is not continually undermined, incidents like this cannot happen again, and I am sure that the Minister would agree also with that. Will the investigation also examine the senior managers who are responsible for putting the systems in place? Surely any system must have a triple-lock mechanism, whereby if a human error is made — I am not saying that that happened in this instance — it is detected and something like this does not happen again. Will the investigation include senior management?

**Mr Ford:** When I made it clear that a senior prison governor, who is independent of the Maghaberry arrangements, was appointed to investigate, it was with the intention of ensuring that every conceivable line was followed through properly. The Chairperson of the Committee for Justice highlighted the issue of the number of locks that we may put into the system, and that is clearly valid. However, we also need to ensure that the locks are applied properly and correctly, and that errors are not made in the way that appears to have happened on this occasion.

I will not pre-empt the outcome of the investigation further. I will inform the House and the Committee in particular of the outcome of that investigation when it is achieved.

**Mr Deputy Speaker:** That concludes this item of business. I ask the Members to take their ease for a few moments.

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

## Ministerial Statement

### **Belfast Health and Social Care Trust**

**Mr Deputy Speaker:** The Speaker has received notice from the Minister of Health, Social Services and Public Safety that he wishes to make a statement to the House.

**Mr Poots (The Minister of Health, Social Services and Public Safety):** With your permission, Mr Deputy Speaker, I wish to make a statement about the outcome of the statutory inquiry into the oral medicine service at the Royal Victoria Hospital's dental hospital and two issues concerning the Belfast Health and Social Care Trust, namely the concerns about the pay awards for some directors of the Belfast Trust and the contractual arrangements for the security of the Belvoir Park site.

On 7 February 2011, the previous Health Minister announced in the Assembly that an independent inquiry would be established on matters concerning the Belfast Trust and the recall of a number of patients who had received treatment at the regional oral medicine service based at the Belfast dental hospital. On Friday 24 June, I received a dental inquiry report. I want to take the opportunity to thank Brian Fee QC and his team for the comprehensive report that they provided to me. By way of a summary for MLA colleagues and the public, the inquiry's terms of reference were, broadly, to evaluate the quality of care provided to all those patients who were recalled for review; to evaluate the effectiveness of communications between and within the Royal dental hospital, health and social care organisations, the Department, patients and the general public; and to make recommendations for improvements to quality and communications.

At the outset, I want to highlight to the public that the trust has assured me that it is managing services at the dental hospital to ensure patient safety and the best possible quality of services. The Department, the Health and Social Care Board (HSCB) as commissioner and the trust are acting together to ensure that that is secured and maintained. I hope that the Assembly will understand that it is essential that we ensure that nothing is said here that prejudices the proper process of

investigations by the trust and/or by regulators. I ask Members to hold back from asking any questions that address issues about any individual concerned. I hope that you will agree, Mr Deputy Speaker, that it will be in order if I refrain from answering any such questions. The report makes 45 recommendations. I will give them all full and detailed consideration. Those recommendations include some that relate to the Belfast Trust, some relating to the entire health and social care service, as well as issues to be addressed by my Department.

Patient safety is my first priority. The report's findings show that patients have been let down. There were serious deficiencies in the quality of care that was provided to patients, which may have impacted adversely on the health of some. I want to apologise to people who were affected for the serious failings in the care that they received through the oral medicine services that were provided by the dental hospital and the Belfast Trust. In some cases, there have been failures, material delays and difficulties in accessing appropriate treatment. I recognise that not only has that impacted adversely on timely access to treatment for individuals, but it has caused considerable anxiety and distress to patients and their families. I am truly concerned for those patients and their families. The system has let them down. I intend to do all that I can to ensure that those failings are rectified.

Before I go into the detail of the report, I want to make a general comment to reassure the public. The health and social care service treats hundreds of thousands of patients every year, and, in the vast majority of cases, to a very high standard. However, we know that sometimes — thankfully, only in a small proportion of cases — things go wrong. When an incident such as that happens, the first priority has to be the patient involved. Then, the service needs to look at what happened, why it happened, and how a further incident can be prevented from happening again. It is only by adopting such an approach and by sharing learning that a safer service can be achieved and we can maintain the trust and confidence of the public, who place their care in our hands.

The report's findings are serious and make sober reading. As my predecessor explained to the Assembly last February, in November 2009, the Belfast Health and Social Care Trust became aware that six people who had been referred for surgery following a diagnosis of oral

cancer could potentially have been referred at an earlier stage of their illness. In December 2009, the Belfast Trust took action to appoint a case investigator and to review and carry out a look-back exercise into the issue; a complex process, which involved looking at some 3,000 clinical records and, in all, took nearly 11 months to complete. The inquiry has confirmed that the vast majority of the 3,000 patients who were considered had been appropriately managed and treated. The issue that emerged in February 2011 was that 18 people were identified for whom major concerns existed about their quality of care. Following further investigations, it was confirmed that there were, in fact, major concerns in respect of 22 people.

All those people were being actively managed by specialists in the Health Service at the time that their concerns were identified. Fifteen cancer patients were identified, four of whom died: three from oral cancer and one from other causes. I repeat my predecessor's expression of sympathy to the families of those patients on the loss of their loved ones.

I want to give the Assembly a summary of some of the most important aspects of the inquiry's findings. The inquiry found that there was some cause for concern about the oral medicine service two to three years before the problem was reported in December 2009. The inquiry also concluded that, in December 2009, the trust should have reported a serious adverse incident (SAI) as required under departmental guidance when a look-back review is initiated. The Department and the trust fully accept that an SAI should have been reported earlier than was the case. The arrangements for the reporting of an SAI were revised from May 2010, when the HSCB took on additional responsibilities. Thus, several opportunities were missed that might have drawn higher-level attention to the issue. However, the trust did not explain what it was doing or provide evidence of the full range of concerns to the Department, the HSCB or the Public Health Authority (PHA) at any stage between December 2009 and December 2010.

On 25 February 2010, the trust received the report of the case investigator, which recommended more direct action to address concerns for patient safety. However, at a meeting attended by the case investigator, the trust decided on 27 April 2010 not to act on that because it was satisfied that the actions

that it was taking included protection of patient safety. The inquiry said that the additional information from the case investigator's report ought to have removed any doubt that the trust might have had about whether to report the matter as an SAI, as it clearly met the relevant criteria. In particular, the inquiry points out that the trust's actions did not protect patients whose records were missing or grossly incomplete. In fact, there was a lack of any formal communication with HSCB, the Department of Health, Social Services and Public Safety (DHSSPS) and PHA at that stage on the issues relating to services in the trust. The inquiry's view is that it is almost certain that the reporting of an SAI would have produced an insistence that the risk to patients, including, for example, the risk posed by missing records, would have been more urgently alleviated than was the case.

As the look back progressed, the inquiry's view is that the trust must have been aware between April and November 2010 that the disturbing picture from the look back of major, intermediate and minor concerns in respect of the impact on patients' health was continuing to emerge and that the problem of missing and incomplete records was significant. The report also says that it would be grossly unfair to fail to acknowledge that the trust communicated fully with the regulatory bodies, namely the General Medical Council (GMC) and the General Dentistry Council (GDC).

On 4 November 2010, the draft look-back report was received by the trust, and it received the final report on 1 December 2010. The trust decided that a call back of certain patients should be undertaken as a precaution in view of the report's findings. On receipt of the report, the trust contacted the DHSSPS, the HSCB and the PHA in late November/early December 2010. The HSCB immediately queried whether an SAI report should be made. Eventually, the matter was reported as an SAI on 7 February 2011.

The inquiry also finds that there was a significant problem with the keeping of patient records in the oral medicine department of the dental hospital. The specialists undertaking the look-back case review between December 2009 and November 2010 encountered serious difficulties due to the lack of availability of patients' records when they required them. The report's statistics indicate an extremely serious deficiency in record management that



could have had a serious adverse impact on the quality of patient care.

### 3.45 pm

Given the volume and geographical spread of patients with disease requiring specialist oral medicine input, the inquiry suggests that there was a potential risk of patient care being compromised when relying on one practitioner to provide the service in such circumstances. The problem of excessive workloads was exacerbated by the lack of an adequate secretarial and administrative support system.

The trust acted to address the interests of the patients whose case notes suggested major concerns in the look-back exercise. Fifteen of the 22 cases concerned the treatment of oral cancer and related conditions, and it is known that four of those 15 people have died, possibly as a consequence of oral cancer. The extent of the impact that the delay in diagnosis or referral has had on the outcome for those patients, or for the other patients with malignant disease associated with the mouth, is unknown at this stage.

The inquiry expresses concern at the limited extent of open communication with these patients. Best practice discourages paternalism in patient-provider interactions. Patients who are not fully informed are at greater risk of non-compliance and the overlooking or ignoring of symptoms that may need to be addressed. The inquiry report states that the relationship of trust between patient and provider should not be compromised by keeping information from patients, however well meaning the reasoning.

I understand from the trust that the other seven patients in the major concern groups have not been diagnosed as having oral cancer. Some of those seven had undergone multiple X-rays of the salivary ducts and glands, which involves exposure to radiation. It is not known whether there has been any adverse impact on the health of any patient due to the excessive or unnecessary use of such X-rays. The matter is being further reviewed.

The trust has also told the Department that, of the group of patients about whom the look-back exercise found intermediate concerns, none of those 117 patients has developed oral cancer by reason of delay in diagnosis or referral. It is not known whether there has been any other adverse impact on their health, whether physical or psychological.

In summary, the inquiry concluded that there were serious deficiencies in the quality of care provided by the oral medicine department of the dental hospital and the Belfast Health and Social Care Trust to the patients recalled for review. That may have impacted adversely on the health of some of them to a significant degree, and it certainly had the potential to do so. The inquiry also found that there was a failure by the trust to communicate fully, effectively and promptly with the other Health and Social Care (HSC) bodies in an appropriate manner and that there was a failure by DHSSPS to proactively seek further communication from the trust. The primary responsibility for the failure to provide a proper formal report rests with the trust.

The inquiry states that DHSSPS ought to have been more proactive, given the information that was available to it. My officials have told me that they accept that criticism. The trust also accepts that significant lessons about communications have been learned from this incident. Those failures in communication contributed to the risk of harm to the patients concerned, as they prevented wider knowledge of the problems, as well as allocations of appropriate expertise and resources to ensure that they were addressed as quickly and effectively as possible.

I do not doubt that a number of individuals dealing with this complex situation believed that they were doing the right thing during this time. The inquiry has, however, found that there were serious failings in the care provided, as well as failings in communication, timeliness and, ultimately, the effectiveness of the action taken. Hence, I expect to see change, and the public deserve to see change.

First and foremost, the safety of care that we provide and the interests of the patient must be first and far above all other considerations. I have full confidence that this is the case throughout the HSC and that the Belfast Trust was and is fully committed to that ethos. However, that point cannot be repeated and re-emphasised too often.

Secondly, the confidence of the public in that care is dependent on a culture of openness and transparency. I want to see the culture of all trusts, including all parts of the HSC and my Department, to be one of openness and transparency. That means accepting and

embracing accountability, which should be fundamental to any public service. The public expects this, and I, as Minister, require it. I want to recognise and reinforce the very welcome commitment of the leadership team in the Belfast Trust to this approach.

Given the increasing complexity of healthcare, no service can be without risk, but I do expect all organisations to identify and manage those risks. In the right culture, there will be proper and timely reporting of concerns and an active approach to the management of those concerns.

Key issues for me are encouraging the reporting and appropriate investigation and management of concerns; the recording and management of adverse incidents and their inter-relationship with the investigation into concerns regarding the professional practice of individuals; the communication of major concerns and risks to the HSC board and the Department and the follow-up of those concerns; and the effective management of professional performance, appraisal and supervision.

I want to be assured that the governance and communications arrangements in the Belfast Trust are robust. There have been failings in this regard, and I will expect the trust's chief executive to address those. I also require the permanent secretary to assure me that the arrangements for governance and communication between the Department and all parts of the HSC are robust and effective and provide a clear basis for accountability.

To ensure effective management of the full range of HSC services, I require of my Department, and all the arm's-length bodies that it oversees, three vital means of control. First, that the Department sets standards that set out clearly and fairly what is expected; secondly, that all organisations have systems of clinical and social care governance that are in line with best practice across the world; and, thirdly, that the right people are in place to apply these principles, and are committed to applying them consistently and rigorously to make this work.

That is what the public expects, and that is what I require. I also wish to acknowledge the many thousands of people who work diligently every day on that basis in the Belfast Trust, and in the wider Health Service.

I believe that the public have good grounds for confidence in the services provided by the

Belfast Trust and more widely because these principles are in place. To build on them, I want to see more robust accountability arrangements, where trusts readily communicate major issues of concern to enable those to be addressed in a proportionate but comprehensive manner.

It needs to be absolutely clear that clinical and social care governance is a statutory responsibility and, as in all other aspects of governance, is a matter for which chief executives in the HSC are directly accountable to the permanent secretary, who is also chief executive of the HSC. That needs to be clearly understood and fully reflected in the accountability arrangements. I will be asking for regular reports from the Department to give me assurance that HSC bodies are operating effective systems for clinical and social care governance and complying with the Department's guidance.

My Department also needs to learn lessons and provide appropriate leadership. I expect to see leadership in the co-ordination of an action plan detailing how all the recommendations arising from the inquiry will be addressed. I expect this to be submitted to me no later than August 2011, with quarterly reports thereafter. Key elements of the action plan will include further work on serious adverse incident reporting and early alert arrangements, with the involvement of the HSC board, the PHA and, where appropriate, the Department to ensure that there is a proactive approach to timely and appropriate action in the interests of patient safety and the reduction of harm.

I will very shortly place the executive summary of the report, including all 45 recommendations, in the Assembly Library. The full report includes some issues that may be subject to regulatory processes that are not complete. Therefore, I cannot publish the report in full at this stage. The 45 recommendations range across issues relating to the care for, and communication with, the patients affected; the management of the oral medicine service; communication within the trust and across the HSC; procedures for reporting and escalation of adverse incidents; and aspects of personnel management and administration.

I am very grateful to the inquiry team for all it has done to help to point to the lessons to be learned from this case. I am not in a position to provide a considered response, but

I want to assure the Assembly that none of the recommendations will be ignored. On the contrary, I will require officials to work through the implications fully and carefully in developing an action plan.

I have also asked my officials to work with members of the inquiry team on the production of the action plan to ensure that it is fully informed by the team's thinking and that there is appropriate consideration of the practical implications of the recommendations for the health and social care sector. I want to be sure that the action plan is effective in applying the lessons learned from the way the issue was handled and that there is no risk of key insights from the inquiry team being lost.

I will share the full action plan with the Health Committee as soon as possible after the summer recess and prior to publication, as I want to ensure that our next steps command the confidence of the Assembly and the public. I also intend to report back to the Assembly and the Health Committee on progress towards full implementation of the action plan in due course.

I now want to turn to other issues pertaining to the Belfast Trust. These are in no way related to the issues at the dental hospital, but I want to include them because they are likely to attract comment, and I wish to hold to the principle that I answer to the Assembly.

I need to draw attention to an irregularity in the pay arrangements for some directors in the Belfast Trust. I regard any breach of control as a serious issue, but I recognise that, in this case, the trust was acting in a way that reduced overall management costs. In 2009, additional payments were made to five directors in the Belfast Trust following a redistribution of duties across the senior team. There was a reduction in the overall number of senior posts, and the duties previously held by some directors who had left the trust were redistributed to existing directors. Those posts carry enormous responsibility by any standard. Therefore, to remunerate individuals, the trust awarded additional payments in the region of 5% to 10% of the existing salary.

However, the senior executive pay scheme does not have the facility routinely to make additional financial awards. As there was, and is, no basis on which those allowances could be paid, the Comptroller and Auditor General has limited his regulatory opinion on the Belfast Trust's 2010-

11 accounts, which have just been laid before the Assembly, in respect of some £26,000 of irregular expenditure.

Members will recall that, following Public Accounts Committee (PAC) criticism in 2001, DHSSPS was, and is, required to exercise strict control over senior pay in the health and social care sector. I remain committed to maintaining that control. In mitigation of the breach, overall savings were secured at the Belfast Trust through a net reduction of two posts at director level.

My Department became aware of the additional payments only in September 2010, and immediate action was taken. An internal investigation was carried out in the Department and in the Belfast Trust. The Department has subsequently strengthened its internal controls to ensure that health and social care organisations follow the necessary process when jobs change significantly.

It is essential that there is fair treatment for all, and that is undermined when action is taken without approval. The necessary approvals have been sought from the Department of Finance and Personnel and put in place to permit the continued payment of those additional allowances, as there is no basis in law on which they can be withdrawn. I do not question the good faith of the individuals concerned or the fact that they have taken on additional and onerous duties, but I do not find it satisfactory that unapproved increases have to continue to be paid. However, I understand that there is no alternative.

To minimise the risk of any similar situation arising again, my permanent secretary wrote to the chairs of all organisations to remind them of their governance responsibilities, particularly the controls over senior pay and the standards expected in public life.

My final point is to advise that it has come to my attention that there may be potential material shortcomings in the procurement of a contract for security services at the Belvoir Park Hospital. To seek assurances that no other arrangements are in place for which appropriate processes were not followed, my permanent secretary discussed the matter with the chief executive of the trust and subsequently wrote to him asking for a formal explanation of the circumstances surrounding that procurement and any associated shortcomings

He has also written to all other arm's-length bodies funded by the Department to seek similar assurances.

#### 4.00 pm

Any failure to comply with the requirements of appropriate practice for procurement and/or contract management is a serious breach of control. I need to be sure that all those who carry responsibility for managing public money comply in full with relevant guidance on competitive procurement and all relevant procurement legislation in services such as security and maintain regular scrutiny of routine payments so that any departures from the required practice are identified and corrected quickly. That is essential so that assurance can be provided to the Assembly that public money is being used properly to provide value for money. For that reason, I have asked my officials to carry out a review of the arrangements for the control of procurement expenditure between and within my Department and its arm's-length bodies. The terms of reference for that review are being drafted, and the review will take place in the coming weeks.

I hope it has been helpful to the Assembly to have a clear and open presentation of the issues. Each involves some cause for concern, and I want to emphasise my commitment that such issues will be addressed fairly, openly and proportionately and that I will give top priority to actions that protect and enhance the safety and quality of services to the public. One common feature of the three issues is the need to ensure strong and effective accountability. I will require that all my Department's arm's-length bodies provide clear and timely assurance to the Department, which acts on my behalf and under my authority on all aspects of governance. Within that framework, top priority must be given to the quality of service and patient safety.

I believe that the vast majority of staff in the Belfast Trust and the wider HSC sector are wholeheartedly committed to those principles and to providing the best possible care. I am also grateful for the diligent public service that is displayed throughout the management of the HSC sector, and I reaffirm my commitment that the Department will act to prevent recurrence of the lapses from acceptable standards that I have had to report today. I thank the Assembly for its attention.

**Ms Gildernew (The Chairperson of the Committee for Health, Social Services and Public Safety):** Go raibh maith agat, a LeasCheann Comhairle. I know that the Chairperson — the Cathaoirleach — normally gets a bit of latitude in these instances. Given the length of the statement and the fact that there are three issues, which are all important, I would be grateful if you would extend that latitude on this occasion.

I thank the Minister for his lengthy statement on the three issues. I want to break them down and ask questions on the dental inquiry in the first instance. The Minister has explained that the inquiry report cannot be printed in full yet because it may be subject to regulatory processes. That invites the question "Was the Department not aware of those regulatory processes before the report was commissioned?". How much did it cost to undertake the report? Given that the Minister has said that he is keen on full transparency and accountability, it is unfortunate that the report cannot be printed in full at this time. I am sure, given the seniority of Brian Fee QC and his team, that it would not have come cheap. It is a bit of a concern that it cannot yet be printed.

The Minister informed the House that the report contained 45 recommendations and contained criticisms of the Belfast Trust, the HSC sector and the Department. I felt, having read the statement and listened to the Minister today, that the issues to do with the Department were actually quite light. I would like to tease out the criticisms of and the difficulties in the Department. I think that he has been comprehensive about the others, but the same detail is not given for the Department. How many of the 45 recommendations relate to each of the three bodies?

Although I fully accept and welcome the fact that the report states that the inquiry clearly found that there were serious failings in the care provided, in communication and in the timeliness and, ultimately, the effectiveness of the action taken, that is not what we as an Assembly want to see, and it is good that the Minister is addressing that. However, judging by the language used, the inquiry concluded that there were serious deficiencies in the quality of care. It goes on to state that those deficiencies may have impacted adversely on the health of some patients to a significant degree and certainly had the potential to do so. Again,

however, it is light on the details. If people died as a result of not getting a diagnosis early enough, that is extremely serious. If the potential was there, that is serious. We need to separate out those issues, all of which need to be taken in at the right level.

I also welcome the Minister's assertion of the need for a culture of openness, transparency and accountability, but we have not heard an awful lot from him about his Department's role in addressing the three issues that he raised today. Ultimately, as Minister, he has overall responsibility. Is he committed to realising that the buck stops with him?

I will move on quickly to the other two issues. This is the first time that the issues surrounding security services at Belvoir Park Hospital have been discussed in the House. Given that, I expect that there may be an element of disappointment that the Minister did not refer to the fact that patients' records were left behind and that those urban guerrillas or whatever they are called broke into the hospital site and that there was no mention of the fact that those patient records were photographed and then offered for sale on the internet. There has been no apology to the families who have been affected by those events. It would have been appropriate to include that along with the explanation of the procurement arrangements.

**Mr Deputy Speaker:** The Member must bring her remarks to a close.

**Ms Gildernew:** OK. The Minister talked about the issue surrounding irregularities in senior pay, but he did not mention what savings would be made. That detail is not there either.

**Mr Poots:** There is a range of issues, and I will try to respond to them as quickly as possible. It is our intention to print the report at the earliest opportunity, but, given that inquiries are ongoing, it would be inappropriate to do so in case the report would have an adverse impact on other actions that are being carried out. The cost of the report has not yet been finalised, because it was completed only last week. We will make that available in due course.

I will move on to the departmental issues that were identified. The report laid considerably greater emphasis on the trust. The department was criticised for taking insufficient action to pursue questions about the progress of the review. A large number of recommendations were

made that affect the whole service and were, therefore, matters for the Department, affecting in particular the complex area of medicine. It is not possible to identify exactly the effect of late diagnoses on the patients concerned, but we want to make it absolutely clear that we have identified that an issue exists, that we want to ensure that it does not arise again and that these are the actions that we are taking. There is no evidence that anyone has died as a result of a late diagnosis, but, nonetheless, we always emphasise that it is good to get early diagnoses in cancer treatments.

Where does responsibility lie? It lies right here. That is why I am here: to explain to Members, as public representatives, what happened; to determine whether the service provided has fallen down; and to outline the actions that we have put in place to ensure that it does not happen again. I have to lay it clearly on the line: trust chief executives who step over the line in this respect again will not be treated with kid gloves. The management of the Belfast Trust changed late last year, and many of the issues at hand do not apply to the current chief executive. However, I want to make it abundantly clear that the Department will not tolerate any failure by chief executives to operate with openness and transparency. Issues that are identified by the trust's senior management must be brought to the Department, after which it is up to the Department to inform me and, therefore, Assembly Members.

On the subject of the Belvoir Park Hospital site, when I attended the Committee a number of weeks ago, I made it clear that it was unacceptable that patients' records were used in the way in which they were used. The main responsibility for that lies with the people who benefited personally from going through and making public other people's records. Those people should be identified as the main culprits, because they stole people's information. The Department and the trust had a responsibility to protect that information, and that did not happen, so I do not shy away from reiterating the apology that I made to the Committee.

On the subject of pay, two senior directors stepping down from the Belfast Health and Social Care Trust would have saved in the region of £200,000. Therefore, the additional payment of some £26,000 was a net saving to the trust. However, all the other trusts also made net savings, and all the other trusts

applied through the proper system for pay rises for senior directors and were rejected. The trust in question did not play by the rules and was rewarded for it. That is unacceptable.

**Mr Wells:** I welcome the Minister's openness and transparency. The school of dentistry issue was one in a series of revelations that plagued the Health Service from Christmas to Easter this year. As the then Chairperson of the Health Committee, I remember regularly having to bring in officials from various trusts and the board to answer questions on the latest revelation. Therefore, I strongly welcome the fact that the Minister has decided, on this occasion, to preempt media revelations by coming before the House to tell us exactly how it is and what he is going to do about it. Will he assure the House that, should other issues arise that he believes could lead to public concern, he will continue this practice of coming before the House to tell us how it is — warts and all — and to outline what he intends to do so that there will be no further ambushes on Committees or Members?

**Mr Poots:** Openness and transparency in public life is important, and the more we engage in an open and transparent way, the more confidence the public will have in the House, the Executive and the governance of this country. Therefore, it is my desire to be open and transparent with the public on all occasions relating to such matters.

I indicated to my permanent secretary — this was relayed to the Belfast Health and Social Care Trust — that, if there are any other carcasses in the cupboard, we had better know about them pretty soon. We want to ensure that, if there is anything else that has not lived up to the standard of practice that we would expect to see, we find out about it and make it known to the public. More importantly, no further engagement in such practices should happen, and the message must get through to trusts that, as custodians of public money, they provide something of the highest importance to individuals — their healthcare — and it is imperative that they do that in a way that abides by the standards set down by the House and the Executive.

**Mr McCallister:** I welcome the Minister's statement, and I associate myself and my party with the Minister's expression of sympathy to the families of those affected. The issues outlined in the statement are very serious.

Does the Minister agree that the thread that seems to link all three incidents — the problem

at the school of dentistry; not following the pay guidance; and, indeed, not following guidance on securing the Belvoir Park site — is the fact that, although we had processes to deal with them, by not communicating to the Department that there was a problem, the trusts seemed to ignore those processes?

**4.15 pm**

**Mr Poots:** I agree fully with the Member. Proper considerations have been put in place for trusts to abide by, and, in that instance, the Belfast Trust did not abide by them. No trust is an independent island that can carry out and engage in its own activities and ignore the codes of practice that have been put in place for it to observe. I have given early warning that, if this happens in the future, it will be a very significant issue that I will regard as a disciplinary matter. Each accounting officer of each trust should take cognisance of that. It would not be right for the House and me, as the Minister who is responsible to the House, to ignore that activity and to allow it to continue.

**Mr McDevitt:** You could hardly imagine a more serious statement, with three serious omissions and errors in a single trust being reported to the House. I am sure that many of us are thinking of this question right now: has any clinician or official at trust or departmental level been referred for disciplinary action? If so, what action has been taken against those who have let themselves, their employers and this region down so badly?

**Mr Poots:** In my statement I indicated that I would not get into the issue of individuals. Other inquiries are going on. The GMC and GDC have responsibilities for deciding who acts as clinicians. That decision is not in my hands; it is in the hands of the expert body that regulates that activity.

**Mr McCarthy:** It is a truly horrendous statement that the Minister has been forced to make this afternoon. I am sure that we are all shocked and aghast at the outcome. My thoughts are with those who have suffered as a result of the total and absolute negligence. My query is along the lines of Conall McDevitt's: are the people who were responsible for the events that the Minister outlined still in post? Could it happen again? The Minister referred to the current chief executive, who was not in post at the time. However, there must have been a chief executive in post at the time with overall

responsibility for all of that horrendous stuff. Is nobody accountable? The Minister said that the buck stops with him —

**Mr Deputy Speaker:** Question, please.

**Mr McCarthy:** — of course, we know that. Are the people who were responsible for that horrendous litany of failures still in post?

**Mr Poots:** The previous chief executive has retired, so that individual is clearly not in post. On the clinical side, I indicated at the outset that that is a matter for the GDC and GMC to determine. Once that determination is concluded, decisions can be taken arising from that.

I should correct the Member, who said that I was forced to make the statement. I received the information, and I was not particularly pleased about it, but I certainly was not forced to make the statement. I wanted to make the statement and to make the House aware of the issues of which I was aware because it is a matter of public confidence. If we wish to restore public confidence, it has to be done in an open and transparent way. Therefore, it was imperative that I made the statement, but I certainly was not forced to.

**Ms P Bradley:** I thank the Minister for his statement. On the issue of senior executive pay, I welcome the fact that action has been taken to reduce the risk of this happening again. Will the Minister clarify whether it was a serious breach of the trust's corporate governance responsibilities?

**Mr Poots:** It was. People who were engaged in the issue knew that they were in breach or that they were not doing their job properly because some people who received additional pay had responsibility for corporate governance in the trust. That is a very serious issue. They were the beneficiaries of the money, but they knew full well that they were not entitled to go ahead and award it. I have a major issue with the breakdown between the Department and the trust in this instance. It is an intolerable situation and cannot be permitted to happen again.

**Mr Brady:** Go raibh maith agat, a LeasCheann Comhairle. I thank the Minister for his statement. In relation to communication, it is my understanding that problems relating to dental issues were first reported in December 2009. Will the Minister detail what action

the Department took to address the problem between December 2009 and February 2011?

**Mr Poots:** The issue went on for a period of time, and, when the Department became aware of it, we impressed on the trust the need to go back and check all records. That process took 11 months and identified over 100 issues. At that point, patients were recalled, 40 of whom had biopsies. From a trawl of 3,000 records, we identified 18 breaches. After further investigation, that went up to 22 serious breaches, 15 of which were identified as oral cancer. Another seven cases related to oral problems, but they were non-cancerous. Therefore, work was done to identify people who had the potential for a late diagnosis. Those people were recalled and went through the treatment process. The people who were recalled appear to be satisfied with the standard of the subsequent work, which was done in a very professional way.

**Mr I McCrea:** I also welcome the Minister's statement and his willingness to come before the House in relation to his portfolio. Constituents have complained about the time that it takes for treatment at the dental hospital. Is the Minister aware of whether the dental hospital or the school of dentistry require additional funding? In that same vein, will he give an assessment of the long-term future of the school of dentistry?

**Mr Poots:** The school of dentistry receives its funding from the Belfast Trust, which we fund. The report states that the dental school is in a strong financial position, with income to the university and the trust being sufficient to meet the needs of a thriving institution. My Department has made additional funds available to refurbish clinical areas, and the university is investing further capital in training facilities. The university is also actively recruiting more staff to ensure that teaching is adequate. Therefore, funding is in place for the good management of the hospital to ensure that patients receive a good service and that students who are training to be dentists receive good training. It is a matter for the management of the facility, whether through Queen's University for the training of dentists or the Belfast Trust on the health side, to ensure that there is good practice throughout the facility.

**Mr Byrne:** I declare an interest, and I recognise the Minister's sincerity and the way in which he

has handled the issue, particularly the dental school.

First, what has been done to build morale again and to reassure good, professional staff in the dental school that the problem will be fixed? Secondly, can students at the dental school be reassured that their job prospects are not being inhibited? Lastly, will potential patients be told that the service is reliable and totally professional and will not again lead to the problems that we have just heard about?

**Mr Poots:** The Member raised three issues, starting with morale. If there is a problem that people are talking about in the backwoods, it is far better that that problem is made public and identified and the solutions identified and acted upon. If we want to have confidence, we need to clear the carcasses out of the cupboard and to get rid of the material that has been holding the facility back. Let us move forward in a way in which the public can have confidence, and, if the public have confidence in the service, it will inevitably raise the morale of the people in that facility. There are numerous people in the Health Service and in the school of dentistry who are carrying out their work and services to the best of their ability in a very professional and dedicated way. Many people go beyond the call of duty. I have already spoken to my colleague in DEL, Stephen Farry, and indicated to him that it is imperative that there is full confidence in the dental school. As a result, he and I will meet, and we will seek that the vice chancellor of Queen's University and the chief executive of the Belfast Trust attend that meeting to ensure that, if there are outstanding issues on the training side of that facility, we deal with them and ensure that people are proud to be associated with that training institution and have a strong desire to be educated there.

The public should get quality treatment at the Royal School of Dentistry. They should have no concerns that the treatment that they receive at that unit at the facility will be defective in any way, shape or form. They can also be confident that, if they are dissatisfied with the treatment that they receive and make that known through the complaints procedure, that will be treated seriously. We will respond if someone comes forward with genuine problems or grievances as a result of treatment that has been received or not received.

**Mrs Lewis:** I thank the Minister for his statement on the very serious matter of the dental inquiry. What harm was caused to patients, and what feedback, if any, has been received from patients or their families on the harm that was caused to them, including, for example, psychological effects that were experienced as a result?

**Mr Poots:** We have not identified that harm has been caused to patients as a result of this. It is clear that we had concerns about how 22 people were diagnosed, and, as a result of looking into that, it transpired that 15 of them had cancer. Subsequently, four have died of cancer. Three of those deaths related to oral cancer, and one related to another cancer. It is important that people are diagnosed in a timely way and that they can have full confidence in the services that are provided. I believe that that is the current situation at the school of dentistry, and we will seek to ensure that that continues to be the case.

**Mr T Clarke:** I join other Members in thanking the Minister for his statement. There are three areas to this, and, given that much of the concentration has been on two of them, I will focus on the last one. Reference has been made to the procurement of security services at Belvoir Park Hospital. Will the Minister indicate how much that contract was worth originally and how it was awarded? Were there shortcomings in that process?

#### 4.30 pm

**Mr Poots:** The contract was worth £190,000 per annum and has been paid out for five years now. So, £950,000 has been paid out. One of the more positive things about this is that that figure appears to be at the lower end of costs associated with services provided by the security industry. The issue is that people did not have an opportunity to bid for the contract. We did not go through the normal procurement processes, and it simply is not good enough that a contract through which a supplier receives close to £1 million did not go through the proper processes and channels. It broke EU rules, and it broke our own procurement rules. That is a wholly unsatisfactory situation. We are trying to ascertain exactly how the contract came about, but it appears not to have gone through the normal processes or channels and may have been carried out by way of conversations with people who knew other people in the security industry.



**Mr D McIlveen:** I, too, pay tribute to the Minister for his statement. It is truly refreshing to see a Health Minister who operates his office with transparency. Has there been a loss to the public purse as a result of the issues at Belvoir Park? If so, what action do you plan to take?

**Mr Poots:** I do not think that there has been a loss as a result of the non-procurement of the security services because we did not pay excessively for the security services provided. The loss was, perhaps, in public confidence, given that people's information subsequently appeared for sale on internet sites. Therefore, there was a significant loss in that we lost the confidence of the public. We also lost a significant amount of money by holding on to the property when we had no purpose for it. The advice from Land and Property Services was that we should go through a process of applying for planning approval to maximise the value of the site. I observe that quite a number of people went through the same process from 2005 to 2008, and they did not receive their planning approval early enough. As a consequence, when they received planning approval, the site was worth considerably less than it was without planning approval.

I question why, during a period of very high property prices, which people knew could not continue because prices were nine or 10 times the value of people's mortgages — that does not fit with any economist's assessment of what is sustainable — we held on to a property that had been identified in the Belfast metropolitan area plan as having 24 acres that were suitable for development. Given its superb location in south Belfast, one would anticipate that that would have brought tens of millions of pounds into the Department for reinvestment. We are now sitting with a property of a considerably lesser value. That is the real loss; it is not in the procurement of services. Nonetheless, if we are to procure services to the value of almost £1 million, that needs to be done in a proper and correct way, and people need to have the opportunity to bid for the contract.

**Mr McElduff:** Go raibh maith agat, a LeasCheann Comhairle. I thank the Minister for his statement. Is it the case that when the Belfast Trust moved off the site responsibility transferred to the Department? Also, will the review of the arrangements for the control of procurement expenditure in the Department and in arm's-length bodies not delay decisive action?

Is a review really necessary in a situation such as this?

**Mr Poots:** The Belfast Trust continues to have the responsibility of looking after that site, and the Department grants it money to do so.

The Department has given an allowance to the Belfast Trust to provide the security for that facility, to look after a degree of essential maintenance, to pay the rates and so forth. Therefore, the Department pays for that element.

On the review of services, I could come in here and, within weeks, start to change services. Presented with an approach of that nature, I have no doubt that Members would jump up and down to indicate that this and that should not be happening in their constituency. I want a very short, sharp review that will provide me with professional analyses of services provided on the clinical and social services sides.

If the Committee is recalled, I will be happy to give it a full explanation, because I have to go to the Executive for approval for any such review, and I have not been able to do that before the Assembly goes into summer recess. However, I am happy to respond to the Committee and to make a written statement to the Speaker, which will then be passed on to all Members, so that I keep people fully informed of my intentions as the Minister responsible for health and also as a Minister responsible to the House.

**Mr G Robinson:** How long has that firm been handling security at Belvoir Park Hospital? He may have already answered this question, but why has the site not been sold by now?

**Mr Poots:** The security company has looked after that site for five years. The site has not been sold because Land and Property Services guidance was followed that stated that planning permission should be obtained before going to the open market. That led to the delay, and it demonstrates the unacceptability of where we are now in Northern Ireland with the planning system and everything else. That is why, when I held a previous position, I wanted to fundamentally change planning. I hope that, through the Planning Act 2011 and other work that we carried out, there will be a change to a much more responsive planning system, one that will meet the needs of the private and public sectors in Northern Ireland at the same time as taking account of local residents' views.

## Committee Business

### Caesarean Sections

**Mr Deputy Speaker:** I advise Members that the Speaker has been given notice that the motion will not be moved today. However, as it is still on the Order Paper, it will need to be dealt with formally.

*The following motion stood in the Order Paper:*

*That this Assembly calls on the Minister of Health, Social Services and Public Safety to put in place measures to reduce the high rate of Caesarean sections, given the risks to both mother and child, as well as the cost to the Health Service. — [Ms Gildernew (The Chairperson of the Committee for Health, Social Services and Public Safety).]*

*Motion not moved.*

*Motion made:*

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

## Adjournment

### Jobs and Benefits Project: Strabane

**Mr Deputy Speaker:** The proposer of the Adjournment topic will have 15 minutes in which to speak. The Minister will have 10 minutes to respond. All other Members who are called to speak will have approximately eight minutes.

**Mr McElduff:** Go raibh maith agat, a LeasCheann Comhairle. I had hoped that the Minister for Employment and Learning would join us for the Adjournment debate. I am not sure whether he has forwarded an explanation. It appears that the Minister for Social Development may be stepping in for the Minister for Employment and Learning. I thank him for doing that, because it is important to have ministerial attendance at Adjournment debates. I thank Minister McCausland for stepping in for Minister Farry on this occasion.

At the outset, I apologise on behalf of my colleague Michaela Boyle, who is unavoidably absent. I also point out that my colleague Pat Doherty MP has lobbied strongly on the Adjournment topic for a number of years. The research that I carried out for the debate reminded me of a number of pertinent questions that Pat Doherty MP MLA asked on the issue, both in the House and as questions for written answer.

My reason for introducing this topic resulted partly from a recent visit to the jobs and benefits office in Omagh — Omagh and Strabane being the two principal towns in west Tyrone. I visited the jobs and benefits office in Omagh, where I witnessed a really good joined-up benefit and job-brokering service that keeps jobseekers in touch with the labour market. As I understand it, that is precisely what the jobs and benefits project was designed to achieve. To date, I understand that the project has been rolled out across the North, with 27 offices operating as co-location. In towns such as Omagh, that clearly benefits the jobseekers and people of the district.

I am alarmed by the fact that Strabane is one of eight areas, including North Belfast, which is the Minister's constituency, Cookstown, Bangor and other towns, where the project has not been rolled out. The likes of Strabane, Cookstown and North Belfast feature regularly in a high position on the unemployment league table. So, I find it hard to understand why those locations were not prioritised in the first tranche, or at least at an earlier stage, of the project development.

I understand that the Department for Employment and Learning (DEL) and the Department for Social Development (DSD) made a joint bid for somewhere in the region of £37.3 million for capital investment under Budget 2010. The bid was unsuccessful, and it left eight areas without that type of provision.

I emphasised my visit to the jobs and benefits office in Omagh, because best practice is obviously at work there. Therefore, why should Strabane, Cookstown, North Belfast and other locations — those eight places — not benefit similarly? We have been told that the jobs and benefits project has been abandoned.

I want to drill down and get an explanation as to what happened with Strabane. NIPSA has said that it understands that there were a number of difficulties, ranging from car parking to the unavailability of appropriate sites. I want to hear more about that, specifically where Strabane is concerned. The jobs office and the benefits office are at two different locations in the town. How hard did DEL and DSD try? That is the crux of the question. Where was the political will? Was it there, or was it absent?

Typically, if Departments want to develop facilities in a town, they ask the local government authority to search for land and property so see whether there is suitable provision. Presumably there is a yes answer to this question: was Strabane District Council properly, meaningfully and fully consulted on possibilities in the town that could realise the proposal? Strabane consistently has one of the highest unemployment rates. As of May 2011, it is my understanding that Derry's unemployment figure was 7.5%, Belfast's was 6.9% and Strabane's was 6.9%. The Strabane district has 1,756 claimants for a population of more than 39,000.

The decision to shelve the project in Strabane has caused great disappointment and consternation. I think that Minister Farry and Minister McCausland need to take a fresh look

at the situation. Placing Strabane at the tail end of the roll-out of this project is illogical; it begs many questions. You would think that the first place you would locate such a project would be Strabane and that it would not feature low down in the chronological priority.

#### 4.45 pm

Essentially, that is the case that I am presenting today. I have a good understanding of the range of Department for Employment and Learning provision in the jobs and benefits offices and the Social Security Agency/DSD provision in the co-location offices. They work very well. The towns that have been left out or left behind, not least the town of Strabane, for which I am making the case today, deserve equality in the matter. I have asked a number of questions. I would be very grateful if the Minister was able to address them.

**Mr Buchanan:** I welcome the opportunity to take part in the Adjournment debate today regarding the closure of the jobs and benefits project in Strabane. I will be keeping my comments fairly brief because I think that a lot of the areas have been covered. It is disappointing that the Minister for Employment and Learning has been unable to attend today, but we are grateful that we have the Minister for Social Development here to answer some of our questions and address some of our concerns surrounding the issue.

I believe that the bringing together of the Social Security Agency and Department for Employment and Learning staff onto one site within one purpose-designed building is the only effective way in which an efficient and effective service can be delivered by the jobs and benefits staff. That is to be commended. I also commend the Department on the 27 such offices that have been delivered across Northern Ireland. However, it is disappointing that Strabane falls into the category of the eight remaining. Although I am not here to cry poor mouth, I most certainly will continue to lobby for West Tyrone and insist that it receives equality of treatment — a great term in the House — in line with the other constituencies.

The office in Omagh has been used as an example of the effectiveness of having two units co-located in one office. I can testify to that, having been in that office with constituents and having seen exactly how each unit works in tandem with the other. That is testimony to how this type of thing works. We are here today to

lobby for the project in Strabane, which was on the schedule but has been set to the side, to be brought back on stream so that we can get it delivered.

Many people who have been in employment all their lives now find themselves unemployed because of the economic situation. Going to a jobs and benefits office is a stigma for them; it is a place that they do not want to go to. They are not used with going to those places; it is unfamiliar to them. They would much rather be in a place of employment. It is a stigma for them and that keeps them from going to it. To have a situation in which they have to go to two offices, which are some distance apart, as is the case in Strabane, adds to their frustration, and, perhaps, discourages them and turns them away. That is why it is so important and essential that we seek to bring this on stream.

I have a couple of questions. Has enough been done to find a co-location site for the two bodies? I know that it is, at times, difficult to find a site for this type of project, but I wonder whether enough work has been done on the issue with the chief executive of Strabane District Council and others in that area. What difficulties stood in the way? If there were difficulties that meant that a site could not be found, what were they? Could they be looked at again and overcome?

What was it that pushed Strabane beyond the 27 other projects that have already been delivered? We commend the Department for the 27 projects that have been delivered, but there are another eight that have not, including Strabane. Perhaps that should be looked at again.

The case has been made for the jobs and benefits centre, and there is merit in having it. Other places need that service too, but I am lobbying for one in Strabane as soon as practicable. I ask the Minister to take that on board, look at the issue again and see whether there is any way to bring the project on stream with DSD and DEL working in conjunction to see what can be done to bring forward this project and ensure that it is delivered for the people of Strabane.

**Mr Hussey:** I, too, thank the Minister for taking the time to be with us this afternoon. I am sure that he had a different afternoon planned but, unfortunately, he had to be here instead. I thank him for coming to listen to our concerns. When Mr McElduff mentioned that he had visited the

jobs and benefits office in Omagh, I wondered whether he thought that he was not going to be re-elected to this House. He clarified that he was there with constituents. Like Mr Buchanan, I have visited the jobs and benefits office in Omagh, and I concur with Members' remarks so far. An excellent service is provided in Omagh, the county town of Tyrone.

We are here to talk about the wider issues in west Tyrone, but specifically Strabane. I looked at the 'West Tyrone Area Plan 2019', and it includes certain comments that you would look for if implementing a best-practice policy in seeking a place to set up a project of this nature:

*"Based on the Northern Ireland Multiple Deprivation Scores, Strabane District Council ranks as the most deprived District Council area on average in Northern Ireland... Strabane has notably higher percentages of people who are unemployed or permanently sick or disabled, and notably lower numbers of people who are economically active and in full time employment, than the Northern Ireland average... Strabane has a noticeably lower percentage of people working as managers, senior officials and professional occupations, and a significantly higher percentage working in skilled trade occupations and as process, plant and machine operatives, than the Northern Ireland average... Strabane has 12.32 more of its population with no qualifications and a significantly lower percentage of people with every level of qualification, than the Northern Ireland average."*

When I first saw the statement from DSD and DEL on the Strabane office, I was very surprised. In fact, my initial comment was that it was illogical; it did not make sense. The place where I would have immediately set up an office of that nature was Strabane. When you look at the specific tasks of the Department for Employment and Learning, you would expect to see it try to provide some sort of support to move 20- to 30-year-olds forward. Anyone who operated best practice should have looked at Strabane for the first office. Strabane could have been a shining example to others.

None of us seems to be able to understand why Strabane was in the remaining eight and why it suddenly had the rug pulled. There have been comments such as "unavailability of sites" and "difficulty in parking". The jobs and benefits office in Omagh does not have easy access to parking; you have to walk quite a bit to get there. However, in these circumstances, people would be prepared to walk quite a bit because of the service that that type of office would provide.

Questions have been asked by Mr Buchanan and Mr McElduff, and I do not intend to repeat them, but we need answers. It is quite clear that we have a united voice from west Tyrone, and I am sure that Mr Byrne will join that.

**Mr McElduff:** The Member may not be aware of this, but it was his then party leader who christened the West Tyrone six, "Team West Tyrone".

**Mr Hussey:** Come on, Tyrone; we're on our own. We intend to support Strabane. Strabane has a history of being an unemployment black spot; we do not want it to maintain that reputation. We, as representatives from West Tyrone, support such an office being sited in Strabane, and we look to both Ministers to do their best to reverse this decision.

**Mr Byrne:** I welcome the Minister for Social Development to the debate. I, too, am amazed at central government's decision to bypass Strabane once again. Strabane has a history of high unemployment and was once described as the unemployment black spot of Europe. That high unemployment creates a case for having a co-located office for social security staff and jobs and benefits staff. Unfortunately, Strabane has suffered government neglect for a very long time. I do not want to get into whingeing mode, but that is a fact.

The decision has angered people. I spent Saturday in Strabane, and a number of people told me that, once again, they had been let down. Staff in the social security office are also being let down. Many of them operate out of prefab buildings that are over 30 years old, and their working conditions are very poor. Therefore, I ask that the Minister give further consideration to creating a better working environment with new office accommodation.

Staff feel let down and are uncertain about their future; they need an assurance that social security jobs in Strabane will be maintained. I appeal to the Minister to listen sensitively to the pleas that I, and other Members for West Tyrone, have made. From time to time, Strabane needs a positive signal from government. I was delighted that, when he was Minister for Social Development, Minister Attwood announced a new footbridge for Strabane, which was regarded by the local community as a very positive signal. However, this issue is causing grave concern. The time has come for Strabane to get a positive signal from central government that it

is a place that can be invested in and that the co-located office will be sited there.

**Ms Gildernew:** Go raibh míle maith agat, a LeasCheann Comhairle. I welcome the opportunity to participate in the debate, and I have listened to Members' comments. Those of us who live in areas in which the co-location of the jobs and benefits and social security offices has taken place can see the benefits already. In Dungannon, for example, that has happened, and has benefited the community. We know too, from the experience of the Department of Agriculture and Rural Development (DARD), the benefit for farmers when it brought together its direct offices and located services under one roof. We know that co-location works and is a good idea.

We welcome the fact that the Department for Social Development was taking forward the project. However, as a rural dweller, I will always look at the rural implications. Over the past decade, much has been said about Strabane's being an economic black spot with high unemployment and a need for people to be helped back into work. Therefore, it would have made sense to do the Strabane project first instead of leaving it to the end. I am not here to give the Minister a hard time about the money not being there to complete the project. However, in these challenging times it would be welcome.

The Rural White Paper shows that this is the kind of thing that should not happen: if there are needs in rural areas, they should be addressed. We should not always be left at the end of the queue. People in Cookstown are equally aggrieved about this issue. We would like a change in emphasis from the Executive to ensure that rural dwellers and communities are not put to the bottom of the pile, that their needs are addressed and their rights taken into consideration. It would have been helpful if the Strabane project had been done first, given all that it has suffered, instead of being left until the last and then falling off the end.

**5.00 pm**

**Mr McCausland (The Minister for Social Development):** The jobs and benefits project started in 2001 and was designed to improve services to jobseekers by co-locating the services of the Social Security Agency's social security offices and the Department for Employment and Learning. The delivery of jobs and benefits offices has been mainly achieved

through the refurbishment of existing social security office buildings. However, it became clear, at an early stage of the jobs and benefits project, that a number of offices would require purpose-built premises because of issues with the capacity and quality of the existing offices.

Ten newbuilds were grouped at the end because they were in need of a major procurement programme, and the office in Strabane fell into that group. Although there was good progress in developing the initial 25 new jobs and benefits offices, there was significant slippage in the delivery of the last 10 offices, due to difficulties in identifying sites and procurement issues.

As a result of a procurement exercise in 2006, two sites were originally identified for the new Strabane jobs and benefits office. However, one did not offer value for money, and the other did not meet the necessary quality criteria. The next step was to consider how the existing site could be used. A review considered options for either a full office refurbishment or a refurbishment of front office only, and planning applications for both models were submitted, with approval being received during 2009.

At the beginning of 2010, due to concerns about the availability of future funding, it was decided not to progress a number of offices, including the one in Strabane, until the 2010 spending review allocation was confirmed. Overall, allocations to Northern Ireland from Her Majesty's Treasury were subject to a 40% capital reduction. All Departments have been obliged, therefore, to make difficult decisions about the future delivery of projects. The inability to deliver a new jobs and benefits office in Strabane is, therefore, a result of not receiving capital funding in response to bids submitted in the spending review in 2010.

To date, 27 jobs and benefits offices have been delivered. It is regrettable that new jobs and benefits offices cannot be delivered in Strabane and the seven other areas impacted by the decision. As Members noted, my constituency of North Belfast was one of the areas that did not benefit from a new office. The other areas were Newtownards, Downpatrick, Newcastle, Cookstown, Bangor and Ballynahinch. The total cost of delivering those remaining jobs and benefits offices would have been in the region of £37.3 million.

We considered other options, such as limited refurbishment using the existing social security

offices and jobcentres, but that still needed capital investment in excess of £6 million. We also considered using the existing infrastructure without any capital investment, but there was insufficient accommodation in many of the eight locations, including Strabane. Both the Social Security Agency and our partner, the Department for Employment and Learning's employment service, remain fully committed to assisting people into employment and to meeting our customers' benefit needs. Indeed, the whole point of bringing together the benefits office and the jobs office was to give a strong sense of benefits leading to employment. We do not want to keep people on benefits; rather, we want to get them into employment. I do not think that anyone would dispute that bringing together the two offices was a good and positive thing.

The vast majority of our customers in Strabane and in the other social security offices are already getting a work-focused service, given the jobseeker's allowance conditionality and changes to incapacity benefit and lone parent regulations. Carers in receipt of income support are not subject to a work-focused interview as part of their claim process. Those customers would be likely to have their work-focused interview waived or deferred, given the impact of caring responsibilities on their availability for work.

The current labour market situation continues to present real challenges in Strabane, with over 1,700 clients claiming jobseeker's allowance and only five vacancies currently notified to the employment service for the Strabane area. The Department for Employment and Learning is working closely with Invest NI to assist client companies and potential inward investors to recruit employees, particularly from among the long-term unemployed. The Steps to Work programme has assisted clients in developing their skills, and 95 clients in Strabane who are currently in employment receive an employer subsidy through that programme. The Steps Ahead strand of that programme currently provides temporary waged employment for 39 long-term unemployed people in Strabane.

The fact that there will be no jobs and benefits office in Strabane will have no impact on the number of staff employed. Currently, 69 staff are employed in the social security office and the jobcentre, and staffing numbers in the remaining social security offices and jobcentres will not be impacted by the decision. I recognise that there are some accommodation issues,

which were noted, in the existing offices, but I am committed to addressing those. My colleague Minister Stephen Farry and I remain committed to exploiting opportunities for the delivery of jobs and benefits services in the eight remaining offices, and we will progress those on a case-by-case basis. We have not given up on any of those locations, and that includes Strabane.

Members raised specific questions during the debate. One related to the delays in delivering a new office in Strabane. A combination of factors led to that delay. The first of those was the difficulty in finding a site. Of the two sites identified as the result of a procurement exercise in 2006, one did not represent value for money, and the other did not meet the necessary quality criteria. The second factor was the time needed to process planning applications for the redevelopment of the existing Social Security Agency site. The third factor was the alignment with the strategic business review, now titled Customer First, which would influence whether a full office or front office only would be delivered in Strabane. Fourthly, Minister Ritchie, in response to strategic business reviews in July 2009, specifically the equality impact assessment, advised that she wished to further evaluate the proposed front-office solution for Strabane. Finally, by the time Ministers agreed to break alignment with the strategic business review in March 2009, the indication of likely difficulties in securing future capital made it impossible to commit to the procurement of a contractor to build a new office.

I hope that that sets out clearly for Members the sequence of factors that contributed to the delay. The procurement issues go back to 2006, and those were followed by further issues with planning and strategic business reviews. The decision was then made to evaluate further whether the office should be a full office or a front office, and, by the time that decision was made, we had encountered financial difficulties.

I understand the affection that Members from West Tyrone have for Strabane, and a point was raised during the debate about why Strabane was not prioritised over other offices. An office priority order was agreed by the Minister for Social Development and the Minister for Employment and Learning in January 2010. It was, therefore, my predecessor in DSD and Minister Farry's predecessor in DEL who reached

that decision. Strabane was given priority among the category 2 offices, which included those in Strabane, Newcastle and Cookstown, on the basis of its history of high unemployment and associated deprivation levels. A number of offices, namely those in north Belfast, Newtownards and Downpatrick were prioritised in advance of Strabane as a result of their greater size and their strategic importance to the delivery of the strategic business review, Customer First, as they delivered the capacity for more centralised processing.

I hope that that clarifies the situation for Members. I appreciate and empathise with their desire for the work to be taken forward. As I said, we will progress that work on a case-by-case basis, and we have not given up on any location, including Strabane.

*Adjourned at 5.09 pm.*

