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# OFFICIAL REPORT

(HANSARD)

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to arrive not later than two weeks after publication of this Report.

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# NORTHERN IRELAND ASSEMBLY

Tuesday 25 November 2008

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

*Members observed two minutes' silence.*

## MINISTERIAL STATEMENT

### **Draft PPS 21: Sustainable Development in the Countryside**

**Mr Speaker:** I have received notice from the Minister of the Environment that he wishes to make a statement on draft Planning Policy Statement 21 (PPS 21), which relates to sustainable development in the countryside.

**The Minister of the Environment (Mr S Wilson):** With your permission, Mr Speaker, I wish to make a statement to the effect that I am now issuing draft Planning Policy Statement 21 on sustainable development in the countryside for consultation, with immediate effect. I am also withdrawing draft Planning Policy Statement 14 (PPS 14), as reissued by the then Minister of the Environment, Arlene Foster, on 25 October 2007, and its accompanying ministerial statement.

This statement is an expression of my Department's policy, made under the powers conferred by article 3 of the Planning (Northern Ireland) Order 1991. It is the duty of planning decision-makers to have regard to relevant statements of planning policy as legally material considerations. This is such a statement.

Draft Planning Policy Statement 21 is the culmination of the review of rural planning policy, which was announced by Arlene Foster when she reissued draft PPS 14 last October, following the transfer of responsibility from the Department for Regional Development (DRD) to the Department of the Environment (DOE). This is not a disclaimer, but I thank Arlene Foster and my officials for the hard work that has gone into the new PPS and for the way in which they carried it out.

I have inherited the new draft planning policy statement; I am not washing my hands of it — it is my policy. However, it would be remiss of me not to pay tribute to my ministerial predecessor and to the officials who worked so hard on the policy.

Draft PPS 21 is a balanced policy. It balances the need to protect the countryside from unnecessary or inappropriate development, while supporting rural communities. Developing a sustainable economy is at the heart of our Programme for Government. Planning and other environmental policies must play their part in facilitating economic development. However, that must not be at the expense of our rich natural assets or our natural and built environment.

Draft PPS 21 will assist the rural economy. However, I cannot stress enough that I will not permit a building free-for-all in our countryside. Draft PPS 21 was developed by an Executive subcommittee that worked together for the good of Northern Ireland and all its people. The subcommittee was led ably by the then Minister of the Environment, Arlene Foster. In February 2008, Arlene Foster made public the subcommittee's emerging findings, which Members debated in the Chamber. Almost 300 key stakeholders also discussed the emerging findings at events across Northern Ireland. The Environment Committee scrutinised the revised policy and, by a majority vote, supported a presumption against development in the countryside, with a range of exceptions. In finalising its policy proposals, the subcommittee took heed of the outcome of those deliberations.

In developing draft PPS 21, we have kept the good and useful aspects of draft PPS 14. We have cast aside the overly restrictive policies that were imposed by direct rule Ministers, and we have introduced new and more imaginative measures that are right for Northern Ireland. Draft PPS 21 outlines policy for rural areas that are outside settlement limits. It applies across Northern Ireland, including in green belts and countryside policy areas. The only exceptions are the five countryside policy areas that have been renamed as "special countryside areas". Those are areas such as the high Mournes, which have landscapes of such exceptional value that they require a higher level of protection. Development in those areas is permitted only in certain circumstances. Further special countryside areas and local policies to protect them can be created through the development plan process.

Draft PPS 21 offers a number of opportunities for development in the countryside that did not exist under draft PPS 14. Almost all those opportunities will benefit non-farming rural dwellers as well as farmers. Draft PPS 21 reinstates the 12 dispersed rural communities that were identified in development plans — 11 in Fermanagh and one in the Cookstown area. Those are areas that are outside the settlement limits and that have a strong identity and sense of place around focal points, such as churches or schools. In those areas, certain types of development are permitted, including clusters of up to six dwellings. There is scope for

further dispersed rural communities to be designated through the development plan process.

Older rural buildings are also an important aspect of our collective inheritance, and they can tell us so much about the settlement patterns, social structures, ways of life and the economic conditions that were enjoyed — or endured — by our grandparents and great grandparents. Significant rural buildings, such as schools and churches, evidence the taste and craftsmanship of our forbearers, yet many of our older buildings are left to go to rack and ruin. In draft PPS 21, we are introducing an imaginative and sustainable approach to the reuse of buildings.

Our policy explicitly encourages people to reuse, refurbish or adapt non-listed vernacular dwellings rather than to knock them down and start again. It allows for non-residential buildings, such as disused schools or churches, to be converted into single dwellings, and exceptionally larger buildings, such as mills, may be refurbished to provide more than one dwelling.

In draft PPS 21, we are also broadening the scope for replacement dwellings. We have replaced the abandonment test with a simpler test. A dwelling can now be eligible for replacement if it has the essential characteristics of a dwelling and if all its external structural walls are substantially intact.

It is not only dwellings that can be replaced. If there were potential environmental benefits, a redundant non-residential building, such as a disused hall, could be replaced with a single dwelling. However, before anyone gets too excited, I emphasise that I am not talking about replacing a kitchen cottage with a gentleman's residence. The replacement dwelling should normally be sited within the curtilage of the existing building, and it should not have a greater visual impact than the existing building.

The people of Northern Ireland take a real pride in the rural character and quality of design of buildings, and we complain loudly when we see inappropriate buildings being built in the countryside. People use many different terms to describe such buildings; for example, bungalow blight, haciendas, millennium mansions, and displays of vulgar ostentation. I have heard many other terms being used to describe some buildings that we have allowed in the countryside.

Stakeholders emphasised the need to ensure that new rural architecture is of the highest standard, with a vernacular style that is complemented by innovative design and a more environmentally friendly approach. They warned against blandness of style and mediocrity of design.

Draft PPS 21 does not rule out newbuild. I mentioned already that clusters of up to six houses can be built in a dispersed rural community. In ribbon development, two houses rather than just one may now be built to fill

in gaps, provided that they are consistent in size, scale, site and plot size with other houses in the ribbon.

Other circumstances in which planning permission may be granted for new housing that is outside settlement limits relate to social and personal need. If the Housing Executive identifies a need for social or affordable housing in a particular area that cannot be met readily in a settlement, a housing association may get permission to build a group of up to 14 social or affordable dwellings near the settlement. That is an advance on draft PPS 14, which allowed only social housing and restricted the group size to eight dwellings. Generally speaking, however, we expect most social and affordable housing to continue to be sited in settlements.

We are also reintroducing a personal circumstances policy, which will allow planning permission for a dwelling where there are compelling site-specific reasons related to a person's personal or domestic circumstances. The policy will make a difference to a small number of people who would be caused genuine hardship if they had to live elsewhere.

Farming and farming life are changing, and through draft PPS 21, we are modernising planning policy on farm dwellings. We have binned the farm viability test. It is outmoded, complex and burdensome. The new criteria for a farm dwelling are simple and transparent. To qualify, a farm business needs to be active and to have been established for at least six years. No dwellings or development opportunities should have been sold off during the past 10 years, but that will not be applied retrospectively. The new dwelling needs to be visually linked or clustered with an established group of buildings on the farm and, where possible, with access that is provided from an existing farm lane. In such cases, planning permission for a dwelling will be granted only once every 10 years.

10.45 am

Draft PPS 21 is not about just housing; it facilitates economic development. It modernises planning policy for farm diversification, bringing it into line with the Department of Agriculture and Rural Development (DARD) rural development policy, and it continues the draft PPS 14 policy on farm and forestry development.

The policies on dispersed rural communities, ribbon development and the re-use of non-residential buildings — which I have mentioned — provide for tourist and other commercial uses. In draft PPS 21, we have strong policies on the integration and situation of buildings on rural character. Those policies, together with our new, more sustainable approach to the re-use of buildings, will help to maintain and enhance rural character and vernacular style.

In addition, I have commissioned work on a new design guide for rural Northern Ireland. The guide will be concerned with designs for new dwellings, and schemes



for the refurbishment of properties. For that, I want to get architects and experts on built heritage and sustainable building techniques involved alongside rural dwellers.

During the review of rural planning policies, questions were raised about the position of non-farming rural dwellers. Some stakeholders suggested that residence or employment in an area, or even family connections, should entitle people to planning permission. Others have called for a test to identify people who really need to live in the countryside. The subcommittee considered those ideas carefully.

I appreciate why some people favour such an approach. However, policies that rely on kinship or residency are unlikely to constitute proper discharge of the equality or good-relations obligations under section 75 of the Northern Ireland Act 1998. They may also be contrary to European law. Difficulties in deriving lawful and objective criteria mean that they are unlikely to constitute a proper planning consideration.

In view of the interest in the issue, however, I have decided to set up an independent working group to consider the way forward, taking into account domestic and EU legislation; relevant policy experience across the UK and the Republic of Ireland; and the outcome of the consultation on draft PPS 21. I expect the group to begin its work during the consultation period and to make recommendations to me within five months about the issue of non-farming rural dwellers. I will consider the outcome of the consultation alongside other evidence.

Consultation on draft PPS 21 will be for four months and will close on 31 March 2009. Information days will be held in rural communities across Northern Ireland during January and February to provide people with the background that they need in order to reach an informed opinion. Those will be supported by information in the local press. I encourage everyone who has an interest in rural planning to study draft PPS 21 carefully, to go along to an information day, and to let the Department know what they think. All the responses to the consultation will be analysed carefully. I will take the independent working group's report and the outcome of the consultation to the Executive subcommittee on rural planning policy for consideration. I will seek Executive approval for the final policy document.

The Planning Service is holding in abeyance more than 2,000 planning applications that would have been refused under draft PPS 14. When she was Minister of the Environment, Arlene Foster made it clear that those applications would be dealt with when the revised draft PPS 14 was published, and that the provisions of the revised policy would take precedence over the existing draft PPS 14.

I am mindful of the reasons why Arlene Foster gave precedence to the provisions of her existing draft over extant policies. I have reviewed her reasoning, and

carefully considered the current position on those and on other substantial issues to which I have already referred. Taking all those matters into consideration, I have decided, in publishing draft PPS 21 today, that the public interest is now best served by withdrawing draft PPS 14, which was reissued by my predecessor on 25 October 2007, and its associated ministerial statement.

Furthermore, I consider that the policy provisions of draft PPS 21 should, as was the case with draft PPS 14, continue to take precedence over the existing policies of a planning strategy for rural Northern Ireland. The policies to which I refer are listed in the draft. Draft PPS 21 should, therefore, be accorded substantial weight in the determination of any planning applications received after 16 March 2006. That means that the deferred planning applications can now be reassessed under the new policy provisions that are set out in draft PPS 21.

It is likely that some, but not all, of those applications will be recommended for approval. The deferred planning applications will be reassessed as quickly as possible. The majority of those cases are in the Omagh and Craigavon districts, so reassessment exercises in those areas may take longer than elsewhere.

The name change removes any confusion between former and extant documents. It also signals that the overly restrictive, direct rule policies have been left behind. A more balanced approach that is right for Northern Ireland is now being taken. The relaxations and developments that have been agreed and that I have described will benefit people in all rural communities. I commend draft PPS 21 to the Assembly.

**The Chairperson of the Committee for the Environment (Mr McGlone):** A Cheann Comhairle, will the Minister confirm that in policy application, presumption against planning permission remains in practice?

I welcome some of the proposals, particularly those on farming and replacement, and the proposal to establish an independent working group. However, will the Minister agree that any policy that is based predominantly on the premise that rural areas are exclusively or overwhelmingly farming areas is not only long-dated and flawed but gives rise to a "PPS-Emmerdale" type of mentality in planning policy?

**The Minister of the Environment:** I had thought that the wild and confusing comments that the Chairman of the Environment Committee made in the media between last Thursday's Executive meeting and today may have been based on the fact that he had not fully seen the document that I have presented to the Assembly this morning, or that he had misunderstood it. However, given the fact that he has had the benefit of listening to my statement, I am amazed by the two questions that he has raised.

I have not advocated presumption against development; the Committee of which he is the Chairman advocated that. I have gone further than that. It does not make any sense to talk about presumption against development or presumption in favour of development. I have made it clear that the policy is concerned with considering each individual planning application, judging it in a balanced way and deciding whether it meets the needs of a sustainable rural community and whether it protects the environment. That is neither presumption against development nor presumption in favour of development; rather, it considers and applies a policy in a fair and balanced manner.

I am also amazed by his second question. My statement ran to 12 pages, eight of which were about development that is not related to farm businesses. I will list those. First, the statement considers dispersed communities. Provision is made for social housing in the countryside for up to 14 dwellings.

There is ribbon development — in which two houses can be built in one space, depending on certain conditions — and the reuse and replacement of old, redundant and abandoned buildings.

None of those matters is related to farms in any way. In addition, the special circumstances consideration has been reinstated. PPS 21 will also apply to businesses that require property. I do not understand how on earth the Chairman of the Environment Committee came to the conclusion that PPS 21 is centred exclusively on farms. I hope that he will now take the opportunity to reread the policy and my statement — perhaps he will then come to a different conclusion.

**Mr T Clarke:** First, I distance myself from the remarks of the Chairman of the Committee for the Environment, because they do not reflect those of the Committee. It is funny; last week, Mr McGlone's party said that it supported an independent environmental protection agency, and yet, this week, it seems to support the presumption of houses being built everywhere in the countryside.

Before the previous restrictive policy was implemented in March 2006, many farmers, unfortunately, had to sell sites to ensure that their farms remained viable and in existence. When that policy was implemented, farmers who applied to build houses for their families were told that they were unable to do so because they had sold sites. They had not known that that policy was going to be put in place. Will PPS 21 correct that imbalance?

**The Minister of the Environment:** In my statement, I made it clear that PPS 21 will not apply retrospectively. Since farmers who sold sites would not have known of the likelihood of the policy being introduced, it will not apply retrospectively. The policy will start from today. From now on, if sites are sold, permission to build will not be granted during that 10-year period.

**Mr Boylan:** A Cheann Comhairle, cuirim fáilte roimh ráiteas an Aire.

I beg your indulgence, Mr Speaker. As road safety spokesperson for Sinn Féin, I want to take this opportunity to express our sadness at the tragic loss of life over the weekend. I extend our deepest sympathies to the families who lost their loved ones.

A Cheann Comhairlem, I welcome the Minister's statement. I am disappointed that some people have failed to recognise the significant changes and opportunities contained in the document. Clearly, the independent working group has a vital piece of work to carry out. The Minister has recognised that there is a gap in the policy. Will he assure the House that that gap will be filled and that people who want to live in the countryside will be given the opportunity to do so — an opportunity that was unavailable to them under PPS 14? Go raibh maith agat.

**The Minister of the Environment:** I thank the Member for his comments. I also acknowledge that although the Member had a different emphasis on this policy from me, he did engage in the discussion. I hope that I engaged positively in that discussion with him. As a result, the independent working group has been set up. Its terms of reference are very clear.

First, it must devise an option to address the issue of non-farming rural dwellers. Secondly, it must examine rural planning policies for non-agricultural rural dwellers across the UK and the Republic of Ireland. Thirdly, it must take account of local, national and European legislation. Fourthly, it must examine examples of the rural social test in the Irish Republic. Fifthly, it must take account of any developments in the Ireland/EU infraction case and other strategic developments. Sixthly, it must take account of views raised by consultees in the emerging findings document and during the consultation period. I do not want to prejudge the outworking of that group.

I also want to re-emphasise to the Member that the policy offers significant opportunities for non-farm rural dwellers and inhabitants in the countryside.

I do not accept the premise that there is already no scope for non-farmers, but a cogent case was made for examining some of the issues — that is why the independent working group has been set up, and once we have received the report, it will go to the ministerial subgroup as I have promised. That group will be aware of the recommendations and will see what those recommendations are and what action needs to be taken.

11.00 am

**Mr Beggs:** I generally welcome the Minister's announcement, which will introduce increased flexibility



and enable the development of many disused buildings, thereby bringing improvements to the countryside.

Will the Minister inform us of the exact number of planning applications presently being held in abeyance? By that, I mean applications that have gone through the planning process but have not had a determination made because of PPS 14. He said that determinations will be given as soon as possible — when will those determinations be given? Has a target been set? Approval of those applications could help to stimulate the building industry and return some work to the construction sector.

**The Minister of the Environment:** The new PPS 21 will take immediate effect, and, therefore, those applications currently being held in abeyance will be judged against the new PPS 21 immediately. I cannot say with absolute certainty how quickly that process will be finished, but we aim to have it completed by June 2009. It may be quicker in some areas than others — the balance of applications is skewed more heavily towards the west of Northern Ireland than to the east. Some offices will have more work to do than others, but I hope that we will have completed the process by then. We aim to hold some of the applications that still do not comply with the new PPS 21 to see whether any changes are made after the consultation so that people are not disadvantaged. That also may lead to some delay, but that delay will benefit some people who may still not come under PPS 21 as it stands.

**Mr Ford:** I thank the Minister for bringing his statement to the House at a reasonably early stage following last week's Executive meeting, but regret the fact that somewhere among the small group of people — whether within his Department, the Executive or others — with whom he chose to share the document, the matter was leaked to the media in an unhelpful, drip-feed way before the document appeared this morning. I trust that he will be taking some action to address that.

Will the Minister tell us whether there is anything to be added to policy CTY 6 — the personal circumstances test — especially with regard to location, siting and design matters where an additional dwelling is needed to provide family support? Some of those who were concerned about maintaining the broad thrust of PPS 14 made that point to him, but it appears to have been missed. Furthermore, I ask the Minister to outline the status and timing of the design guide that he proposes — indeed, those of the extant design guide — for determining what applications will be approved.

**The Minister of the Environment:** I also regret the fact that the policy, which did go to the Executive, seems to have been widely distributed, to the point that —

**Mr Ford:** It was distributed to everyone except MLAs.

**The Minister of the Environment:** Yes, everyone except MLAs. I assure you that my officials and I are

disappointed at that. I wanted to make the statement to the Assembly, and to make it clear. I believe that the Assembly should have its place in the implementation of PPS 21. There was inevitably going to be a gap between it reaching the Executive and reaching the Assembly because of the timing of the meetings. It would appear, however, that even before it reached the Executive, it was in the public domain, and that is to be regretted. It has entered the public domain to the extent that one consultancy, which seems to have had ownership of the document, has been able to issue a leaflet advising people as to the way forward.

We have made it clear that if people make a case that they need to provide family support or be close to their family, that would be regarded as a special circumstance. By its very nature, that would indicate that the dwelling should, where possible, be close to existing buildings. However, that may not always be possible. Indeed, given the nature of the site where one's parents or other family members live, one might not even want it because it might, for example, be a prominent site. In answer to the Member's question: first, the personal circumstances must be established, and, secondly, the specific site location must be looked at carefully.

I do not want to give a timescale for the design review, but I want it to be brought forward as quickly as possible. I have said that that process will include a range of architects and people who live in the countryside looking at issues such as innovative design and sustainable housing. Until that is in place, present applications will be judged on current design guidelines.

**Mr I McCrea:** I welcome the Minister's announcement and his abolition of the draconian direct rule PPS 14. Most importantly, the Minister has announced the scrapping of the farm viability test and the removal of the abandonment clause, which I have no doubt will be welcomed by many.

If an applicant received an outline approval for a single dwelling in the countryside before 16 March 2006, can they still submit a full application if they are outside the three-year period for reserved matters, or a full application for a change of house type?

**The Minister of the Environment:** The answer is yes.

**Mr Molloy:** Go raibh maith agat. I thank the Minister for his statement and for moving the issue forward, which is very important and timely. I feel, however, that it does not go far enough. There are, as he said, gaps in the process, and I welcome the setting up of an independent group to examine that.

With regard to the make-up of that group, I emphasise the importance of bringing together people with expertise, particularly from the Republic of Ireland where they have expertise in the matter of single houses in rural areas and other proposals. Will the group include those with planning expertise and experience in that area?

Furthermore, will the group bring forward legislation that will enable non-farming rural dwellers to build a house for themselves in rural areas? In addition, will the consultation ensure that those from rural areas, such as mid-Ulster, have an opportunity to have a say in the process?

**The Minister of the Environment:** It would be inappropriate for me to indicate the membership of the review group. I did not expect to get permission for that until the matter had gone through the Executive. Therefore, people were not approached prior to the matter going to the Executive.

However, those who will be asked to serve on the working group will bring with them a diverse range of skills, including planning skills from different parts of the United Kingdom and the Irish Republic, and legal skills. We will make sure that the working group includes that range of skills because we want a comprehensive report from it. That depends, of course, on whether those who I have in mind are prepared to take up the position. I hope that they will, because I believe that it will be a high-profile review group.

I have said that a series of information meetings will be held across Northern Ireland during January and February in order that people from rural areas can have their say.

I have told my officials that I do not want those meetings to take the form of public meetings that generate more heat than light, as it were. The meetings should be informative and should be held at times when people can go along and question officials on specific parts of the policy about which they have concerns in order to get proper elucidation.

Those meetings will be held at 11 locations throughout Northern Ireland and notices will appear in the press. I hope that people will avail of them. Of course, individuals can also submit responses to the consultation. As I said in my statement, all of the information that emerges during consultation will be considered before the final draft of PPS 21 is produced.

**Mr Ross:** I, too, welcome the Minister's statement. First, can he estimate how many applications that failed under PPS 14 could be successful under the new policy?

Secondly, does he agree that it is totally inconsistent for the SDLP to champion itself as a defender of the environment on one hand while, on the other hand, advocating a building free-for-all in the countryside?

**The Minister of the Environment:** On the first part of the Member's question; it is not possible to judge the outcome of the 2,100-odd applications that are currently in the system in light of the new policy. I do not believe that any work has been done on that in planning offices because staff would not have had the information with which to make that judgement.

Therefore, the stark answer to the Member's question is: I do not know how many applications that failed under PPS 14 could be successful under the new policy. As I said, I hope that planning offices and regional planning managers will task case officers to deal with those applications as quickly as possible in order to generate certainty.

As regards the Member's comment about the SDLP's position on the issue; I believe that this is a balanced policy and that it has been designed to sustain rural communities. I do not want to repeat the policy's essential ingredients. If people examine it, they will see that it provides opportunities for those who want to work on farms and those who need to care for loved ones, or who have special circumstances, and opportunities for the development of old buildings that are currently going to rack and ruin. In addition, people who cannot afford to purchase their own homes but who need accommodation and want to live in the countryside will have opportunities under the social and affordable housing criteria. Therefore, the policy is balanced towards sustaining existing rural communities, although it will not allow building in every field.

Given the fact that during previous weeks, through endless discussions, questions and debates on climate change, the Chairman of the Environment Committee and his colleagues have — as they are quite entitled to do — accused me of ducking the climate-change issue and of having my head in the sand, I would have thought that a policy advocating unbridled building in the countryside, with all the transport required and CO2 emissions it would create, would be a head-in-the-sand policy.

To advocate such a policy is ducking the issue. This is a piece of political opportunism by the SDLP. I do not believe that that party actually wants me to introduce such a policy; although it wants to be able to say to its supporters that it did its best to persuade me. Secretly, however, it is saying: thank goodness that the Minister did not cave in.

**Mr McClarty:** I thank the Minister for his statement, which I welcome. Will he inform the Assembly whether all five countryside-policy areas have been designated? Where are they? He has told the House that one is in the Mourne area; however, where are the other four? What criteria were used to designate those areas? Likewise, what criteria will be used to designate further special countryside areas?

11.15 am

**The Minister of the Environment:** After 2011, the designation of further special countryside areas or the extension of the five existing areas will be up to local district councils. Under local development plans, district councils will have to decide whether to extend

existing areas or have new areas, and they will have to decide what special protection to apply to those areas.

Due to the location of the five existing areas, there would probably not be a great deal of development. The designated areas are the islands in Fermanagh; the undeveloped coast in the Larne area plan, the seaward side of the Coast Road and about 50 metres inland; Slieve Croob in the Banbridge area; the Ring of Gullion in Newry and Mourne; and the Mourne area of natural beauty. Development would only be allowed in those areas in very exceptional circumstances. Area plans dictate decisions on the extension of existing areas or the designation of new areas. However, under the new council regime, it will be for local councils to make those decisions.

**Mr Gallagher:** I thank the Minister for his statement. He mentioned his predecessor, Arlene Foster, three or four times in the first few sentences. Therefore, I should, perhaps, thank the former Minister too. The statement brings welcome news for farming families and people who have deferrals in the system and were hit by abandonment tests. I welcome the independent working group, whose work, I understand, will run concurrently with the consultation period. I hope that the promise of that will be realised for people whose cases appear uncertain.

Some buildings that the Minister referred to, such as barns and mills, are within the curtilage of farmyards where there are dwellings already. Will there be sensitivity in respect of exactly where such buildings will be placed? Although families appreciate the opportunity to live on their farms, they do not want to be living very close to such buildings. However, some farmyards do not offer any options.

Previous policies have been dogged by unfairness and inconsistency. Many of us have expressed hope that loopholes that favoured speculative development have been closed. Will the Minister comment on that?

**The Minister of the Environment:** I have made it clear that buildings deemed to be eligible for replacement or those that are to be replaced after a farmer has applied under the 10-year rule must be rebuilt within the farm cluster. One reason for that is to prevent the creation of a sprawl. A second reason is that it encourages genuine family applications. Families will not mind living within the farm cluster, whereas someone buying a site with the intention of building and selling would want the building to be further away from the farm. Buildings situated outside the farm cluster would also have greater visual impact.

However, sensitivity will be shown, and if, for example, a building adjoins a chicken house or a pigsty, which would have a negative environmental impact on the family, resiting would be permitted. Without going into each situation, the policy allows for discretion to be

exercised when the siting of a house within the farm cluster would result in excessive noise or other environmental impacts on the family.

I am sorry; the Member asked a further question that I did not pick up. I do not want to avoid answering, so perhaps he would repeat the question.

**Mr Speaker:** Does the Member want to repeat the question?

**Mr Gallagher:** My question was about the previous policy's unfairness and inconsistency when dealing with planning applications by local people as opposed to developers.

**The Minister of the Environment:** The policy that I outlined today has a clear emphasis on local people, because applicants will, by and large, be those who live and own land in the countryside. The Department has made it clear that the proposals for social and affordable housing must be submitted by a housing association that has identified a local need rather than by a speculative developer. The Department aims to relate any new development to the needs of local people, and who better to assess that than a housing association? The association will, of course, have to make its case through referencing the Northern Ireland Housing Executive's figures, and they must demonstrate a housing need in that particular area.

**Mr W Clarke:** A Cheann Comhairle, I also thank the Minister for his welcome statement; draft PPS 21 offers a much better deal to rural communities.

I have a question about the reuse of older buildings: will the Minister work closely with the Minister for Social Development to provide rural social housing on individual sites? In the Mourne, a pilot scheme — the Mourne homestead scheme — worked well, but it was short-lived.

Will the Minister require extra resources to process applications that have been deferred since 16 March 2006? If so, will staff be relocated from one office to another?

**The Minister of the Environment:** The Minister for Social Development will decide whether her Department or a housing association should buy any individual sites that may become available on which to construct single buildings. One reason that I talked about groups of social housing is that there are economies of scale involved when building several houses as opposed to one house. Housing associations and the Department for Social Development will have to make a judgment on individual sites.

I have no doubt that, if a particular property is required and a site is available, a case could be made through the normal route: from a housing association to the Housing Executive and from there to the housing branch of the Department. However, building



individual houses tends to be much more costly than building groups of houses.

The highest concentrations of deferred applications are in the Omagh and Craigavon offices. I have the figures here somewhere, but I cannot find them just at the moment. The divisional planning offices will have to decide how to allocate resources. At present, offices are experiencing a downturn in applications because of the credit crunch, and I hope that divisional planning officers will use their existing staff to ensure that planning applications are dealt with quickly. If it looks as though targets will not be met, teams could be sent in to assist.

I am not making a commitment to that effect. However, a special team recently worked in the Craigavon office to process the backlog of applications. It had a dramatic impact, and the Department will consider such measures if necessary.

**Mr Irwin:** I thank the Minister for his statement, which will make a real difference to people in Northern Ireland. Will the Minister outline the number of deferred applications held by the Planning Service in each division?

**The Minister of the Environment:** I have those statistics here somewhere. I hope that the Member does not mind waiting while I leaf quickly through my papers.

In total, there are 2,180 deferred applications — 770 in the Omagh division, 250 in the northern division, 650 in Craigavon, 350 in the Ballymena division, 145 in the Downpatrick division and, oddly enough, 16 in Belfast.

**Mr Gardiner:** I welcome the Minister's statement and comments. Although he has partially answered my question, I want to probe further. I am concerned about the backlog of planning applications in the Craigavon area that were held in abeyance because of PPS 14. Will the Minister consider redeploying staff to the Craigavon area in order to review those applications? That measure would provide increased work for the building industry in Craigavon.

**The Minister of the Environment:** As I said previously, a special team worked in the Craigavon division and reduced the backlog of applications dramatically. Furthermore, I hope that the downturn in applications will free resources. If so, it may be possible to meet the June 2009 deadline. As I have said to other Members, some applications will, probably, be held to that time anyway. We will not issue refusals until the final version of PPS 21 is ready in order to ensure that all applications have a fair chance.

**Mr Buchanan:** I welcome the Minister's statement. The proposals will make changes to PPS 14 — a crippling document that caused difficulties in the rural community — and will, undoubtedly, alleviate those difficulties. I welcome especially the reuse of older buildings, the replacement of the abandonment test, the cluster buildings,

the new criteria for farm buildings, special circumstances, and so on. It is important that the measures protect rural areas. The changes will facilitate that protection.

Will applications that have been refused under PPS 14 be blighted if a new application is submitted on that site? How will the Minister ensure that a balanced interpretation of PPS 21 is delivered by planning officers in all districts? We must avoid differing interpretations across districts, as has happened in the past.

**The Minister of the Environment:** There is a policy for the use of abandoned dwellings. A report in this morning's 'News Letter' claims that in areas of natural beauty — such as the Mourne — that have already suffered from ugly development, old tumbledown houses and ruins will be turned into hacienda-style eyesores.

The policy will not allow that. It is designed to protect the countryside, while allowing for people to make an application.

11.30 am

The Member asked whether the new policy will mean that sites are going to be blighted; the answer is no, because, despite the planning history of a site, if someone makes a new planning application, it will be judged not on the basis of a previous refusal, but in light of the policy that I introduced today.

He also mentioned the possibility that the policy will be implemented differently in different divisional planning offices. I suppose that with any planning policy there will always be allegations that discretion was used more liberally in one place than another, or that the degree of subjectivity — which there will be in any document anyway — was different in one division than another. However, I and my officials will seek not only to educate the public about what the policy is designed to do, but to ensure that those who make judgements on the basis of the policy are informed as to its intentions, and how it is to be applied. By doing that, we will ensure that there is a level of consistency across all the divisional planning offices — which is important.

**Mr B Wilson:** I also welcome the Minister's statement, particularly his assurance that there will not be a building free-for-all with haciendas on every hillside, as I previously referred to it. I also welcome the emphasis on housing clusters and the expansion of existing settlements, and suggest that perhaps the Minister should make provision for the development of eco-villages. The Minister also referred to the report in this morning's 'News Letter', which stated that if the abandonment test is abolished, 100-year-old ruins could be given approval for new development. Will the Minister clarify that issue? Will he also clarify whether a strategic environment assessment has been carried out, and, if not, who will carry it out?

**The Minister of the Environment:** History is being made this morning — the Green Party has actually welcomed something that I have done. That may well cause me to revise the stance that I have taken, but I welcome the acknowledgement by the Member for North Down that I have addressed many of the concerns that people had about the destruction of the countryside under the policy that existed before 2006. The new policy will ensure that that cannot happen.

On the issue of abandoned dwellings, the policy is quite clear. I have also put it on the record here this morning that the policy will not allow someone to point to a pile of stones in a corner of a field and say that that entitles them to build a 6,000 sq ft mansion. It will not even entitle them to build a 1,000 sq ft cottage, because the policy is quite clear. There must be intact external walls, and the site must have retained the features of the previous building. I give that assurance to the Member.

The Member asked whether the policy was subject to a strategic environmental assessment; it does not have to be, and, therefore, no such assessment was carried out.

## MINISTERIAL STATEMENT

### Taking Forward the Review of Public Administration in Education

**Mr Speaker:** I have received notice from the Minister of Education that she wishes to make a statement on taking forward the Review of Public Administration in education.

**Mr Beggs:** On a point of order, Mr Speaker. I have just checked my pigeonhole, and it did not contain a ministerial statement. Nor was a statement available in the Rotunda, from which I have just come. Members are at a severe disadvantage — I see that the statement has been issued only to certain Members or to certain parties.

**Mr Speaker:** Order, Members. I understand that the statement was issued. I am sure that the Minister will clarify the issue.

**Mr B McCrea:** Further to that point of order, Mr Speaker, as the Ulster Unionist Party's education spokesman, I checked for the statement repeatedly. There is no statement available; I have not had sight of one. It is very difficult for me to contribute to the discussion without having seen the statement.

**Mr Speaker:** Order. I am sure that the Minister will clarify the issue when she gives her statement.

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

**The Minister of Education (Ms Ruane):** I apologise to Members, but the statement will be with them very soon. The statement was delayed because, as Mr McCrea will know, I received comments from Minister McGimpsey and Minister Empey late last night. I responded to those comments late last night. A statement was issued this morning, but I wanted to ensure that the statement took on board those two Ministers' comments.

Tá mé sásta a chur in iúl do Chomhaltaí go bhfuil dul chun cinn á dhéanamh ar athchóiriú agus ar nuachóiriú ár gcórais oideachais. Níos déanaí inniu, tabharfaidh mé isteach an chéad Bhille den dá Bhille a dhéanfaidh an t-athchóiriú is bunúsaí ar ár gcóras oideachais le breis agus tríocha bliain, agus beidh bunú an údarais um oideachas agus scileanna ar 1 Eanáir 2010.

**Mr D Bradley:** On a point of order, Mr Deputy Speaker. There seems to be some confusion about statements being issued. I have a copy of the statement, which I received about 45 minutes ago. The Business Office then informed me that that statement was being withdrawn and that a new statement was being issued. If a new statement was issued, I have not received it. It was not available in the Rotunda a few minutes ago. May we get some clarity? Is what I have the statement, or has another statement been released?



**Mr Deputy Speaker:** I thank the Member for that point of order. I hope that the Minister will clarify the situation in her statement.

**The Minister of Education:** I have already clarified the situation, but I will do so again. The statement will be with Members in a few minutes. The delay has occurred because I received comments from two Ministers late last night. I want to ensure that I take comments from all Executive Ministers. My officials worked late last night to respond to both Ministers, for which I thank them. I issued a statement earlier this morning, but I asked for it to be withdrawn, because I wanted to make some changes to the statement at the last minute. I hope that that clarifies the situation.

Ba mhaith liom béim a leagadh ar bhunaidhm an athchóirithe seo. Ní bhaineann an RPA san oideachas le slacht a chur ar chúrsaí riaracháin ná ní bhaineann sé le cost-chiorrú. Is é is bunaidhm leis ná feabhas a chur ar an oideachas: an tseirbhíis phoiblí rithábhachtach sin a mhúnlaíonn agus a threoraíonn forbairt ár ndaoine óga agus na deiseanna saoil a bhéas acu; a chothaíonn pobail láidre comhtháite; agus a thiománann spreagadh dár ngeilleagar.

I am pleased to inform Members that the reform and modernisation of our education system is moving ahead. Later today, I will introduce the first of two Bills that will bring about the most fundamental reform of our education system in more than 30 years, culminating in the establishment of the education and skills authority (ESA) on 1 January 2010.

I will emphasise the fundamental purpose of those reforms. The review of public administration (RPA) in education is not about tidying up administration, nor is it about cost cutting. Its focus is on improving education — that vital public service that shapes and guides the development and life chances of our young people, builds strong, cohesive communities, and drives and fuels our economy.

I am not interested in rearranging bureaucratic deckchairs. My aim is to have a fit-for-purpose system that will meet the strategic and economic challenges that we face now and in the future. Those challenges include dealing with unacceptable levels of underachievement, while at the same time building on our successes; ensuring equality of access to a curriculum that will match provision to the needs of learners: and ensuring that education fuels the development of our economy.

Those challenges also include managing the transition to new post-primary transfer arrangements; dealing with the more than 50,000 surplus school places during a time of ongoing, downward demographic change; and the pressing need to modernise the schools' estate, and our approach to planning and delivering that estate. Central to that is raising standards and tackling inequalities. There are widespread inequalities

in our educational attainment. The system is failing too many of our young people, and blighting communities.

Tá a lán rudaí inár gcóras oideachais ar féidir linn bheith bródúil astu, ach níl sé inghlactha go mbíonn páiste as gach cúigear ag dul isteach chuig oideachas iarbhunscolaíochta le droch-chaighdeáin litearthachta agus uimhearthachta, agus nach mbaineann beagnach leathchuid dár ndaoine óga cúig GCSE maith nó a gcomhcháilíochtaí amach, lena n-áirítear Béarla agus matamaitic.

We have much in our education system of which to be proud, but it is not acceptable that one in five children enters post-primary education with poor literacy and numeracy skills, and that almost half of our young people do not achieve the equivalent of five GCSE passes, including English and mathematics.

How can we build a society based on equality when, after 12 years of compulsory education, almost half of our young people do not achieve a level 2 qualification in English and mathematics, and where there is the gap between the highest and lowest performers — a matter to which the Organization for Economic Cooperation and Development has drawn attention? That is why I have put raising standards at the centre of the RPA.

Bíonn grúpaí áirithe páistí agus daoine óga ar ligtear síos go mór iad mar gheall ar na neamhionannais seo. Bíonn drochthoradh ann do na pobail lucht oibre go háirithe; protastúnaigh agus Caitlicigh, buachaillí agus cailíní.

Particular groups of children and young people lose out because of those inequalities. Our working-class communities in particular are affected: Protestant and Catholic, boys and girls. In 2006-07, the proportion of Protestant males leaving school with fewer than five GCSEs in grades A\* to C was 44%, or 2,313 pupils; and for Catholic males, 41%, or 2,564. The proportion of disadvantaged Protestant males leaving school with fewer than five GCSEs was 79%, or 519, compared with 64%, or 895, of disadvantaged Catholic males. A staggering 92% of our Travelling community have no GCSEs — compared with 4% of all school leavers.

In 2006-07, 70% of children not entitled to free school meals left school with at least five GCSEs in grades A\* to C, yet only 38% of school leavers entitled to free school meals attained the same level of achievement. Furthermore, 12% of people with a disability hold a qualification higher than an A level, compared with 26% of people who have no disability. In addition, 8.6% of minority ethnic pupils leave school with no GCSEs, compared with 3.9% of all pupils.

Tá daoine óga eile faoi mhíbhuntáiste nach gcuirtear san áireamh ar tháblaí figiúirí i gcónaí: máithreacha den aois scoile; páistí — agus cailíní go mór mór - a bhíonn ag fulaingt ó fhoréigean agus ó mhí-úsáid teaghlaigh; páistí faoi chúram; cúramóirí den aois scoile; páistí ó

mhionlaigh eitneacha a bhíonn ina n-íospartaigh ciníochais; agus íospartaigh gach cineáil bulaíochta.

Those stark figures indicate the need for fundamental change in order to tackle inequality, but they do not tell the whole story. There are other disadvantaged young people who are not always represented on tables of figures: school-age mothers; children, especially girls, facing domestic violence and abuse; looked-after children; school-age carers; children from ethnic minorities, suffering racism; and victims of all forms of bullying, including homophobic bullying.

11.45 am

It is all too easy for children facing those challenges to become totally disillusioned and to fall out of education, drop out of our sight, and lose any expectation or chance of a lifestyle that most of us take for granted. Life has already given those young people an unequal chance. Let us ensure that our education system does not penalise them a second time.

Ba mhaith liomsa go mbeadh gach scoil ina scoil mhaith, agus ba mhaith liom go mbeadh comhdheis ag gach uile pháiste. Sin an fáth ar rún liom an t-údarás um oideachas agus scileanna a bhunú le dualgais agus feidhmeanna reachtúla: mar phleanálaí oideachais; mar thacadóir oideachais; agus mar rud a chuireann dúshlán faoin oideachas. Beidh ardú caighdeán ag croílár a fheidhme.

I want every school to be a good school, and I want every child to have an equal opportunity. That is why I intend to establish the education and skills authority, which will have statutory duties and functions as the planner, supporter and challenger of education. Raising standards will be at the core of its purpose.

The RPA is a single legislative programme. My intention is that it will be implemented by means of two Acts that will be intimately linked. Full implementation of both Acts will be necessary in order to achieve the programme's objectives. Some key policy areas — such as area-based planning of the education estate — will span both Acts.

I have given particular consideration to the timing of implementation. I remain convinced — and I know that many Members across the House share my belief — of the importance and urgency of the fundamental reform of education administration for the reasons that I have stated. However, a balance must be struck between establishing and maintaining early momentum and the need for further development of some key policies before structural change is implemented.

Therefore, I propose the following timetable for implementation. The first Bill will be introduced to the Assembly today, with the aim that it will be on the statute book before the 2009 summer recess. The second Bill will be introduced to the Assembly by June

2009, with the aim that it will be on the statute book by 1 January 2010, if possible, and no later than 1 April 2010. The substantive provisions of the first Act will commence on 1 January 2010, as will the provisions of the second Act, if complete. The education and skills authority will be established on 1 January 2010.

The development of the proposals has involved intensive consultation with stakeholders and the Committee for Education, and I am grateful for the time taken by the Committee on the matter. Regrettably, it has not yet been possible to reach consensus with the Committee on a number of matters. Over the coming months, my officials and I will work very closely with the Committee to ensure that the complexities of the Bill are debated fully, and we will endeavour to resolve the issues raised by my Committee colleagues to their satisfaction.

A LeasCheann Comhairle, ba mhaith liom aird na gComhaltaí a tharraingt ar cheithre ghné ar leith de na tograí beartais atá á dtabhairt anuas agam.

I draw Members' attention to four particular aspects of the policy proposals that I am introducing. The first relates to local democratic accountability, which is vital for a service as important as education. It was proposed originally that the ESA would have between 8 and 12 members, with no positions reserved for local elected representatives. However, I was not satisfied that the ESA would be an effective champion for education without democratic input. Therefore, I have decided that the majority of ESA members should be local councillors.

The objective is to have effective, responsive, local delivery of services, which is provided within a consistent policy framework. The ESA must be a regional organisation with a strong local presence and a real focus on local delivery. Local managers and delivery units will have the freedom to respond to specific local circumstances and need. They will be sensitive to, and receive input from, local committees comprising, among others, a number of elected representatives. Provision for the establishment of such committees has already been included in the first RPA Bill.

Secondly, following the outcome of the review of public administration for local government, I had constructive discussions with Minister Foster and NILGA (Northern Ireland Local Government Association) about the future of the Youth Service. However, I was not convinced by the arguments for transferring the responsibility for the Youth Service to local government. Nevertheless, I remain willing to consider the matter further in the future, but, for now, I propose to transfer the relevant functions to the ESA.

Thirdly, the education and skills authority will be the employer for all staff in all grant-aided schools. The original intention was to implement that proposal

in two phases; the first to include controlled and Catholic-maintained schools, and the second to include voluntary-grammar, grant-maintained, integrated, Irish-medium and other grant-aided schools. Concerns were expressed by some stakeholders, Executive colleagues and the Education Committee that that might result in an inequality of treatment among the different school sectors. Having carefully considered those concerns, I recognise the clear advantage of completing this necessary reform as early as possible. Therefore, I have decided to amend the proposals so that the first Bill will establish the ESA as the employer for all staff in all grant-aided schools.

Fourthly, I propose to change the proposals on school governance that I had intended to include in the second Bill. My intention was that the second review of public administration in education Bill would include provisions to reform the composition of, and simplify the process of appointing, boards of governors in all grant-aided schools. However, an unintended consequence of that change would mean that it would not be possible to preserve the current right of the Transferor Representatives' Council (TRC) to nominate governors for controlled schools.

Aithním tábhacht an ról a bhí ag gobharnóirí an TRC thar na blianta, agus an gá atá ann lena chinntiú go leanfar leis an pháirteachas atá acu. Mar sin de, shocraigh mé gan dul ar aghaidh leis na hathruithe molta reachtúla ar rialachas scoile sa reachtaíocht RPA. Coinneofar na forálacha ábhartha reachtúla, agus an ceart a bhíonn ag aistreoirí le gobharnóirí scoile a ainmniú. Tá sé de rún agam freisin go solathróidh ballraíocht bhoird gobharnóirí na scoileanna comhdheiseanna agus go léireofar ilchineálacht na bpobal ar a ndéanann siad freastal.

I recognise the importance of the contributions made by TRC governors over many years and the need to ensure that their involvement continues. Therefore, I have decided not to proceed with the proposed legislative changes to school governance in the review of public administration in education legislation. The relevant legislative provisions will be retained, and the right of TRC to nominate school governors will remain. In addition, it is my intention that the composition of boards of governors of schools will provide equality of opportunity and reflect the diversity of, the communities that they serve.

Mar ullmhúchán do bhunú an údaráis, beidh sé tábhachtach dul chun cinn a dhéanamh le clár an bhunathraithe agus cónascadh riaracháin agus seirbhísí tacaíochta. Beidh ceannasaíocht éifeachtach ríthábhachtach dó seo. Ceapadh príomhfheidhmeannach (ainmnithe) an údaráis cheana féin, le foireann bheag tacaíochta. Molaim anois go leanfar leis an phróiseas chun roinnt oifigeach tábhachtach dara leibhéal a cheapadh a luaithe is féidir, d'fhonn an clár a luasghéarú.

Ag breathnú chun cinn, tá beartaithe agam cathaoirleach agus baill eile den údarás a cheapadh a luaithe is féidir i ndiaidh don chéad Bhille dul tríd an Dara Céim sa Tionól. I ndáiríre, is dócha go ndéanfar na ceapacháin seo i bhfómhar na bliana seo chugainn.

In preparation for the establishment of the ESA, it will be important to press ahead with the programme of transformation and convergence of administration and support services, and effective leadership will be the key to that. The ESA's chief executive designate has been appointed, as well as a small support team. In order to accelerate the programme, I propose to move ahead with the process of appointing a number of key second-tier officers as soon as possible. Looking further ahead, I propose to appoint the chairperson and other members of the ESA as soon as possible after the first Bill completes its Second Stage in the Assembly. In practice, those appointments are likely to take place in autumn 2009.

Tá súil agam go gcuirfidh an Tionól fáilte roimh na tograí seo, a chuirfidh dúshraith síos le go mbeidh an córas oideachais ann atá tuille ag ár gcuid páistí. Tá mé ag súil go mór le tuairimí Comhaltáí a chloisteáil inniu, agus le díospóireacht chuiditheach agus mé ag tabhairt na reachtaíochta ar aghaidh.

I trust that the Assembly will welcome these proposals, which lay the foundations of the education system that our children deserve. I look forward to hearing Members' views and to constructive debate as we take the legislation forward. Go raibh maith agat.

**The Chairperson of the Committee for Education (Mr Storey):** I wish to make a few comments about what has happened today in the House. First, it is unacceptable that Members do not know whether they have version 1 or version 2 of the text of the Minister's statement. As Chairperson of the Committee for Education, I wish to register my disappointment that we were given the text of the statement, and then we were told that that was not the actual statement. I ask the Minister to clarify in writing the changes that were made to the original statement that she intended to bring to the House and the differences between it and the statement that she delivered.

Secondly, the Minister should not assume that she has been given a blank cheque for education reform. A huge amount of work must be done to mould the proposals and the Bill so that they are deemed to be acceptable. The Committee for Education has scrutinised a number of the policies underlying the Bill and has identified several significant concerns. The Committee will meet senior officials tomorrow and will question them about some of those concerns. The Committee will begin the process of addressing its concerns collectively during the weeks and months that lie ahead.



My question to the Minister relates to one of those many concerns. Will she reassure the House that the subregional structures of the education and skills authority, to which she referred, will provide proper local accountability in the delivery of education services? By proper local accountability, I do not mean consultative powers or, at worst, consultation after the event, but that local education providers — whether school principals, boards of governors or others — alongside local representatives would have an appropriate challenge role if the education and skills authority fails to deliver.

The Minister should take serious cognisance of the fact that there are concerns and issues that must be addressed. Rather than avoiding dealing with those concerns, as she has done in the past on many issues, will she assure the House that — just as her party, for five months, had concerns about being treated with respect — she will treat with the same respect the concerns about the legislation that are held by many Members on this side of the House?

**The Minister of Education:** Go raibh maith agat, a LeasCheann Comhairle. I thank the Chairperson for his comments. I have clarified issues concerning the statement, and I will be happy to provide that information in writing.

I do not think that anyone would be surprised to learn that Mervyn Storey would never give me a blank cheque. We will obviously continue with our robust debate. I welcome the discussions that my officials and I have had with the Committee to date, and I look forward to that process continuing.

I can give the Chairperson the assurance that he seeks. I have already said that I have listened to the Committee's many concerns, of which local accountability is one. I have ensured that the majority of members of the education and skills authority will be local elected representatives. In that respect, people will have a vote, and we have taken that into consideration. I can assure the House that local accountability will be very important, because it is a key area.

It is also important that local educationalists play their part in the discussion. That is why I spend an enormous amount of my time in discussion with school principals, teachers, boards of governors and various education bodies.

**Mr O'Dowd:** I welcome the Minister's statement for several reasons. First, we need to move forward with the education aspects of the RPA. Secondly, the people who work in and govern the boards need to know exactly what is happening.

12.00 noon

Does the Minister agree that many of the concerns raised by Members opposite have been dealt with? For

instance, the representation of transferors on boards of governors, local accountability mechanisms, and the proportion of elected representatives on the ESA have been dealt with. Furthermore, does the Minister agree that the success of the ESA can be measured only against an improvement in the depressing figures relating to educational underachievement across society that she has read to the House? We need a new direction in education; the ESA must improve those figures and the education that is available to disadvantaged communities.

**The Minister of Education:** I thank the Member for his comments. I agree that many of the concerns raised by Members have been dealt with. As I said, we had good engagement on those issues. I repeat my thanks to everybody who worked with the Department on such issues as the transferors and local accountability, but I do not want to go over the issues again.

I agree with Mr O'Dowd on the education and skills authority: it will be judged on the outcomes for the young people who are being failed by the current system. It is essential that we move forward, with proper scrutiny, as quickly as possible so that we do not continue to disadvantage young people.

I chair a high-level group of the chairpersons of all the organisations that are affected by the RPA, and we have had regular meetings throughout the North of Ireland — in Antrim, Derry, Newry and Belfast. At those meetings, all groups — from the boards to the Council for the Curriculum, Examinations and Assessment — have said that the delay in the establishment of the ESA is causing them serious difficulties with regard to the retention of personnel and the employment of the necessary qualified personnel.

I am glad that the education Bill will be introduced in the House today, and I hope that all parties will support the Bill and progress it as quickly as possible — albeit with proper scrutiny. I welcome the proper scrutiny; it is part of the democratic process. Improvement in education outcomes is the key driver here, and it is important.

**Mr B McCrea:** This is another rushed, ill-considered, half-baked proposal from parties that are intent on getting some form of political deal without realising that they are dealing with the education of our children. For that reason — and despite the fact that I am not sure which statement I am supposed to be looking at — the Ulster Unionist Party does not support the Minister's proposals in their current form. The two Ulster Unionist Ministers voted against the proposals in the Executive. Part of the problem, Mr Deputy Speaker, is that I am not sure whether — *[Interruption.]*

**Mr Deputy Speaker:** Order. The Member will realise that Members are being given an opportunity to

ask the Minister questions on her statement. I await the question, Mr McCrea.

**Mr B McCrea:** I thank the Deputy Speaker for his clarification. I was a wee bit confused as to which statement I was supposed to be reading, and that is why I was trying to explore the issues.

Why, despite having 152 days to prepare for the release of her statement, has the Minister been unable to include her proposals on the education advisory forum in the first Bill? Why has she not been able to bring it to the Committee for discussion? Despite the Minister's assertions that she has been involved in intimate discussions with the Committee, it has been wholly dissatisfied with her proposals, and I would be surprised if that was to change now. Given the challenge presented, will the Minister inform the House whether she intends to use accelerated passage for the proposal?

**The Minister of Education:** I thank the Member for his comments, although I do not agree with them.

If people were to study the time frame in which the proposals were presented to the Executive, they would see that an enormous amount of time went into producing them and that there was a great deal of consultation on them. Therefore, I do not agree with the Member's comments. I remind Members that I brought the proposals to the Executive on 19 July 2007. I remember the date because it was my birthday — diecinueve de Julio.

If people were then to look at how much time went into the discussions on and preparation of the proposals, they would see that — for those who are good at maths — a year and five months were spent on that process. There were tremendous discussions on the subject, and the Committee for Education was engaged in those actively.

I am disappointed. What happened was that there was no vote in the Executive — no vote in which two Ministers voted against the proposals. A vote was taken in the Executive to go ahead with the Bill, and if Executive members had any comments, they were to come to me with them by the following Monday evening. They came to me at 5.05 pm, and my officials stayed late to work on and provide full responses to them.

I understand the concern about the education advisory forum. We will bring proposals to the Committee on that in the near future. It is a key mechanism, and it is too important to be rushed. Policy work on the education advisory forum is not yet sufficiently advanced to engage properly with the Committee for Education and other stakeholders. Therefore, I have concluded that it will not be feasible to introduce policy and legislative proposals within the timescale that has been given for the passage of the first Bill. However, on completion of the policy development work, I intend that the forum will be established on an interim or pilot basis at the earliest opportunity using existing general powers.

That will be followed by the commencement of specific provisions in the second RPA Bill. I do not plan to use accelerated passage. Go raibh maith agat, a LeasCheann Comhairle.

**Mr D Bradley:** Go raibh maith agat, a LeasCheann Comhairle. Caithfidh mé a rá go n-aontaím leis an phrionsabal atá taobh thair den Bhille seo, nó is prionsabal inmholta é.

I agree with the principles behind the Bill — they are, indeed, praiseworthy. I also note the cosy and warm relationship that is developing between the Minister and the Chairperson of the Education Committee.

I recognise the need to streamline education —

**Mr Deputy Speaker:** Order. I stated to Mr McCrea that Members should ask the Minister questions on her statement. Please do not use confusion as an excuse — politicians of your calibre and that of Mr McCrea are not so easily confused.

**Mr D Bradley:** Thank you very much, Mr Deputy Speaker; I do not know whether to be pleased or displeased by what you just said. However, I will continue with my question.

Does the Minister not realise that resolution of the transfer issue is the public's most pressing concern? While that issue goes unresolved, many may see the Minister's introducing the ESA Bill as another example of her fiddling while Rome burns. Will she tell us how ESA will operate effectively in a situation of unregulation? Can she assure us that the Bill will treat all sectors equally — Irish-medium, integrated, controlled and maintained? Will she explain the contradiction that exists between the ending of the voluntary principle and the ESA's stated aim that it will encourage maximum supported autonomy? Go raibh maith agat.

**Mr Deputy Speaker:** Thank you, Mr Bradley. Magnus Magnusson was not so severe with his questions. *[Laughter.]*

**The Minister of Education:** I will answer all the Member's questions in order.

Go raibh maith agat, a LeasCheann Comhairle. Cuirim fáilte roimh ráiteas an Chomhlta.

I welcome and concur with the Member's initial comments, which recognised the importance of the ESA. We are now involved in a very important process. It is important for all the reasons that I have outlined, the main one being the need to deal with the issues of equality and underachievement — and the House heard the stark figures that I mentioned earlier.

I agree with the Member that the transfer issue is key, and I hope that we can find an agreed way forward on how to transfer children from primary to post-primary education. I will continue to work with everyone and with every organisation to bring about such an agreement. If



we do not reach an agreement, I will have to issue guidance, because it is my duty, as Minister, to ensure that there are clear procedures that enable our children to transfer from primary to post-primary education and that those procedures are based on equality of opportunity.

Members have heard the statistics; they have heard about the thousands of children who are being failed by the system. I agree that it is essential that we deal with the transfer issue. Many Members have been involved in that matter, along with the Churches, Protestant and Catholic, the educational stakeholders and the trade unions — and I welcome the interventions that have been made by the trade unions and the Churches.

The Member's third comment was about the need to treat all sectors equally, and it is obviously essential that all sectors are treated equally and fairly. The Member knows that, as Minister, I take my equality duties very seriously. Among those is the duty to encourage and facilitate Irish-medium and integrated education, and I will continue to do so as robustly as I have in the past. I will also ensure that there is equality across the board, covering the nine equality grounds including: gender; disability; race; marital status; people with dependants and people without; and sexual orientation. It is essential that that range of issues is taken on board. The Member can be assured on that point.

The Member mentioned the voluntary principle. The ESA will be the employing authority for all staff in all grant-aided schools. There is no eroding of the voluntary principle; in fact, it will be extended. All boards of governors will be responsible for the day-to-day running of schools, supported by the ESA.

**Mr Lunn:** In the spirit of framing every comment in the form of a question, will the Minister confirm my view that the statement that I received an hour and a half ago is identical to the one that I received twenty minutes ago? The only difference seems to be that the Irish section has been removed from the second statement.

**Mr Storey:** That is an improvement.

**Mr Lunn:** I do not see it as an improvement. The statements are identical. I welcome the fact that the Minister has made a statement — whichever statement we are talking about. She mentioned the controlling body of the ESA and the new requirement that the majority of its members be local councillors. That seems to be a big step away from the original proposal, which was that no members of the ESA would be elected representatives. That might be a step too far for some of us, but we will see what happens as the process develops.

I welcome the comment about transferors. However, I must again ask whether transferors' rights will be preserved, as they currently are, or will they have rights that may or may not be identical to their current rights? I am thinking about the numbers sitting on boards. Finally, will the Minister confirm that the Assembly, rather

than the Minister, has the right to demand accelerated passage for a Bill?

**Mr Deputy Speaker:** I remind Members that this is an opportunity to ask the Minister questions on her statement. It seems that we are running a repeat of the BBC 'Twenty Questions' programme. Members should ask one or perhaps two questions each.

**The Minister of Education:** Go raibh maith agat as an cheist sin. The two papers are not identical, and I can show the Member where the differences are. I will write to all Members to clarify those differences. Again, I apologise, but I have explained the reasons three times already — the statement had to be changed to include the late comments that were sent in. Once again, I thank my officials for staying late last night to work on the statement.

I recognise the importance of the contribution that transferor governors have made and the need to ensure that their involvement continues. Therefore, I have decided to retain the legislative provisions that underpin their role. In addition, I will ensure that the composition of boards of governors reflects the diversity of the communities that their schools serve, including ethnic minorities that are served by controlled schools.

12.15 pm

The will of the people is sovereign, so I hope that Members share my support for the majority of ESA members being elected representatives. It will be up to the elected representatives — of whichever party — who are members of the ESA to play a constructive and important role, and I have no doubt that they will. We have had discussions on equality and partnership, which are qualities that will be required in the relationships between, and among, all the members of the ESA, elected representatives or otherwise.

**Miss McIlveen:** We must all be mindful of the existing board staff who have given dedicated service and for whom these are uncertain times. Am I right in thinking that, apart from a small number of ESA staff, all other staff will remain in situ? If so, how long will that be for? How does the Minister propose to manage the transition, and what involvement will the existing staff and management have in that process?

**The Minister of Education:** I thank the Member for her thoughtful and key questions. It is too early to comment on jobs. The ESA implementation team has compiled a database of the workforce in existing organisations. It is also in the early stages of designing new service-delivery arrangements and modelling the workforce for the new organisation. That will take some time to complete. Every effort will be made to avoid compulsory redundancies and reduce voluntary redundancies. The current vacancy control policy will be important in facilitating that.

In answer to the question about transition, I am chairing a high-level group in the sector, which includes the chairpersons of all the affected organisations. That group meets regularly across the North and discusses all of the issues and concerns that chairpersons have for their organisations and any aspect of the RPA. I am working in a hands-on manner in the process. Those meetings are also attended by my permanent secretary, my deputy permanent secretary and Gavin Boyd, who is the chief executive designate of the ESA. There is a raft of other meetings happening at every level, so the Member can be assured that we are taking the issue seriously.

**Mrs O'Neill:** Go raibh maith agat, a LeasCheann Comhairle. I welcome the Minister's statement, in which she put on record the stark figures of inequality in our education system. Although we have much to celebrate in our education system, massive inequalities exist, which the Minister highlighted when she said that just 12% of people with a disability hold a qualification higher than an A level, compared with 26% of people who do not have a disability. Therefore, I welcome the Minister's commitment —

**Mr Deputy Speaker:** Order. This is questions to the Minister on her statement.

**Mrs O'Neill:** I am coming to my question. I welcome the commitment from the Minister —

**Mr Deputy Speaker:** Order. This is questions to the Minister, Mrs O'Neill.

**Mrs O'Neill:** There is great disparity in the services that disabled children receive, depending on the board area in which they live.

**Mr Deputy Speaker:** Order. As a hint, questions usually start with the words "What", "Why", "Where", "When" or "How". Will you ask your question?

**Mrs O'Neill:** Sometimes, it is necessary to set a context before asking a question. Will the Minister confirm that children with special educational needs will benefit from the proposed changes?

**The Minister of Education:** I thank the Member for her comprehensive question, and the context in which she asked it. I agree that disability is one of the key challenges in our society for all Departments to address. The statistic that I read out to the House earlier is shocking.

Disability is one of the key areas to be addressed, and I look forward to the work that the ESA will do on the matter. Disability is one of the nine equality grounds under section 75. Therefore, thankfully, welcome changes are happening in our society, but there is still a long way to go.

We spoke about people with special educational needs during yesterday's Question Time. There is a lot of work to be done on the matter, as there is unequal

provision across the board areas, and there are unequal resources across the board areas. Therefore, it will be a major challenge for the education and skills authority to introduce a cohesive, coherent programme to deal with children with special educational needs. I plan to bring to the Executive, as soon as possible, proposals for children with special educational needs, and I look forward to having a debate on the issue.

**Mr K Robinson:** I, too, wish to register my concern, as I received a copy of the statement this morning, but I am not sure whether it is the real statement, the continuity statement or the provisional statement; nevertheless, I will attempt to pose a question.

Both UUP Ministers seem to be involved in the game of playground politics this morning, as they are getting the blame for holding everything up. Will the Minister confirm that those Ministers were unable to back the proposals in the statement, which she eventually brought to the long-delayed Executive Committee last week?

Furthermore, following the Minister's "bull in a china shop" approach to post-primary transfer issues, will she also confirm that it is highly unlikely that the Bill will achieve consensus and trust, given the draconian powers that appear to be going towards the ESA that she proposes to establish?

**The Minister of Education:** I never said that they are involved in a blame game — what I said was that I received comments from the two Ministers after 5.00 pm, and I wanted to respond in full to those comments. I asked my officials to stay late to do so, and we answered their comments in full. I have always said that I will listen to comments from all my Executive colleagues. Indeed, if anyone looks at the way in which we have dealt with the issue of the education and skills authority and the review of public administration, they will see that there has been maximum consultation. Therefore, I hope that people will take that on board.

In relation to the second part of the three-part question, the UUP Ministers — [*Interruption.*] If I could just answer the question —

**Mr Deputy Speaker:** Order.

**The Minister of Education:** Both UUP Ministers expressed reservations about the matter, and Reg Empey has asked for the ESA to carry out functions on behalf of his Department. My officials are working closely with Reg Empey's officials in relation to the matter, and I look forward to continuing my work with Reg Empey.

In relation to children with special educational needs, as I stated yesterday, my Department is working closely with Michael McGimpsey's Department, and it will be very important for the ESA to work closely with the social care trusts.

**Mr K Robinson:** On a point of order, Mr Deputy Speaker. If Members have taken the time to come along and try to pose questions on a statement that may or may not be the correct version, surely, under those circumstances, it is incumbent on the Minister to at least answer those questions?

**Mr Deputy Speaker:** That is not a point of order.

**The Minister of Education:** In case there is any lack of clarity, I have answered Members' questions.

I am not holding up the matter of post-primary education, but rather it is the people who have failed, to date, to understand the importance of building a new education system that are holding it up. My position is stated on record. We need to put in place a new system that does not discriminate against any children. I do not want the issue to become a political football here.

I read out statistics that show the effects on Protestant and Catholic boys and girls, children from ethnic minorities, children with disabilities — and 92% of Traveller children who leave school without five GCSEs. That is shocking.

I agree with the Member that bringing forward proposals for children to transfer from primary to post-primary school is urgent; and I look forward to working with him and his party, and with all parties in the House, on that matter.

I have answered the Member's three questions.

**Mr Deputy Speaker:** I remind Members that I will take no further points of order during the questions on the Minister's statement.

**Mrs M Bradley:** Given the present economic climate, is the Minister sure that the predicted savings from the ESA will go to the front-line services? Will she give us the latest figures on the resources that will be passed to front-line services and when the first benefits of those savings will be felt; or have the savings been spent before the Bill has been introduced?

**The Minister of Education:** Go raibh maith agat as an cheist sin. I thank the Member for her question. As she knows, I have secured a budget of £50 million on an invest-to-save basis for education reforms. That budget was agreed by the Executive and it is intended that the proposed reforms will release £20 million per annum from education administrative services to front-line education services, where it will make most difference to the lives of children for all the reasons that I outlined earlier.

**Mr Ross:** I assure the House that it is not only the two Ulster Unionist Ministers who have difficulties and questions about the ESA; there are those on this side of the House who have difficulties with this as well.

In her speech, the Minister mentioned area-based planning and post-primary transfer. Would it not be a

more sensible way forward to allow real area-based planning — allowing areas such as Craigavon, which uses the Dickson plan, to continue using academic selection at age 14; allowing areas that want to get rid of academic selection for geographical reasons, if for no other, to do so, and allowing areas that want to continue to use academic selection at age 11 to do so?

**The Minister of Education:** I thank the Member for his questions.

As the Member knows, consultation on many of those proposals, including area-based planning and sustainable schools, has already begun. Responses will be considered and will be fed into the policy-making process.

I recognise that Executive colleagues and the Committee for Education would prefer that all of the RPA proposals be taken forward in a single Bill. I have considerable sympathy with that view and, in the light of the proposed changes to the second Bill, I have given it further thought. However, I have concluded that it is not feasible to proceed by means of a single Bill.

All Members recognise the importance of dealing with the RPA proposals as efficiently and quickly as possible and with proper scrutiny, because people know — and Members will have been lobbied — about the difficulties of retaining staff and getting the new staff needed for key functions to bring about the necessary changes in the education system.

In relation to the second part of the Member's question; he knows that I do not support academic selection. I do not believe that it is necessary at ages 11 or 14. We can create a world-class education system by building on our academic excellence and dealing with our high levels of underachievement. We need a system that does not judge children on the basis of two one-hour tests, or on the basis of ability criteria.

I hope that we can reach agreement, and I look forward to working with all Members on that. However, the time is fast approaching when we must reach a decision; and, failing agreement, I will issue guidance on admissions criteria.

**Mr Dallat:** The Minister rightly highlighted the low standards of educational achievement in some schools. She went on to point out that there are 50,000 empty places in schools. Will she assure us that good schools in rural areas will not be closed, as sacrifices on the altar of expediency, to fill empty places in other schools which are often situated in urban areas?

12.30 pm

**The Minister of Education:** That question relates to two policies: the sustainable schools policy and area-based planning. Members will know that an interesting process is taking place on area-based planning and post-primary education. I have appointed



a central group and five local groups to consider area-based planning. Those groups are headed by experienced educationalists, who are doing tremendous work. I value the work that they have done, and I recently met Adeline Dinsmore, the chairperson of the central area-based planning group, on post-primary education. The groups are doing tremendous work, and all sectors are engaging.

Across the North, a new reality is dawning on many people who are involved in that process when they see the stark statistics on underachievement and numbers. During a previous debate in the House, I gave detailed information on the numbers in the Fermanagh area, and enormous leadership is being shown by area-based planning processes in the controlled sector and in the Catholic sector.

In the light of empty places, it is important that coherent policies are in place. Rurality must be taken into account, but no Member is asking for schools to be kept open where numbers are very low. Parents will make decisions on that, because they want there to be a certain number of children in their child's class. They understand the importance of that for their children's education. A mature approach to the issues of area-based planning, demographic decline and sustainable schools is needed. The educationalists are well placed to lead on that debate, and I pay tribute to them for the way in which they are doing so.

**Dr Farry:** I, too, am encouraged by the progress on this important issue. Given the reality of empty places in schools on the one hand, and the opportunity for better co-ordination between sectors on the other hand, to what extent does the Minister see opportunities to place area-based planning, sustainable schools and, potentially, community audits on a statutory basis in the forthcoming legislation?

**The Minister of Education:** I share the Member's view that there is a huge opportunity. I spoke recently to principals in the Newry area, who said that more intensive discussions have taken place on a range of education issues over the past 18 months than since the Assembly fell in 2002. Those include discussions on sustainable schools, area-based planning, transfer and underachievement. I welcome that debate, which, in many cases for the first time, includes all sectors. In some cases, pioneering work has gone on, and I pay tribute to that work. There are 31 learning communities in the North, in which principals from all sectors come together to discuss those issues. I welcome that.

As I mentioned in the House yesterday, I have hosted dinners with post-primary principals in Limavady, Ballymena, Derry, Newry, Newcastle and Cookstown. One of the reasons that I have gone across the North is to have discussions behind closed doors at which I can hear from educationalists at first hand. The value of

those is that they start with a discussion between me and the principals and end with a discussion and debate among all the principals at the table. That is important; I see principals as important leaders in their schools, and boards of governors also have that role. It is important to hear the voices of principals because they have vast experience in what is a difficult job.

I thank the Member for his question. Specific provisions will be included in the education Bill, which will also include detailed guidance on the issues about which he asked.

**Mr Deputy Speaker:** That concludes questions to the Minister on her statement.

**Mr P Maskey:** On a point of order, Mr Deputy Speaker. Can you explain why you allowed a point of order during the ministerial statement when the rules clearly state that no points of order are to be taken during a ministerial statement?

**Mr Deputy Speaker:** Great and all as we are, sometimes we make mistakes. I apologise for allowing that point of order.

## EXECUTIVE COMMITTEE BUSINESS

### Education Bill

#### First Stage

**The Minister of Education (Ms Ruane):** Is mian liom an Chéad Chéim den Bhille Oideachais 2008 a thairiscint. I beg to introduce the Education Bill [NIA 3/08], which is a Bill to provide for the establishment and functions of the education and skills authority; to make further provision about education, educational services and youth services; and for connected purposes.

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

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

The Business Committee has agreed to meet immediately upon the lunchtime suspension. I therefore propose, by leave of the Assembly, to suspend the sitting until 2.00 pm.

*The sitting was suspended at 12.36 pm.*

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

*2.00 pm*

## EXECUTIVE COMMITTEE BUSINESS

### Pensions (No. 2) Bill

#### Accelerated Passage

**The Minister for Social Development (Ms Ritchie):** I beg to move

That the Pensions (No. 2) Bill proceed under the accelerated passage procedure.

The Bill makes provisions for Northern Ireland to correspond with the provisions of the Westminster Pensions Bill and the National Insurance Contributions Act 2008. The provisions flow largely from recommendations made by the independent Pensions Commission and form part of a comprehensive reform of the pensions system.

The first stage in the reform process — a fairer and more generous state pension system — was enacted by the Pensions Act (Northern Ireland) 2008. The present Bill represents the second part of the reform package, and proposes measures aimed primarily at enabling and encouraging private pension saving and securing existing private pension provision. I will outline the proposals in greater detail during the Second Stage of the Bill. However, it might be helpful if I briefly describe the main provisions.

The Bill will introduce a requirement for employers to automatically enrol job holders into a qualifying pension scheme. Personal accounts will be one option. The Bill will broaden the remit of the Personal Accounts Delivery Authority in order to enable the establishment of the personal accounts scheme. A proportionate compliance regime for the new employer duties will be introduced. A number of measures are designed to strengthen existing workplace pension provision while at the same time reducing administrative, regulatory and cost burdens on employers, and the state pension system will be further simplified.

The use of accelerated passage is necessary because the Bill is a parity measure. Members are familiar with the long-standing principle of parity in social security and pension matters, and with the economic imperatives underpinning that. Members are also aware of the statutory duty placed on me and the Secretary of State for Work and Pensions to maintain single systems of social security and pensions across GB and Northern Ireland, and the constraints of parity in what is operationally possible, given the common computer



systems and the single system of National Insurance contributions. That system is the responsibility of the Westminster Parliament.

Members will also be aware that many pension schemes, and the various regulatory bodies in the pensions field, operate on a GB and Northern Ireland-wide basis. The Assembly has previously agreed that the new personal accounts system will operate on such a basis. The present Bill faces significant timing difficulties because of delays in the Westminster Bill, which was initially expected to receive Royal Assent in July; it will now receive Royal Assent later this week. However, a number of provisions or consequential measures come into operation early in the new year and in April 2009. A number of provisions to afford greater protection to scheme members, for example, will come into operation following that Bill's receiving Royal Assent. Measures in the Westminster Bill to extend the functions of the Personal Accounts Delivery Authority will apply here, and will come into force when that Bill attains Royal Assent.

The Assembly Bill will allow the authority to advise the Department on matters relating to personal accounts and employer duties. It will also allow the Department to issue directions to the authority about how it should discharge its functions. That could be used, for example, if the Department was not happy with the way in which the authority was discharging its functions in relation to Northern Ireland. Until corresponding legislation has been enacted by the Assembly, however, the authority will not be able to operate fully here, and the Department will have no power to ensure that it discharges its functions in relation to Northern Ireland.

Employers are critical to the success of the reforms, and minimising the burden on them was a key principle in the development of the proposals.

Over recent years, factors such as higher life expectancy and lower investment returns have increased the running costs of defined benefit occupational pension schemes, and cost pressures have led to a reduction in the number of schemes that are open to current and new members.

The reduction in the cap for revaluation of deferred pensions is one of a number of measures designed to encourage employers to continue to provide good quality pension schemes by reducing the regulatory and cost burdens, steps which are consistent with the Executive's priority to support business and strengthen the private sector. In essence, it brings the cap for revaluation of future deferred pensions into line with the cap on revaluation of pensions in payment. Therefore, it is imperative that the change applies from the same date in Britain and Northern Ireland.

The extension of the pension credit assessed-income period for persons aged 75 and over will take effect

from 6 April, and represents a significant easement for the most elderly and vulnerable pensioners. In the past, Members have expressed concern about the complexity and intrusiveness of means testing, and will, therefore, welcome this measure.

Bringing forward the introduction of the upper accrual point from 2012 to April 2009 corrects an unintended consequence of the 2007 Budget, which would have resulted in high-paid earners accruing more state second pension than was ever intended. That has already been given effect in Britain by the National Insurance Contribution Act 2008. Additionally, Revenue and Customs must make a consequential amendment to contribution regulations, which will extend to Northern Ireland. In order to give employers sufficient time to change payroll processes, the amending regulations must be made by January. However, that depends on the new upper accrual point being in place in Northern Ireland.

One of the key themes of the Bill is improving trust in private pension provision. The Bill includes measures to strengthen the anti-avoidance powers that are available to the Pensions Regulator. Those are necessary to ensure that the regulator's powers are adequate to address risks resulting from the emergence of new business models in the pensions market, which may be detrimental to scheme members' benefits, and have consequences for the pension protection fund.

The corresponding measures in Britain will come into force on Royal Assent in order to ensure that the regulator can safeguard scheme members' pension benefits here. Powers under Northern Ireland legislation must come into operation as soon as possible.

Parity covers not only the content of the legislation but, as far as possible, the timing of its implementation. Without accelerated passage, it is unlikely that the Assembly Bill will receive Royal Assent before the end of March 2009, at the earliest. That would lead to people in Northern Ireland being disadvantaged compared with people in Britain. Elderly people would not be able to avail themselves of the extension of the assessed-income period, and the new measures to protect pension scheme members would be delayed.

Additionally, as many schemes operate on a GB and Northern Ireland-wide basis, schemes and employers will face serious administrative problems if the two areas of law do not dovetail from the same date. That would be ironic given that a main aim of the Bill is to try to ease the administrative burden on those employers who run good occupational pension schemes.

The number of people covered by good occupational schemes has been falling steadily. It is vital that we do not exacerbate that trend, or make employers and schemes decide that it is too much trouble to run pension schemes for employees in Northern Ireland.

Failure to introduce the new upper accrual point in Northern Ireland would result in high earners accruing state second pensions in a way that was never intended. It would also cause serious difficulties for Revenue and Customs, which must align the law that relates to National Insurance contributions, and for employers, who need sufficient time to change payroll systems in advance of the April start date.

I met the Committee for Social Development on 6 November 2008. In accordance with Standing Order 42(3), I explained the reasons for my request for accelerated passage. I am grateful for the positive way in which the Committee considered my request. I trust that in line with Standing Order 42(4), I have explained satisfactorily why accelerated passage is necessary and the consequences should use of the procedure not be approved.

I do not seek to use accelerated passage lightly. Members will be aware that one of the imperatives that underpins parity is the need to match the coming into force of corresponding legislation that is made at Westminster. It is relatively rare for a social security or pensions Bill not to contain time-critical provisions. It is extremely difficult to argue for different commencement dates, particularly when the measures are beneficial. Furthermore, on many occasions, it would be operationally impossible to deliver different commencement dates due to common computer systems.

I will continue to consider any future Bill on individual merits. That said, however, we all acknowledge that there will be occasions, such as the passage of the current Bill, when it will be necessary to seek accelerated passage. For the reasons that I have explained, I believe that, in this case, accelerated passage is unavoidable.

**The Chairperson of the Committee for Social Development (Mr Simpson):** As the Minister mentioned, she paid a visit to the Committee on 6 November 2008. We were glad to see her. At that meeting, she explained the reasons for her request that the Pensions (No. 2) Bill proceed under the accelerated passage procedure. As required by Standing Orders, the Minister also explained the consequences of not granting accelerated passage.

The Committee listened carefully to what the Minister said and considered evidence from expert witnesses. That important and complex Bill requires employers to enrol their employees in pension schemes. Although that measure will present some additional costs to employers, it will provide a low-cost way for thousands of employees throughout Northern Ireland to save for their retirement.

In addition, the Bill is designed to improve confidence in private pensions while also simplifying the state pension system. The Bill is necessary to ensure that parity is maintained between Northern Ireland and the rest of

the United Kingdom in respect of pension arrangements. The Committee is aware of the importance of maintaining parity to ensure that the people of Northern Ireland benefit from the changes at the same time that they are introduced in Great Britain. However, members expressed reservations about the large number of amendments, which, as I understand, are to be included in the corresponding Pensions (No. 2) Bill in Great Britain.

Notwithstanding those reservations, and on the understanding that the Bill that has been introduced by the Minister is identical in policy to that which was considered by the Committee on 6 November 2008, the Committee agrees to support the motion that the Pensions (No. 2) Bill be granted accelerated passage.

2.15 pm

**Mr A Maginness:** It is important to realise that the House's refusal to grant accelerated passage would have serious consequences for pensioners in Northern Ireland. The Minister has outlined that fact in fairly stark terms. We must act responsibly and support her request for accelerated passage. It is regrettable, but the timetables of events at Westminster and in this House do not coincide. Therefore, it is difficult to properly settle certain matters without using accelerated passage. It would be irresponsible for us not to grant accelerated passage.

**Ms Lo:** The pensions system is extremely complicated, and I do not pretend to understand it fully. None of us likes having to use the accelerated passage system. However — so that people here are not disadvantaged or penalised — it is important that we fall in line with the commencement date in the rest of the UK. Therefore, I support the use of accelerated passage.

**The Minister for Social Development:** I have listened very carefully to the views that have been expressed by the Chairperson of the Social Development Committee, Mr Maginness, and Ms Lo. I am grateful for the Committee's support for my request for accelerated passage. I agree that the handling of social security and pensions legislation poses particular — indeed, unique — problems.

My officials have written to the Committee outlining amendments that will need to be tabled. I share the Chairperson's concern, but, unfortunately, they are necessary to reflect the amendments that were moved at the Third Reading of the Westminster Bill on 19 November. As a Member of another place, the Chairperson will appreciate that timing is critical in such provisions and in the making and amending of legislation.

The statutory requirement to seek to maintain single systems across Great Britain and Northern Ireland creates obvious tensions between our desire to scrutinise proposed legislation in depth and the need to maintain the parity of timing that is inherent in such single systems. I have consulted the Committee about the

handling of future parity legislation in this field, and we have agreed that officials will brief the Committee on policy proposals at an early stage. That will allow for any of the Committee's concerns about the detail of the legislation to be raised before the Westminster Bill is enacted.

Furthermore, in my meeting with the Secretary of State for Work and Pensions, James Purnell, last week, I asked for an assurance that I would receive constant briefings and advance notice of any forthcoming Westminster legislation on social security matters. That will enable me to apprise the Committee, other Members and the wider population, which is important from a Northern Ireland-wide perspective. I thank all Members who have spoken in the debate, and I look forward to discussing the issues further during the passage of the Bill.

**Mr Deputy Speaker:** Before proceeding to the Question, I remind Members that the motion requires cross-community support.

*Question put and agreed to.*

*Resolved (with cross-community support):*

That the Pensions (No. 2) Bill [NIA 2/08] proceed under the accelerated passage procedure, in accordance with Standing Order 40(4).

## EXECUTIVE COMMITTEE BUSINESS

### Pensions (No. 2) Bill

#### Second Stage

**The Minister for Social Development (Ms Ritchie):** I beg to move

That the Second Stage of the Pensions (No. 2) Bill [NIA 2/08] be agreed.

During the debate on accelerated passage, I addressed the issue of parity and the imperatives that underpin that long-standing policy. I trust that all Members accept the benefits and the reality of parity. I also briefly described the content of the Bill, and I will now provide some background and describe the proposals in greater detail.

In November 2005, the Independent Pensions Commission published its second report. It recommended reforms to the pensions system to meet several long-term challenges; for example, older age groups are becoming an increasingly large proportion of the population due to increasing life expectancy and a lower birth rate. It is estimated that approximately seven million people in GB and Northern Ireland are under-saving for retirement, and the complexity of the UK pensions system has hindered people's ability to make informed decisions about whether, when and how much to save.

Changes to the state pensions system, introduced by the Pensions Act (Northern Ireland) 2008, will make it easier for future pensioners, particularly women and carers, to build up their entitlement to a full basic state pension. The Bill represents the second part of the reform package and is intended primarily to facilitate and encourage saving in private pensions. The proposed measures are designed to make it easier and more attractive to save, to extend pension provision to those who are not already covered, to strengthen the existing provision and to improve confidence in private pensions.

The Bill comprises six Parts. Part 1 sets out the new duties on employers to enrol eligible job holders automatically in a qualifying pension scheme and to contribute to those arrangements. It makes provisions for a regime to ensure compliance and for the protection of employment rights.

The Bill extends the functions of the Personal Accounts Delivery Authority. The duty on employers to make available a stakeholder pension to employees is removed, as it will no longer be necessary in the light of auto-enrolment. From 2012, eligible workers will automatically be enrolled on a qualifying pension scheme. A personal account will be one option. Automatic enrolment will help to overcome barriers to saving, such as inertia. Eligible workers will be those between 22 years of age

and the state pension age who earned more than £5,035 in 2006-07. The minimum overall contribution will be 8% of earnings between £5,035 and £33,540. That is made up of a 4% employee contribution, 3% from the employer and 1% from the state in the form of tax relief.

For the first time, many workers will be able to save for retirement and see their contributions matched pound for pound through employer contributions and tax relief. Individuals will have the right to opt out, and those who do so will have the opportunity to review their decisions. It will be possible to opt in at least once in every 12-month period, and employers will re-enrol employees at regular intervals; initially that will be every three years.

Those measures will not be suitable for everyone; for example, the very low paid, for whom income replacement rates from state pensions are likely to be relatively high.

The reforms will create important new rights for workers and obligations for employers. The Pensions Regulator will have overall responsibility for enforcing employer compliance, and a proportionate compliance regime will ensure that rights are safeguarded effectively while imposing no unnecessary burdens on business. Employers who fail to comply will not achieve a commercial advantage, and the need to take compliance action will be kept to a minimum. The enhanced functions of the Personal Accounts Delivery Authority will allow it to undertake the implementation work that will establish the personal accounts scheme, support the Pensions Regulator and advise the Department.

Part 2 of the Bill simplifies and amends existing private and state pensions legislation. The simplification of the treatment of contracted-out rights and the establishment of new rules for the revaluation of accrued rights will reduce the burden on private pension schemes. A single, consolidated, additional state pension will combine, into a single payment, rights accrued under the graduated retirement benefits scheme, the state earnings-related pension scheme and the state second pension. The state pension credit-assessed income period is extended indefinitely for persons who are aged 75 and over.

The abolition of safeguarded rights will remove an unnecessary layer of complexity for scheme administrators and will provide individuals with more choice on the transfer of rights following divorce, and so on. The reduction of the cap for revaluation of deferred pensions from 5% to 2.5% will reduce cost burdens on schemes and employers and will bring the revaluation of deferred rights more closely into line with pensions in payment.

The consolidation of additional state pension that has been built up under previous schemes will help individuals to see clearly the real value of their

additional pensions and will contribute to informed decisions about retirement saving. The indefinite extension of the state pension credit-assessed income period will reduce the level of intrusion that is normally associated with income-related benefits and will introduce a significant easement for the most elderly and vulnerable pensioners.

Part 3 introduces measures that aim to increase confidence in private pensions. In the event of divorce, compensation that is paid by the pension protection fund will be shared. That measure will allow members of couples who have had less opportunity to contribute to their own pensions — especially women and carers — to acquire a share of the compensation where it comprises one partner's more significant assets. Improvements will be made to the operation of the pension protection fund in order to clarify some provisions and to remove minor and unnecessary administrative burdens and anomalies.

In Part 4, the upper accrual point will replace the upper earnings limit as the weekly cap on earnings for determining entitlement to the state second pension. Its introduction will be brought forward from 2012 to April 2009, and it will be set at £770 a week. It will redress the unintended result of the Budget changes, whereby high earners may have accrued more state second pension than was intended.

Part 5 of the Bill contains a number of miscellaneous provisions. The Pensions Regulator's powers will be strengthened to ensure that they offer sufficient protection to scheme members and the pension protection fund. The regulator's power to delegate certain functions will be widened to increase flexibility. The measure enables the charge of a prescribed rate of interest on late payments to a range of levies, including the pension protection levy.

With a view to tackling fuel poverty, the Department is empowered to share information on state pension credit recipients with energy providers in very specific circumstances.

Part 6 of the Bill contains technical provisions.

### 2.30 pm

The Bill represents a further major step in legislating for the long-term reform of our pension system, and complements the state pension reforms introduced under the Pensions Act (Northern Ireland) 2008. The proposals are intended to increase private pension saving, and they form part of a package that is designed to ensure that the pension system is fit for the twenty-first century. The number of people covered by good occupational pension schemes has been falling steadily. The Bill aims to complement those good occupational pension schemes, and to encourage and support employers to continue to run them. Overall, the Bill aims to help people to save for retirement and



to deliver greater fairness, greater simplicity, affordability and sustainability.

Taking no action now may mean that pensioners of the future will face disappointment in retirement, or it may place a prohibitive cost burden on the working population. For the first time, employers will be required to contribute to workers' pensions, and it is estimated that, across Great Britain and Northern Ireland, between six million and nine million people will start to save in a workplace pension scheme, or will save more, thus transforming the savings culture.

With this Bill, and the state-pension reforms that have been enacted, we are building a simpler and more enduring pensions system for generations to come.

**The Chairperson of the Committee for Social Development (Mr Simpson):** As the Minister has outlined, the Bill contains a number of important components, including the requirement for employers to enrol employees automatically in pension schemes; the enhancement of the role of the Pensions Regulator; some simplification of the state pension system; and the disclosure of information useful in the identification of those suffering from fuel poverty. The Minister and her officials have briefed the Committee for Social Development on the principles and detail of this complex Bill, for which the Committee is grateful.

The Bill is part of the preparations to meet the twin challenges of increasing longevity and poor pension provision among the low-paid. As part of its review of the Bill, the Committee sought expert advice from the Pensions Advisory Service, which highlighted the concerns of possibly thousands of workers across Northern Ireland over insufficient pension provision. Such a state of affairs will have long-term consequences, both for those individuals and for Government. In that context, the Committee welcomes the Bill as part of the ongoing process of pension reform.

Members will be glad to hear that I have no intention of speaking about every provision in the Bill. However, I do wish to speak to a number of those provisions, including those elements of the Bill that require employers to enrol their employees automatically in a pension scheme. To be clear, the Committee welcomes the greater access to low-cost saving for the low-paid, which those elements of the Bill allow. The Committee also welcomes the opt-out option for employees who, perhaps for reasons of acute deprivation, may be unable to put aside even a small percentage of their wages for their retirement. It is hoped that in order to avoid confusion and to minimise unnecessary stress to the low-paid, the Department will ensure that full authoritative advice on pension options will be made available to employees well in advance of the measures in the Bill coming into force.

In addition to the long-term benefits to employees, the Committee also considered the immediate cost to, and responsibilities for, employers in the Pensions (No.2) Bill. It seeks to phase in the costs and to limit the regulatory burdens to employers. Nonetheless, the Committee expressed concern about the possible adverse impact on business competitiveness and employment that the additional cost of contributing to a pension scheme may entail.

The Committee learned, again from the Pensions Advisory Service, that employers throughout the United Kingdom are not well informed about those costs and the regulatory burdens. The Committee suggests that the Department ensures that full and authoritative advice is available for Northern Ireland employers well in advance of those costs and responsibilities becoming material.

Members of the Committee expressed concern in respect of the changes to the cap on deferred pension benefits. When people in pensioned employment change jobs, their private pension benefits are protected from the effects of inflation. Currently, those pension benefits are uprated by either 5% or by a percentage that is equal to the retail price index, whichever is lower. Under the Pensions (No. 2) Bill, those benefits will be uprated by either 2.5% or by a percentage that is equal to the retail price index. Thus, the Bill means that benefits that are accrued after 1 January 2009 will be less well protected from the effects of inflation. Committee members expressed concern that that change will disproportionately affect women, who tend to have more family responsibilities and thus change jobs more often than men.

The Department's equality impact assessment estimates that the total benefits of that change to UK employers will be £250 million a year. It is hoped that the Department will take measures to ensure that that benefit will be used by employers to offset the cost of the new pension provision and to increase their contributions to existing pension schemes.

Finally, as I indicated previously, the Committee accepted the Minister's argument about accelerated passage for the Pensions (No. 2) Bill with some reservations. On the one hand, the Committee is anxious to ensure that the benefits of the Bill are made available to the people of Northern Ireland at the same time as people in Great Britain. On the other hand, the Committee jealously guards its crucial role in scrutinising the Department's many strategies and policies that target the disadvantaged and aim to reduce the level of poverty. The Committee, therefore, regrets that there has been only a limited opportunity for debate at this important stage of the Bill, particularly in view of the large number of amendments that will be tabled at Consideration Stage.

**Mr Brady:** Go raibh maith agat

There is no doubt that the existing pension system must be reformed to ensure that it will meet long-term challenges. Due to demographic and social change, life expectancy is increasing. The number of people in society who are of pensionable age is set to increase significantly. There are inequalities in the state pension system, and there are complexities that need to be addressed.

Mr Simpson dealt with the issues that the Committee raised when the Bill was being discussed.

The Bill will simplify the pensions system, and it contains measures to simplify the rules governing occupational pension schemes.

I am sure that the Minister would never use the accelerated passage procedure lightly. The use of parity legislation is fine when it does not impact on people here, and, instead, enables us to have equality with people in Britain. However, other proposed legislation, such as that which deals with lone parents and the lack of proper childcare provision, will have an impact on people here. Go raibh maith agat.

**Mr Armstrong:** I welcome the Second Stage of the Pensions (No. 2) Bill. Although certain Departments have used the accelerated passage procedure unnecessarily in the past, I accept the Minister's reasoning for its use in this instance.

More and more people are reaching pensionable age without their having adequate pension provision. At a time when the cost of fuel and food is so high, the consequences of that are becoming all too apparent. The Pensions Commission, in its second report, 'A New Pension Settlement for the Twenty-First Century', concluded that the current voluntary private funding system, combined with the current state system, was not, looking forward, fit for purpose. That is why I welcome this piece of legislation.

The results of a Family Resources Survey indicate that some 25,780 people in Northern Ireland have no provision for a state pension. Furthermore, 343,680 people here have no provision for a private pension, and more than 20,000 have no provision for either a state pension or a private pension. Those are significant figures, which, in themselves, do not represent the inadequacies of many previous pension policies. I hope that the Bill will help to increase the number of people starting a private pension. I also hope that it will, in some instances, improve the nature of provision.

The Bill is part of the second package of reforms for the pensions system that has come from Westminster. The first was the Pensions Act (Northern Ireland) 2008, which sought to reform the state pension system. The Pensions (No. 2) Bill seeks to reform private provision and to enable people to save more in private

schemes. The Bill is designed to tackle barriers to saving by making it easier and more attractive to save; by extending provision to those not covered by the market; by strengthening existing provisions; and by simplifying the decision to save. It is often the complexity of the private pension market and a lack of knowledge that stops people from getting a private pension.

A duty on employers to enrol job holders automatically in the qualifying workspace pension scheme and to offer a minimum pensions contribution, equal to 3% of eligible earnings, is welcome, as is a compliance regime, which includes duties of education on employers. Furthermore, I find the establishment of a personal-account pension scheme as a trust-based occupational scheme particularly encouraging, because the legal duty on trustees to act in the best interests of members, whose views will be represented by a members' panel, will address an obvious gap in the current private pension provision. For too long, private pension schemes have returned miserly dividends, because they have been placed into high-risk stock-market deals that are not always in the interests of employees. The proposed scheme will give employers a chance to influence how their employees' pension schemes are managed.

I foresee there being an impact on employers in the form of the additional costs that they may incur. However, I welcome the provisions in the Bill that seek to reduce administration, and I also welcome the fact that secondary legislation will seek to support those employers who already offer provision beyond that required in the Bill.

The potential reduction in pension credit and housing benefit must also be welcomed. In these times of fiscal constraint, encouraging and facilitating people to help themselves, and, therefore, reduce the burden on Government, is a good thing.

My initial appraisal of the Bill is positive. However, in light of the fact that the Bill is being progressed using the accelerated passage procedure, my party and I will examine the fine detail in the coming weeks.

2.45 pm

**Mr A Maginness:** I, too, welcome the Bill. It is important for Members to be aware that many people will suffer unduly if the problem of pension provision is not tackled. Some Members doubt whether climate change is a fact in our world today — indeed, some Members who hold ministerial office have doubts about it.

**The Minister for Social Development:** Not me.

**Mr A Maginness:** The Minister for Social Development is excused.

Although some may doubt the reality of climate change, there is absolutely no doubt that demographic

change of an extraordinary kind is taking place. People are living longer, and although that is good, there are consequences. One consequence is that the working population is shrinking whereas the dependent, older population is increasing. Therefore, we potentially face a very serious crisis.

The intention behind the Bill is to avert that particular crisis. The Bill's provisions intend to bring about a new situation whereby more people will benefit from pension provision. That is something that we all should support. Pension provision is particularly important in our society, in which a characteristic of our working population is that many people do not enjoy high wage levels. Therefore, in that context, it is very important to make future provision for people, so that those who retire from work will have a proper and adequate means to live.

I welcome the Bill for a number of reasons. Its provisions are important because they include a mechanism whereby people who hitherto have not been able to access pension provision will be able to do so. We cannot force people into a private pension system, but we can encourage them by providing mechanisms to help them to join such a system and by making them aware of the accruing benefits of entering that system.

It is important to build a culture in society in which people know that it is right and proper to save for their future, as it will safeguard them and their families. That is what the Bill is designed to do. The Pensions Act (Northern Ireland) 2008 was designed to tackle problems relating to state pension. The Pensions (No. 2) Bill is designed to deal with those who are outside the state pension system.

The Pensions Commission, which, in many ways, was the instigator of this legislation, concluded that although changes to state pension provision were essential in order to prevent the crisis for future pensioners that I referred to earlier, a key challenge is to tackle under-saving. It is quite clear that, in relation to their pensions, many people face the problem of under-saving.

Young people, in particular, take the view that they do not have to save and that they will spend their money and enjoy themselves now. Consequently, they fail to make adequate provision for the future.

Taking no action now will mean that future generations of pensioners will not have adequate means on which to live. The knock-on effect of that will be to increase the burden on those who have made provision and on those who are in employment. In the future, as I said, the number of people in employment will be a decreasing section of the population compared with the number in retirement. Therefore, those who fail to save for their pension provision will

place an almost impossible burden on the future working population to provide for them. We must take note of that and act to prevent it, and the Bill is designed to do that.

The Bill contains a number of welcome measures: it will make it easier and more attractive to save, which is important because it will create a culture in which people will want to save and will see the benefit of saving. In addition, the Bill will extend provision to those who are not currently covered by the insurance or private pension market; it will strengthen existing provisions; and it will improve confidence in private pensions, which is important. Incidentally, lack of investment returns is a problem that affects everyone in private pensions, and that must be investigated. Although this Bill may not be the most appropriate means with which to deal with that issue, investment returns are certainly a problem for people in private pension schemes.

It is important to note that the proposals include a duty on employers in 2012 automatically to enrol job holders into a qualifying workplace pension scheme. Of course, people so enrolled will be able to opt out, but at least they will have been given an opportunity to join a pension scheme. Automatic enrolment will be a duty placed on employers, and it is right and proper that employers exercise that responsibility. When employees are in a scheme, it becomes more difficult and, perhaps, disadvantageous to remove themselves from it. Nonetheless, it is important that workers will be automatically enrolled in a pension scheme.

The introduction of personal accounts, a simple low-cost pension scheme aimed at moderate-to-low earners who do not have access to a workplace pension scheme, is important, particularly in Northern Ireland, which has a high level of low-wage earners. Furthermore, the broadening of the remit of the Personal Accounts Delivery Authority to enable it to oversee the establishment of personal accounts schemes is important, as is the strengthening of existing workplace pension provision by reducing burdens imposed by rules governing private pensions. Those rules have been the curse of private pension schemes. The rules are so complex that even experts in the field do not fully understand them. Therefore, simplification of the rules is very important and is to be welcomed.

With regard to measures to improve confidence in private pensions, I refer again to the point about the return on the investment that one makes in a private pension scheme. Confidence in such schemes must be built up or people will exercise their right to opt out. In particular, given our present difficult economic circumstances and the difficulties in the world's financial markets, it is important to reassert confidence in private pension schemes.



Further simplification of the state pension scheme in order to give people a better understanding of the pension that they are accruing and to support them in planning for retirement is also to be welcomed. Complexity exists in the state pension scheme as well as in private schemes, and it is important that that complexity be reduced.

The enhancement of the financial assistance scheme to provide protection for more people is obviously to be welcomed. The disclosure of information relating to state pension credit recipients to assist energy providers in tackling fuel poverty is particularly appropriate to our circumstances in Northern Ireland, where we suffer because of the high cost of energy. The Minister is very cognisant of that issue and has taken measures to deal with fuel poverty.

In conclusion, I reiterate my welcome for the Bill. Much of the Bill is designed, as I said earlier, to avert what the Pensions Commission described as a potential future pensions crisis. That is to be welcomed. However, I ask the Minister to confirm that she remains committed to seeking to deliver results, not only for future pensioners, but for today's pensioners.

**Ms Lo:** I support the Bill's passage through its Second Stage. I very much welcome the reform and simplification of the complex pensions system. I also welcome employers being asked to automatically enrol staff in private savings schemes, as we are all being told by economists, in the current economic difficulties, that we all need to save more. It is important that we encourage young people to consider saving as soon as they enter employment. As we all know, the longer one saves, the more money one will have later.

I am particularly interested in the establishment of the Personal Accounts Delivery Authority, because setting up a private pension can be a minefield. I recall setting up a group pension scheme for an organisation that I used to work for. The number of different products available can make choosing one a complicated task. An authority to provide information, support and advice to companies embarking on setting up private pension schemes is very welcome.

I query the basic requirement to contribute only 8% of earnings. I know of many company pension schemes in which 10% or 15% of salaries is paid into their schemes, and staff can seek to contribute any amount that they wish.

I call, therefore, for more flexibility on the percentage of the rate of the contribution.

I support the accelerated passage of the Pensions (No. 2) Bill.

3.00 pm

**Mr Burns:** I welcome the introduction of the Bill. As the Minister stated, its passage will help retain

parity between Northern Ireland and Britain. The GB equivalents of the Bill are the Pensions Act 2007 and the National Insurance Contributions Act 2008. The pension system has been described as a ticking time bomb; action must be taken.

There is no doubt that the current pension system for private and state pensions is not working. It has failed the people who are on a moderate or low income. People are not saving enough money for their retirement; in fact, approximately half of the workforce does not have a private pension. Changes must be made now. We must encourage people to save more for their retirement, and the pension system must be made easier to understand and more attractive to people who are saving for their retirement. The system must not be allowed to collapse.

As several Members said during the debate, people are living longer and having fewer children now. Therefore, there will be more old people and less money in the system in the years to come.

The five tests are outlined in the May 2006 White Paper. The new system must be fair, simple, affordable and sustainable, and it must encourage personal responsibility. The measures contained in the Bill, as outlined by the Minister, pass those five tests. The Bill will improve public confidence in private pensions, and the public will be happy to see the Assembly taking action on that issue in these difficult financial times.

People need to have confidence in the pension scheme into which they are paying. The secret of a successful pension scheme is the guarantee of a pension after years of paying money into a scheme. Many people fear that they will not get as much out of the pension as they paid in.

Employers also have a responsibility to help people organise their pensions better and to contribute more to an individual's pension. An individual who has paid into a pension scheme for many years will want to be assured that his or her pension will be intact when he or she retires. If an employer becomes insolvent, it is imperative that the Government are able to save the employees' pension contributions.

I am certain that the Bill will represent a major step in reforming the pension system. I am sure that it will improve public confidence and increase private pension savings. I commend the Minister for bringing the Bill before the House.

**The Minister for Social Development:** I have listened carefully to Members' contributions to the debate, and I trust that I will be able to address Members' concerns.

Mr Simpson, Chairperson of the Committee for Social Development, raised several issues. I know that the Committee safeguards jealously its position, and it



is right to do so. I do not want to denigrate or gainsay that in any way, because it is the role and prerogative of the Committee to safeguard its position. However, Mr Simpson raised certain issues. The publicity for the new scheme will be the responsibility of the Personal Accounts Delivery Authority, the Pensions Regulator and the Department for Social Development, and it will cover employers and employees.

Mr Simpson also mentioned the revaluation of deferred pensions, which is a technical matter. At the requirement of the statutory revaluation and the introduction of the 50% cap in the 1980s, inflation was running at an average of approximately 9%.

There was no expectation that schemes would have to protect deferred pensions fully against inflation. The proposal in the Bill is intended to help employers maintain defined-benefit occupational pension schemes. The change must be seen as part of the wider reform process, which has already seen improvements to state pension provision. Of course, that change applies only to pension rights accrued in the future; existing rights will not be affected.

Mr Simpson also raised the issue of the cost to employers. The aim is to try to minimise the costs to, and burdens on, employers. I note the Committee's concerns regarding the issue of competitiveness. However, it is estimated that the provision will add, on average, 0.7% to an employer's costs.

Mr Brady raised the issue of parity, and I welcome his view. As regards the issue of lone parents, I have put forward proposals that reflect the peculiar and unique position of childcare in Northern Ireland and, in doing so, I have tried to reflect that local perspective on implementing parity.

I listened carefully to what Mr Armstrong said, and I am grateful for his, and his party's, broad support for the Bill.

Mr Maginness raised various issues. I agree with him that we need to protect the low-paid. The state pension system, through basic state pension, additional state pension and pension credit, will continue to provide a high income-replacement rate for those on low incomes. Pensions are a long-term investment and will be subject to variations due to stock-market performance. However, tax law allows a pension to be annuitised at any time up to the age of 75, which gives individuals some choice about when to take their pension and, obviously, to avoid times of economic downturn. I hope that that provides some assurance.

Mr Maginness also raised the issue of today's pensioners, and I am well aware of the problems that they face. However, I am determined to ensure that people receive the benefits to which they are entitled. I launched a further benefit take-up campaign in June, and the Social Security Agency is investing £750,000

in its drive to target older people and families. I introduced provisions to facilitate the restoration of the link between pensions and earnings in the Pensions Act (Northern Ireland) 2008, and I would like to see that implemented as soon as possible.

All Members of the House will be aware of the Chancellor's statement yesterday in another place. I can confirm that, in the meantime, I will introduce an Order to increase state pension credit from £124.05 to £130 a week for single pensioners and from £189.35 to £198.45 a week for couples. From April 2009, the basic state pension will increase from £90.70 to £95.25. I also propose to introduce an Order to increase this year's Christmas bonus from £10 to £70. The £60 increase is equivalent to bringing forward the annual uprating of basic state pension from April to January. That is also good news for those non-pensioners who receive the Christmas bonus — for example, the long-term sick, carers and disabled people. I am sure that Members across the Assembly will warmly welcome that additional help for some of the most vulnerable people in our society.

Anna Lo raised various issues. She is absolutely right that the longer people contribute to pension savings, the better the return. It is, therefore, important to encourage young people to contribute as early as possible. The Member also raised the issue of percentage contributions. The percentage contribution rate is set at 8%, so that, in combination with the state pension, there will be an income replacement rate of 45%. The figure of 8% is the minimum; employers can contribute more to personal accounts. Personal accounts are not a replacement for existing schemes; rather, they are meant to complement the existing employer provision.

My colleague Thomas Burns raised various issues, and I agree that the future pension scheme must be sustainable and enduring if it is to benefit all people. I again must stress that we need to secure public confidence, and the Bill aims to do just that.

In conclusion, the Pensions (No. 2) Bill will provide employees with access to a workplace pension scheme of a minimum standard, with employer and state contributions. Individuals will be given the opportunity to build a private pension to supplement retirement income received from the state, many of them being granted access for the first time. I hope that I have addressed all the points raised today. Naturally, I will read the Hansard report of the debate carefully, and if any Member has raised a matter that I have failed to address or that needs to be dealt with in more detail, I will write to him or her. I commend the Bill to the Assembly.

*Question put and agreed to.*

*Resolved:*

That the Second Stage of the Pensions (No. 2) Bill [NIA 2/08] be agreed.

## PRIVATE MEMBERS' BUSINESS

### Construction Industry

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

**Dr McDonnell:** I beg to move

That this Assembly expresses concern at the crisis in the construction industry; notes the significant impact this is having on employment in the building sector and on the wider economy; and calls on the Executive to secure action that will achieve: a commitment from all major financial institutions that they will handle the borrowings of construction companies sympathetically; meaningful discussions between local financial institutions, the Executive and the Construction and Property Group, as well as other representatives of the construction industry; the reintroduction of liquidity into the market by ensuring that affordable mortgages are available, particularly to first time buyers; due protection against repossession for vulnerable households from both companies and the Courts; and an urgent review of the budget by the Executive to accelerate spending on public construction as set out in the Investment Strategy, including social housing.

We are living in very difficult and trying economic times, and I feel glad, indeed privileged, that my colleagues and I have been able to table today's motion. It reflects the House's concerns about the issues and the difficulties that many in business face, particularly those working in the construction industry. We are hoping for some joined-up action from a joined-up Executive, and we are all delighted that the Executive are now fully functional. There is a backlog of work, but the problems in the construction industry are among the biggest that the Executive must tackle. If the Executive were to do so aggressively, they would have the unanimous support of the House.

In these difficult and trying times, local businesses are going bankrupt. The rate of unemployment has risen and will rise further, as will the rate of home repossessions. Consumer spending has decreased. Despite the Chancellor's announcement yesterday that VAT will be cut, I believe that spending will fail to rise for some time; instead, there will be further decline. Put simply, we are in a vicious circle of recession.

3.15 pm

One of the sectors in Northern Ireland that has been hardest hit by the economic downturn is the construction industry. It is one of the largest employment sectors in Northern Ireland and has, undoubtedly, been a significant driver in our economy. However, the heavy

reliance of some in the construction industry on the housing and financial markets has left the whole industry reeling from the effects of the credit crunch.

Although the latest figures confirm a continued overall downward trend in construction output, housing output has been worst hit and continues to fall. An increasing number of construction companies, particularly those involved in housing development, face bankruptcy. Dole queues are lengthening as many of our highly skilled and valuable local tradesmen find themselves unemployed in the month of Christmas.

Although the Executive have limited access to the levers of economic management, they have some powers. Some of the greatest tests for this Assembly will be how we react to the economic crisis; how we help to prevent, or at least alleviate, some of the misery of people who are joining the dole queue; and how we help those who are laid off to regain their independence and get back into employment. That is what the motion is about — nothing more or less. The motion calls on the Executive to examine urgently any and every prudent measure that it can take to help alleviate some of the worst effects of the crisis.

Although the Executive failed to meet for 152 days, some of us were not idle and met people involved in the construction industry, local tradespeople, first-time buyers, people who are looking for new homes and representatives from the local banks. On the back of those discussions, we have had some ideas and identified actions that will be a helpful starting point for the Executive, several of which are outlined in the motion.

It is important to state that the crisis faced by the various subdivisions of the construction industry, and the resulting economic ripple — or rumble — that is being felt across Northern Ireland, is not entirely of the construction industry's making, as some would have us believe. Banks must shoulder their share of the responsibility, because not so long ago they were encouraging crazy development projects, crazy behaviour and were driving land prices up by offering 125% mortgages. Such packages drove up house prices, which drove up land prices, which drove everything else onto another planet. That created an unsustainable situation and a bubble that was waiting to burst. Those same banks are now putting a tight squeeze on the property and construction industries and are creating a situation in which people cannot get credit, even those who are viable, functional and work well.

The motion asks for the Executive to help the overall stimulation of Northern Ireland's economy by engaging with all major financial institutions in an attempt to secure a commitment from them to:

“handle the borrowings of construction companies sympathetically.”

I am not suggesting that there should be an unconditional or unequivocal bail out of big developers, some of whom were reckless or foolish. In many cases, there was as much irresponsibility, and more than a little greed, from some developers as there was among some lenders.

As I said, land prices were absolutely insane. Banks must be influenced to behave in a more socially responsible manner. Last year, banks were madly throwing money at people as if it was going out of fashion, but now, less than 12 months later, they are being so tight that very little money is being lent.

I call on the Executive to take steps to encourage banks to take responsible action to help to prevent a complete meltdown in the construction industry. If construction companies can afford to increase their output, subcontractors and sub-subcontractors will have some work, and jobs will be saved. It may not be the most valuable or best-paid work, but at least people will be able to pay their bills, and homes will be saved from repossession.

By engaging in meaningful discussions with local financial institutions, construction interests and the broader interests associated with the construction industry, the Executive should be able to identify recovery measures needed to alleviate the worst of the economic downturn.

Ministers held talks with representatives from the construction industry, which were helpful for all concerned. However, that dialogue must now involve banks and the financial sector so that a comprehensive recovery strategy can be implemented urgently. It is vital that steps be taken to ensure that the benefits of any recovery package are felt throughout all areas of the construction sector. It is not just about helping major developers or about adopting a top-down approach — if a recovery package is to be successful, it must also work from the bottom up. It must provide opportunities for local plasterers, bricklayers, electricians, plumbers, painters, tilers and other tradesmen — and tradeswomen — who travel for miles every day to find work to support their families.

A key element to help to boost output and employment for those construction workers is to stimulate and stabilise the housing market and to create a demand for newbuild housing. That is why the motion calls on the Executive to do all in their power to help to boost the reintroduction of liquidity into the market by ensuring that affordable mortgages are available, particularly to first-time buyers.

House prices have fallen considerably in recent times, but first-time buyers still cannot buy homes because they cannot access mortgages, and large deposits are required to secure homes. Furthermore,

buyers are faced with brutal arrangement fees and higher interest rates.

I was talking to someone the other day who told me that he had borrowed money from the bank at the base rate plus 2.5%, but that same loan has now been recycled at the base rate plus 6%.

Those factors are combining to act as a barrier to entry into the housing market for many first-time buyers, and they need to be reviewed urgently.

Furthermore, repossessions are rocketing. Protection should be provided against repossession for vulnerable households. We call on the Executive to carry out an urgent review of budgets with a view to accelerating spending on public construction, including social housing, as set out in the investment strategy.

Investment in major capital and regeneration projects, such as roads, schools and hospitals, has the potential to stimulate the economy. Releasing significant blocks of public spending on infrastructure will not solve all the problems, but it will alleviate some of them. A good starting point would be —

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

**Dr McDonnell:** I will be finished in two seconds. A good starting point would be to address the backlog in school maintenance and the 28 desperately needed new school buildings — I could go into a lot of detail on that matter.

**Mr Deputy Speaker:** Please do not.

**Dr McDonnell:** Furthermore, road projects, such as the A5, could begin.

**Mr Deputy Speaker:** Time is up.

**Dr McDonnell:** New hospitals could be built, and energy networks, particularly gas networks, expanded.

**Mr Deputy Speaker:** Time is up.

**Mr McDonnell:** I commend the motion to the House, and I believe that everyone will support it.

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

“a fundamental reform of the planning system to enable economic and social development, including quicker turnaround of planning applications.”

The amendment is aimed at adding value to the motion proposed by Alasdair McDonnell. I commend the motion, but I offer the amendment in the spirit of adding value to it.

Part of the context for this debate is a motion that Sinn Féin tabled in April, which was successfully carried, and which stated:

“That this Assembly notes with concern the job losses in the construction industry in recent times; and calls on the Minister of



Finance and Personnel to establish a working relationship with all his Executive colleagues and key stakeholders from the industry to devise a strategy aimed at creating further opportunities and sustaining jobs in this sector."

I have immediate neighbours in Carrickmore, County Tyrone, who are employed in the building trade and construction industry. For months on end, they have been at pains to point out to me that the construction industry is in crisis. Members all agree and understand that.

Alasdair McDonnell has referred to how, during the summer months, a construction and property group was established after meetings at Toomebridge and Cookstown. Mitchel McLaughlin, Francie Brolly and I represented our party at those meetings, and MLAs from other parties were also there.

Prior to tabling the motion in April, I took the initiative and carried out a survey of local companies in west Tyrone. A point that was made repeatedly to me was that the planning system often acts as a barrier, hurdle or obstacle to the construction industry. Many reasons were advanced as to why that is the case. That is why the amendment emphasises the need to reform the planning system, because local companies tell us that the planning system has a key role to play in this, and not least the Planning Service, which is at the heart of it all.

The Construction Industry Group made a presentation in the past week to the Committee for the Office of the First Minister and deputy First Minister. Today, there was a meeting of the all-party group on the construction industry. The construction and property group is active, as is the Construction Employers Federation.

I am grateful to the First Minister and deputy First Minister, who met representatives of the construction industry in recent months and engaged in a round of meetings with financial institutions at which this topic was high on the agenda. As an MLA, I would like to have sat in on those meetings; but I wish good luck to the joint First Ministers in their endeavours at least to secure some sympathy from the financial institutions for the construction industry.

The importance of the construction industry to the local economy cannot be understated. The downward trend in construction output in recent months tells its own story, and recent unemployment figures tell their own tale, too. Ireland, North and South, has suffered, and is suffering, most acutely from the contraction of activity in the industry. The various Government Departments need to respond by pushing ahead with public-sector building projects; addressing problems with procurement; and assisting the first-time buyer to acquire a mortgage, however that may be achieved.

I turn to the aspect of planning delays. In July, I asked for a meeting with Sammy Wilson, Minister of the Environment, and we met in Omagh on Wednesday 23 July. I brought representatives of local companies, who gave first-hand accounts of the hurdles that they face on a week-to-week basis: the slow turnaround; the need for pre-application discussions; and many other factors. I am grateful to Sammy Wilson for honouring a commitment that was made by his predecessor and colleague, Arlene Foster. We were told by the local companies that time has a direct impact on company planning, on plant and labour requirements for specific projects, and that all of that contributes negatively to job losses.

Earlier today, I touched base with the divisional planning manager in the western division, Mr Gerry Hogg, who had attended the meeting in Omagh with the Minister of the Environment.

I asked Mr Hogg a direct question: what is the Planning Service doing to assist the construction industry by enabling the quicker turnaround of planning applications? I was told that a new streamlining process is being operated through the district council consultation process. Mr Deputy Speaker, you will be familiar with the streamlining process that Planning Service is taking forward.

3.30 pm

I was told that a number of pilot projects are in place in the Downpatrick and Omagh divisions of the Planning Service that are aimed at managing development control more tightly in order to be of assistance to the construction industry. I was told about the establishment at Planning Service headquarters of a strategic projects unit, which will consider major developments in a multidisciplinary way, with the involvement of road engineers and environmentalists at source. A further development is the introduction of greater tendency towards pre-application discussions for all housing developments.

Those are welcome initiatives and positive developments, and more is needed. The Planning Service must demonstrate that it is willing to take on board the criticism that it takes longer to turn around major planning applications than take other such bodies. The process of application to certificate of approval to green form often takes six months in other places, but it often takes two years or more here.

I am pleased that the Planning Service is listening, but I want further improvements, which is why Sinn Féin's amendment draws attention to the need for a fundamental reform of the planning system to enable planning applications to be turned around in a quicker period and to enable economic and social development. During the time of the Committee on the Preparation



for Government, the subgroup on economic challenges also delivered that message.

I commend the motion as amended. Go raibh maith agat, a LeasCheann Comhairle.

**Mr Hamilton:** The debate is timely and useful, and the DUP does not disagree with anything that is contained in the motion or the amendment. In respect of the amendment, planning is not only a fundamental part of the construction industry's stabilisation and growth, but of the entire economy.

Some of the problems that Mr McElduff identified are also identified at ministerial level in the relevant Department. The creation of the strategic projects unit of which he spoke is, at least, an acceptance of the need to get major investment projects through the system as quickly as possible. History shows that where there is a will, there is a way in respect of such projects. Planning permission for applications by Coca-Cola and by IKEA, which were subject to direct competition, was granted fairly quickly.

Last week, the Committee for Enterprise, Trade and Investment discussed planning with representatives of the construction industry, and we reached general consensus that the six-month target process through the strategic projects unit led to positive results. However, not everyone entered into that process and not all projects could take part in it.

The debate is timely because the construction industry is in the depths of a crisis. Many companies have already collapsed, and many are on the verge of collapse. Much blame could be put around and fingers could be pointed in various directions. Indeed, elements of the construction industry must take some of the blame, but I echo the comments of the proposer of the motion, Dr McDonnell, who said that the banks must accept a major part of the responsibility. That is not only because of the 125% self-certification mortgages about which one hears — such huge loans were limited to a small number of people, but they are symptomatic of a wider problem in the banking sector, and I welcome the elements of the motion that address those issues.

As everyone in Northern Ireland knows, the impact of a crisis in the construction industry will be severe. Our private sector has been declared by many commentators as far too dependent on the construction industry.

The impact that a serious economic downturn will have on jobs and material suppliers is obvious. Indeed, beyond that, in the wider economy, it will also impact less obvious professions such as lawyers and estate agents. Lawyers and estate agents are regularly ranked as being the least liked professionals after politicians, so perhaps we have other reasons not to see crises in those particular sectors. Given that the construction

industry is a value-added sector, the downturn will also impact gross value added per capita.

As the motion states, and as Members have said, there is much that the Executive and the various Departments can do to address that. I want to focus on the final point of the motion. Of course we can and should fast-track major public-sector investment and infrastructure projects. Indeed, earlier this afternoon, Dr McDonnell and I attended a meeting at which the possible expansion of the natural gas network was discussed. That is one example of what was described as a "recession-proof investment", which could be introduced for the benefit of not only the community and the country, but the construction industry.

I want to turn to a Finance and Personnel matter. I know that it is the deputy First Minister who is going to respond to this debate; that is welcome, because it shows that the Executive take the issue seriously.

We can talk about fast-tracking projects, but sometimes improving the financial management of existing resources in the system is much better than implementing new projects. The provisional out-turn figures for the last financial year show capital underspend amounting to some £76 million. That underspend is spread across all Departments, and I scatter my criticism to all Departments and Ministers. All the Departments have serious underspend; in some cases, it represents as much as 35% of their overall capital budget.

The December monitoring round offers the Departments the opportunity to release those funds so that they can be spent elsewhere this year. Given the circumstances, it would be unforgivable if we were to see a repeat of the sort of situation in which almost 7% of the capital budget was not spent. Given the crisis in the construction industry, it would be utterly unforgivable if that were repeated and if those capital expenditure projects, which are already budgeted for, were not implemented.

**Mr K Robinson:** I commend the proposer of this very timely motion, and I accept the amendment as outlined by Mr McElduff. The construction industry accounts for approximately 11% of total employment in Northern Ireland, compared with approximately 8% in the rest of the UK. That 11% is a conservative estimate, because it does not take into account the number of self-employed people in the construction sector.

Therefore, construction companies constitute a critical mass of employment in the economy, and are intrinsic to our overall economic health. It is a primary form of employment, but its benefits spill over into secondary sectors such as retail and services. I believe that overdependence on service industries may make the economic downturn even more severe. Eighty per

cent of Northern Ireland's overall economic growth has been centred on service industries.

Even more important to the economy than the size of the construction sector is the fact that, in recent years, it has been one of the great job generators. For instance, in the five-year period to 2007, construction added some 8,750 jobs to the workforce. That was the highest rate of sectoral growth in the economy, outstripping manufacturing and the service industries. In the construction sector, house-building accounted for some 40% of overall output.

The National House-Building Council said recently that the number of new house starts has decreased by 56% — from 4,500 in the first six months of 2007 to 2,000 in the first six months of 2008. The Construction Employers Federation (CEF) has cited that chilling statistic as evidence that activity in the sector is virtually at a standstill. CEF has also said that between 3,000 and 4,000 construction jobs were lost in 2007 and 2008. It has also forecast that a further 4,000 to 5,000 jobs are directly under threat this and next year.

In the summer of 2008, a mere 670 houses were sold in Northern Ireland. That was less than half the amount sold during the same period in the previous year. In the Province, the average house now costs £203,775, which is a drop from the peak prices of more than £250,000 last year. Economists now predict that the average house price in Northern Ireland could, in fact, nosedive, to £175,000 next year.

That is the dimension of the problem that we have to face and the situation that we have to tackle. The question is: what do we do about it? Some Members outlined points that may be helpful.

We must be more proactive in our relationships with local banks. We need to negotiate actively with the banks on behalf of the construction sector in order to ease the burdens on local building employers and homeowners. It is alarming that second-quarter insolvencies are up by 7.6% on the previous quarter and by 63% on the figure of a year ago. That is not just a crisis — it is catastrophic. The implications of such figures for employment — and for the human misery that they represent — are simply unacceptable.

Mortgage repossessions in Northern Ireland rocketed by a massive 93% during the third quarter of 2008. The Northern Ireland Court Service published statistics for High Court repossession actions that show that over 1,000 writs and summonses were issued during the third quarter of 2008, compared with the third quarter of last year, when the figure was 521.

I commend the actions of a member of the Northern Ireland Court Service who, since January 2008, has been providing free legal advice to people who face repossession proceedings and who do not have and

cannot afford their own legal advice. However, by the time that those people reach that stage, it is often too late.

I also commend the Lord Chief Justice, who said that he is considering the need for special protocol to govern the actions of housing-repossession proceedings in Northern Ireland. The courts are applying the general principles of that already, and consultation has begun on that draft protocol. Under such a protocol, a judge hearing a repossession case will expect all parties to take all reasonable steps possible in order to resolve matters before starting the proceedings. That would ensure that repossession claims would be a last resort. Before coming to court, and to ascertain whether repayment proposals could be agreed, parties would be encouraged to discuss the reasons for mortgages falling into arrears, as well as the borrower's financial circumstances. That could save many people being evicted from their homes, and it reflects the mandatory regulations that the Prime Minister has introduced in England and Wales.

We need more of that kind of action, and we must not be afraid to be direct with local banks. The Chancellor has also let it be known that if banks do not take a more measured and lenient path with small companies and become more reasonable about inter-bank lending and the provision of mortgages, he will contemplate a nuclear option of nationalising the banks.

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

**Mr K Robinson:** We must examine the possibility of capping interest levels on bank loan payments to small companies.

**Mr Neeson:** I should say at the outset that the Alliance Party accepts the amendment. It is important that we consider the planning process. In my constituency, a major project has been in the pipeline for four years, and that will hopefully get the approval of Carrickfergus Borough Council next Monday.

There has been a consistent decrease in housing output for each of the past four quarters. The decrease in housing has been offset partially by an increase in infrastructure output over the same period. In its most recent quarterly economic review, the Ulster Bank quoted some important Northern Ireland construction industry statistics.

I said previously in the House that I considered that review to be very pessimistic. We as a party — and I, as an individual — have tried not to go overboard in relation to the present economic situation, although I accept that it is very stark. One of the issues that was raised in the Ulster Bank review is that the Northern Ireland economy is in recession and is expected to contract by 1.5% in 2009. The review states that Northern Ireland's key trading partners — the US, the UK, the European Union, and the Republic of Ireland — are all in, or are entering, recession.

The Northern Ireland housing and construction downturn has triggered the slowdown, which has spread to other services. In September this year, the number of people claiming unemployment benefit rose at its fastest rate since 1986. The Northern Ireland economy began its current economic slowdown before that of the UK, and its property downturn triggered a slowdown in the construction sector.

Northern Ireland's property bubble would have deflated of its own accord; however, the credit crunch has exacerbated the downturn and will delay recovery.

3.45 pm

By the end of 2009, it is anticipated that the average house price will be around 40% below the August 2007 peak. In 2009, house completions are set to fall by around 5,000, which will be below the previous low in 1983 and will be more than 70% less than the peak in 2006. That is why it is vital that the Executive, along with the Minister for Social Development, accelerate the building of social housing in Northern Ireland.

The Alliance Party has warned against talking down the economy in the short term. As I said earlier, the figures are stark. The party has also warned against the economy's total reliance on the public sector, construction and retail in the long term. That was never sustainable; a point that has now been fully vindicated.

Alasdair McDonnell quite rightly referred to the role of the banks. The banks have greatly contributed to the crisis that we face. It is not all that long ago that people were being showered with offers to take on credit cards and encouraged to take out big mortgages.

The value of land increased substantially and at an unsustainable rate. A number of developers purchased land at very high cost and are now faced with that so-called asset decreasing in value on a daily basis. The banks must take some responsibility to safeguard the interests of homeowners, particularly young people who have bought homes for the first time. I am not sure whether yesterday's pre-Budget report from Alistair Darling will help. Only time will tell.

I am pleased that the deputy First Minister is here, and I welcome the fact that the Executive are meeting again. I appeal to the Executive: they have a responsibility to bring forward some of the major projects that are in the pipeline. Urgent decisions are needed in that regard.

**The Chairperson of the Committee for Employment and Learning (Ms S Ramsey):** Go raibh maith agat, a LeasCheann Comhairle. I congratulate the proposers of the motion for securing this important debate. I welcome the deputy First Minister; it is useful that he is here from the Executive to answer comments that may come up during the course of the debate.

On behalf of the Committee, I want to share with Members our work in this area. On 5 November, the Construction Industry Group provided the Committee with some very worrying statistics, including the fact that by September 2008, there were 6,700 construction workers claiming unemployment benefit. That is a rise of 64% on the previous year, and the Committee was told that that figure could rise to 8,000 by the end of the year and to 10,000 by next summer.

Construction workers not engaging in what they do best is something that the Assembly cannot allow to happen. I am sure that I am not the only Member who has noticed deserted building sites where work has been mothballed, or who has received cards through the letter box from people offering to undertake building work, claiming that no job is too big or too small. It is an industry in great distress.

The Committee was struck by a number of knock-on effects from the construction slowdown, such as migrant workers being forced to return to their country of origin; unemployed local construction workers having to leave their families and homes to travel to other countries in search of work; many unemployed construction workers being forced to take a low-skilled, low-paid job in an unrelated sector, just to put food on the table.

Of particular concern to the Employment and Learning Committee was the number of apprentices in the construction industry who have been made redundant. The downturn has affected apprenticeships throughout the economy; however, the highest number of redundancies is among construction apprentices. Initially, those redundant apprentices lost their college places because they did not have work placements. However, the Minister for Employment and Learning has put contingencies in place. The Committee is working with the Department to consider how such problems can be avoided in the future.

The Committee has been proactive. After it heard the Construction Industry Group's presentation, it agreed to write to all Ministers via their Statutory Committees to highlight the plight of construction workers and the industry in general. The Committee forwarded the Construction Industry Group's presentation and asked whether Departments could take any immediate action, such as bringing forward capital or other construction projects. The Construction Industry Group made it clear that a commitment from the Executive to ensure a steady flow of public-sector construction work would allow construction companies to plan ahead and would give them the confidence to continue to invest in skills and training and, most importantly, to retain their workforce.

The Programme for Government places much emphasis on upskilling and reskilling people. The



Committee for Employment and Learning seeks support for any plans that allow investment in training and development to continue. Much can be done to help the construction industry. It is appropriate that the debate should take place in the Assembly. The Committee for Employment and Learning retains a strong involvement in that vital issue. It will reflect with interest on Members' comments in the debate. Go raibh maith agat.

**Mr McClarty:** I thank the Members who tabled this important motion. At the outset, I declare that my party supports both the motion and the amendment.

Northern Ireland's construction industry has become a major driver of the local economy. Over the past five years or so, it has, of course, benefited from the booming house-building market, continued investment in public infrastructure and years of economic growth in the Province. However, it is a major casualty of the sub-prime-mortgage crisis that has resulted in the credit crunch and the subsequent recession.

The motion deals successfully with some of the complex economic and fiscal relationships that can and must be addressed. The most critical repercussion of the continued downturn in the construction sector is the sharp hike in unemployment figures. In October 2008, 7,100 construction workers were claiming unemployment benefit. That is a staggering 70% increase since October 2007. Those figures will undoubtedly increase further during the coming months. Often, they do not reflect self-employed people who have cut back substantially on the number of hours that they are working. Also, the figures do not reflect the knock-on effect that unemployment and the downturn in the construction industry has had on the wider economy. It must be remembered that those figures represent people who support families, have mortgages and pay bills.

There is understandable caution in the banking system; however, in light of the unprecedented bail-out by the UK Government, it is imperative that banks increase liquidity, fully pass on interest rate cuts to customers and give the mortgage market and, subsequently, the construction industry and developers a much-needed boost. Equally, I support the call for financial institutions to handle sympathetically present and future borrowings that are made by construction companies. A co-ordinated and conciliatory approach is needed from the banking sector in the coming months and years.

However, while desiring stimulus for the market, we must also recognise that the bubble that burst recently, with such grave consequences, was, in many ways, the result of unscrupulous lending plans and highly speculative transactions in financial markets. Decisions must be made that will provide for a sustainable future.

In that respect, the motion is correct to recognise the difficult financial situation into which individuals and families have been put. Due protection against repossession must be considered wherever possible.

The Executive also need to act explicitly to support the construction industry. We had the unfortunate spectacle of 152 days of Executive inaction and silence. It is deeply regrettable that pleas for assistance from businesses at large and, especially, from the construction industry were, effectively, ignored.

The construction industry now needs major decisions to be made quickly. Decisions on each Department's capital spend need to be made efficiently. Worrying trends of capital spends in the Department of Education, for example, need to be addressed. It is not merely an issue of spending money unnecessarily, but of increasing efficiency and reducing underspend. Wider considerations need to be given to the Executive's construction programme. The investment strategy needs be delivered in a more timely and efficient manner, with capital projects and investment being brought forward this year. That is happening in Scotland — where £100 million has been brought forward — and, indeed, in England, too.

Financial management also needs to be improved. The previous Minister of Finance and Personnel made much of his new performance and efficiency delivery unit. However, we have heard very little about the improvements that it has made, or about even the work that it has carried out. Although most Departments in the Executive achieved much for the construction industry throughout the recent stalemate, I congratulate the Department for Employment and Learning for working towards a sustainable future for the industry. Much has been done, but much more needs to be done.

I support the motion.

**Mr F McCann:** Go raibh maith agat, a LeasCheann Comhairle. It is unclear whether the SDLP accepts the amendment. Maybe, they would like to provide clarification.

**Dr McDonnell:** On a point of order, Mr Deputy Speaker. Is it in order for Mr McCann to make such a comment at this time? I am not sure that it is.

**Mr Deputy Speaker:** Mr McCann has not done anything out of order.

**Dr McDonnell:** On a point of information, if I may: I reassure Mr McCann that I am, of course, supporting his amendment. I hope that that clarification will allow him to speak fluently.

**Mr F McCann:** That is all the information that I required.



**Mr Deputy Speaker:** I am sure that Mr McCann is delighted to hear that, now that he is a lightweight in politics.

**Mr F McCann:** I thank the Member for that information.

The motion concerns an issue that impacts deeply on thousands of people in the construction industry who have lost their jobs or who are in danger of doing so. Given the nearing advent of Christmas and the accompanying expectations of family and children, such job losses are felt even more keenly. We all know of particular cases of people who are affected personally by the downturn in the economy. Tradesmen, such as plumbers, bricklayers, electricians, tilers and joiners, all rely on the building industry for their livelihood. Those tradesmen now find themselves in dire circumstances, having to cut their prices to get a job or being thrown onto the dole when sites close half way through a development.

I agree with the sentiments that the motion expresses. The financial institutions ought to make commitments to deal sympathetically with the construction industry's requests for borrowing. It is the financial institutions that are responsible for the economic mess that we are in. Indeed, when the British Prime Minister implemented cuts in interest rates, the banks and building societies were reluctant to pass on the reductions. They were persuaded to do so only when the heavy hand was eventually brought to bear on them.

We can sympathise with developers who cannot sell properties that were built for the private market. Those developers are calling for the Department for Social Development to buy the properties to fulfil the needs of the social housing programme. However, the Department should consider other factors as well.

In response to a question that I asked about the breakdown of this year's social housing programme, the Committee for Social Development was informed that 600 of the 1,500 newbuilds to be provided would be bought off the shelf from developers. That does nothing to help the unemployed tradesmen who might otherwise have been in gainful employment, building properties for the social housing programme.

The Assembly must develop an approach to assist those developers whose houses cannot be sold. However, there is also an obligation to assist the small and medium-sized building companies that could stay afloat if they were given work related to the provision of social housing.

4.00 pm

**Mr McCarthy:** Does the Member agree that greedy developers must share responsibility for the current crisis? Some of them purchased single dwellings,

including bungalows, only to replace them with huge blocks of apartments that they cannot now sell.

**Mr F McCann:** That is a good point, and it was well made.

With 40,000 people on the waiting list for housing, it is time to be realistic about the extent of the problem. It has a major effect on the quality of life of those who are experiencing housing stress. To invest in social housing is to invest in the future of those who are most in need. The provision of necessary housing would help many people and, at the same time, assist those who need the jobs that the construction industry can offer.

Every day, we hear that house prices are falling to more realistic levels. That may be so, but it does little to assist first-time buyers who still cannot access affordable mortgages. Measures must be put in place to address that problem urgently and to ensure a genuine injection of activity into the market.

To avoid the unnecessary loss of homes, building societies and banks must exercise greater flexibility in their dealings with mortgage-holders who are having difficulties; one such measure would be to allow those with repayment mortgages to switch to making interest-only payments. That one move could protect possibly thousands of people from homelessness. Financial institutions have a responsibility to do their utmost to rescue the situation, particularly since many of them were involved in the irresponsible lending that led to the crisis.

The Executive must play their part by facilitating discussions between financiers and the construction industry to achieve a resolution. The construction industry is in sharp decline, and that affects not only those whom it employs directly, but the small suppliers of materials and the entertainment industry. Most of all, however, the decline affects the quality of life of families who rely on a weekly wage to survive.

The motion, quite correctly, deals with repossession and calls for action, but action should have been taken months ago, as happened in other jurisdictions. Structures exist in the North to roll out a shared equity scheme under co-ownership and a mortgage-to-rent scheme. The Housing Executive would manage that element and work closely with housing associations on not-for-profit schemes. Had that action been implemented many months ago, many hundreds of people would still be in their homes.

Planning plays a crucial role because it should work for people, not the other way round. The Minister has wide experience of planning matters, and it is crucial that planning is dealt with as part of any package. Good, speedy planning decisions can assist in ensuring that those making major, medium and small applications do not wait, in some cases many years, for planning permission.

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

**Mr F McCann:** When all is said and done, it is crucial that a package be put together to deal with the shared concerns of the construction industry and the Assembly.

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

**Mr F McCann:** The major works that are planned should be brought forward to enable the construction industry to get back to work. Go raibh maith agat.

**Ms Purvis:** I support the motion and the amendment. It is an extensive motion that covers many areas affected by, and affecting, the economy. It is important to examine all the issues and to develop strategic policies to address them. It is particularly important to protect homeowners from repossession, to create more jobs and to generate more social housing.

However, the debate will be meaningless unless the Assembly is completely honest about why the economy is in its current state. To address a problem, the source must be identified. The present situation arose because an artificial boom in housing and construction was allowed to happen. That boom began when people were offered credit that they could never repay.

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

Over the past few years, it was gratifying to read in the media about the growth and expansion in Northern Ireland's economy. However, that is the only place where much of that growth existed — on paper.

It was not real. The money that was used to fund it was heavily borrowed, and individuals were always going to struggle to pay it back. I recognise that the downturn is connected to global events. Did we really think that a housing market in which average house prices were four or five times higher than average earnings was sustainable? Did we believe that such a market could last when first-time buyers could not get near the property ladder because prices were rising so quickly? Are we really surprised by the current situation?

Mortgage arrears and home repossessions have almost doubled since this time last year. The Housing Rights Service reports a 330% increase in demand for its debt-assistance service, and citizens advice bureaux and Advice NI report dramatic increases in requests for assistance with personal debt. An entire generation will never recover the investment that they made on their homes. Individuals were encouraged to borrow beyond the value of their house, and they will never enjoy the security that previous generations of homeowners experienced. How does that fit with the housing dream that we consider a national value?

Today's average annual income is approximately £22,000, whereas the average house price is

approximately £227,000. Earnings amount to one tenth of the cost of a house. Therefore, a significant percentage of our workforce is trapped. They are no longer mobile because lay-offs and redundancies have hit, and many workers will be unable to relocate to find a job because they are stuck in homes that they cannot sell, with mortgages that they struggle to pay. The party was not worth the hangover.

It is time to take responsibility for what has been allowed to happen. The developers, banks, overeager investors and construction companies have all played a part in the collapse and must bear some mark of responsibility. However, they did what they are designed to do — they identified an opportunity and took it. It was, and is, the job of the Executive and the Assembly to ensure that the economic and social policies that framed those opportunities will protect the long-term interests of the people of the Province and focus on sustainability.

The motion will be hollow if it merely advocates the recreation of the dynamics that caused the problems — an artificial boom with a very real bust. Indeed, one economist called it “serious pyramid buying”. Our policies must focus entirely on sustainable measures that will protect vulnerable individuals and households from more difficult circumstances in the future. We must improve the quality of existing housing stock, which, despite recent improvement, is still the most notoriously poor in the UK, according to the house conditions survey. The most vulnerable members of our society — such as the lone elderly, the unemployed and the disabled — are more likely to live in those homes and will struggle to heat a dwelling that has little or no fuel efficiency.

We must create jobs that focus on improving existing housing and creating more social housing. There is a long waiting list for social housing, and given that mortgage arrears and home repossessions are rising, it will continue to grow. We must create jobs that build and develop new houses and modify and update existing social housing. Members of the Executive have consistently stated their dedication to delivering capital investment. I support the motion, which will protect vulnerable households from repossession, generate more social housing and jobs, and improve Northern Ireland's housing stock.

**The deputy First Minister (Mr M McGuinness):** Go raibh maith agat, a LeasCheann Comhairle. The difficulties that are affecting our people and our economy are uppermost in the Executive's mind. The First Minister and I held a series of meetings during the autumn with key groups that represent sectors of industry, banking, trade unions and the community and voluntary sectors. Through those meetings, we have heard, at first hand, of problems and concerns and have sought ideas that could alleviate difficulties. As part of

that process, we have met construction industry representatives.

Last week we also raised our difficulties directly with the British Prime Minister, Gordon Brown, when we had a very useful meeting. The Executive also discussed the economic situation in depth last week.

In his pre-Budget statement yesterday, the Chancellor announced a number of initiatives aimed at increasing the availability of mortgages and helping people who are facing difficulties in paying their mortgages. We welcome those developments, which should reduce hardship and help those who are facing the risk of repossession. That was mentioned by Dawn Purvis, Sean Neeson, Barry McElduff, Ken Robinson and Alasdair McDonnell.

We have engaged with the local banks as part of our series of discussions on the credit crunch, which also included local business, trade unions and others representing civic society. The Department of Enterprise, Trade and Investment and Invest NI are also engaging with the local banks to discuss financing solutions for business in the current economic environment, and the support and assistance offered to small businesses.

The Executive are determined to use their influence to best advantage to help our people and the local economy in these difficult times. We intend to make an announcement about positive measures to help to tackle the economic difficulties and the hardships that people are facing. Throughout all our discussions, the position of the construction industry has remained a top concern. We fully recognise the vital contribution that industry makes to our economy, and the industry is, of course, a key partner in helping to deliver our investment strategy.

In recent years, the construction industry has prospered, with a very sharp rise in output between 2003-04 and 2006-07. The output of the private sector can be contrasted with that of the public sector. Over that short period, construction output for the private sector rose from just under £1.4 billion to a peak of nearly £2.1 billion; an increase of around 50% in just three years. However, output fell back to around £1.9 billion in 2007-08, and is likely to have fallen further this year. The output for the public sector has also been rising, but on a continuing upward trend. The total output for the public sector was £900 million in 2003-04, rising to over £1.4 billion in 2007-08, an increase of some 67%.

Those figures demonstrate the volatile nature of the private sector as a client of the construction industry, and contrast with the more stable and consistent growth pattern of the public sector. They also show that it is unrealistic to think that the public sector alone

can restore the total output of the construction industry to its peak level of some £3.4 billion in 2006-07.

We recognise the seriousness of the situation facing the construction industry, and we are especially concerned about recent reports about future employment levels. Those are concerns that have also been strongly reflected in today's debate, and, indeed, in a number of answers that we have given to Assembly questions on those themes. We are also aware of the interest shown by the Assembly Committees, including the Committee for the Office of the First Minister and deputy First Minister. Indeed, we received a further letter on the matter from the Chairperson of that Committee last night.

The Assembly will recall that earlier this year, the Executive published their investment strategy, showing our intention to invest up to £20 billion by 2018 to tackle the legacy of decades of underinvestment that we inherited. The investment strategy was created to enable us to direct capital investment in a coherent way to the public services most in need. Although it is not intended as a tool specifically for the construction industry, it is clearly of strategic importance to the sector. We recognise that the construction industry is a key stakeholder and partner with us, and we are anxious to do what we can at this time to help the industry in the context of the strategy.

We have been carefully examining the ideas and concerns put to us by the construction industry and other representatives when we met them. Fra McCann, Sue Ramsey, David McClarty and Sean Neeson spoke about the importance of the Strategic Investment Board (SIB), and we have commissioned the board to advise us on how we could best use the investment strategy to provide practical help to the construction industry in the period ahead. SIB has now reported its findings to us, and we are examining those as a matter of urgency.

Chief among the calls that have been made to us is that we should bring forward projects on the ground as soon as possible. The industry is also concerned that large capital underspends — which Simon Hamilton mentioned — are a feature especially marked in the period of direct rule. We are determined to ensure that that does not reappear now.

*4.15 pm*

The Minister of Finance and Personnel very strongly shares our concerns about the possibility of such underspends arising in capital, and he wrote to the Executive on that subject. The construction industry believes that the most important contribution that the Executive can make at this time is to deliver fully what we set out to in the investment strategy with the funding that is available to us. I make no apology for



reiterating that the Executive are determined to deliver the investment strategy to the fullest extent possible.

The Finance Minister will soon advise the Executive about the December monitoring round, and that will include his assessment of the amount of capital funding that is available for the remainder of 2008-09. Due to the advice that we received from SIB, we now believe that there are good opportunities to establish worthwhile projects, provided that funding becomes available through the surrender of reduced requirements by Departments during the December monitoring round.

The SIB report also considered the position for 2009-2010 and beyond. There are opportunities to bring significant investment if funding is available. We will keep the delivery of investment under close review, and we are ready to reschedule planned investment or to apply any new resources that emerge in order to maximise delivery.

In addition, the Executive are conducting a strategic stocktake of the resource and capital-expenditure plans for 2009-2010 and 2010-11. The main focus of that exercise has been for Departments to identify the pressures and easements that have emerged since the Budget was agreed in January 2008. That exercise will allow the Executive to effectively plan ahead for the 2009-2010 and 2010-11 in-year monitoring rounds.

However, my understanding is that Departments have not identified a significant level of easements in their returns to the strategic stocktake. Inevitably, that means that there will be less scope to accelerate infrastructure projects. In that context, I reiterate the call of the Finance Minister that Departments should declare reduced requirements as early as possible in order that the resources that are released can be reallocated to where they can make the most difference.

We will be criticised rightly if the Executive are unable to provide assistance to the construction sector while available funding is left unused by Departments. One of the construction industry's concerns is that it has insufficient information about the progress of the implementation of the new investment plan. The industry wants to be able to plan its business operations as efficiently as possible, and we recognise fully the mutual benefits that are to be gained through information sharing.

Departments now publish investment delivery plans that provide more detail about the individual projects that they will implement up to 2010-11. Those are all now available, apart from those from the Department of Health, Social Services and Public Safety. However, we understand that the Health Minister has been reviewing his capital programmes.

In addition to the investment delivery plans, we have introduced a new delivery-tracking system for the investment strategy. That system records details of the

progress of the projects in the investment strategy. That vital tool will allow the Executive to monitor progress in delivery, to spot potential problems at an early stage, and to take corrective action. Departments are updating information on the delivery-tracking system, which will now be operational during 2009. Information from the system that should provide further clarity and reassurance about progress on delivery will be made available to the construction industry.

Members raised concerns about the effect of recent legal challenges to two framework contracts for construction services, one of which was for schools. Those framework contracts are intended to meet the challenge that is faced by Departments of increasing the pace of the delivery of new investment. Departments are seeking to avoid the inefficiencies and delays that are inherent in procuring a flow of similar projects, one at a time.

Although similar framework contracts are in widespread use elsewhere, their introduction here has been delayed as a result of those legal challenges. However, Departments are working to minimise the impact of those delays, and SIB has identified opportunities for us to take up any remaining slack by advancing alternative projects.

We have also been trying to make more resources available for new investment by better managing our existing assets and disposing of surplus assets. Departments already have plans to dispose of surplus assets that were reflected in the Budget. In addition, we commissioned a study into the entire issue through the work of the capital realisation task force, which reported to us at the end of 2007. The Executive are not immune from the effects of the current downturn in the domestic and property markets, which is having an impact on our ability to dispose of surplus assets.

The Executive must live within their finite budgets and assets. Disposals are a factor in determining what is available for new investment.

The Executive are implementing the capital realisation task force's recommendations, albeit at a slower pace than we had originally envisaged, owing to the changed circumstances that have unfolded over the past 12 months. It is important work, which, over time, will yield considerable benefits, through making the best use of what we already own, and through releasing resources for vital new investment — moneys that are currently locked up elsewhere. The situation is being kept under review, and surplus assets for which there is a clear market appetite will be introduced for disposal.

The guiding principle will be to ensure that a good deal is secured for the public purse. However, it must be emphasised that the majority of capital funding is



sourced from public- expenditure allocations and is not dependent on the market take-up of assets for disposal. We are constrained by the level of funding available; however, it should be remembered that, just over five years ago, infrastructure investment was around £1 billion per annum. Last year, it amounted to almost £1.4 billion, and through the investment strategy, we plan to continue that upward trend. That is the measure of the progress that has been made, and it is a clear signal of the Executive's ambition to go further.

I again emphasise the concern in the Executive for the well-being of the construction industry. Not only is it vital in helping us to deliver the investment strategy, but the construction industry plays a critical role in working in partnership with us to unlock the potential for procurement and in playing an active and effective role in tackling patterns of socio-economic disadvantage. For example, Ilex Urban Regeneration Company Ltd in Derry is already putting in place measures that will ensure that those in long-term unemployment will benefit from public procurement. That will be carried out in partnership with the construction industry. That industry should also benefit from an increase in the pool of skilled labour.

I want to thank all the Members who contributed to today's useful debate, which I know reflects the views and concerns of many. During the course of the debate, Alasdair McDonnell, Fra McCann, Ken Robinson, Sean Neeson and Dawn Purvis spoke about the issue of banking and the role that the banks have played. Responsible banking is absolutely essential and must form the cornerstone of economic recovery, for the construction sector in particular. The top manager at Invest NI has been proactively meeting with local banks such as Ulster Bank, Northern Bank, First Trust bank and Bank of Ireland to discuss financial solutions for local businesses in the current economic environment.

Barry McElduff, Fra McCann and Simon Hamilton raised the issue of the Planning Service. The Minister of the Environment is fully committed to a comprehensive reform of the planning system. He intends to introduce a consultation paper very shortly that will set out wide-ranging and challenging proposals for the reform of the planning system here. The reforms are intended to improve the efficiency and effectiveness of the planning system, thus ensuring that it provides transparency in decision-making and gives confidence to its users.

David McClarty, Sean Neeson and Ken Robinson spoke about the importance of the construction industry. We all know that the industry makes a vital contribution to the economy here. Indeed, its output in 2007 was a record £3.4 billion. The downturn in the housing sector has placed particular difficulties on the construction industry. 'Northern Ireland Construction Bulletin',

which NISRA (Northern Ireland Statistics and Research Agency) published on 6 November 2008, showed that output for the second quarter of 2008 in the private-housing sector had declined by some 20%, when compared with the same period in 2007. Therefore, we are not under any illusions about the importance of the situation and how we try to deal with it.

Dawn Purvis, Fra McCann and Sean Neeson raised the issue of social housing. In the 2008-2011 Budget, the Department for Social Development (DSD) received net capital-investment allocations for social housing of £90.6 million for 2008-09; £153.8 million for 2009-2010; and £178 million for 2010-2011. As a result of the 2008-09 in-year monitoring process, DSD has received an additional £15 million to help address the shortfall in house-sale receipts. Since the restoration of devolution, the Executive have made £136.5 million of capital allocations available to DSD through the 2007-08 and 2008-09 monitoring processes. Therefore, acceleration of capital expenditure can take place only if the resources are available. The Minister of Finance and Personnel will advise the Executive on the amount of capital funding that is available as part of the December monitoring round and strategic stocktake.

The Executive will take away the issues raised today, and we will take account of those issues as we work at tackling the challenges that we face. I thank all the contributors to today's debate.

**Mr McLaughlin:** Go raibh maith agat, a LeasCheann Comhairle. I speak in favour of the motion as amended, and I thank Alasdair McDonnell and his colleagues for tabling the motion. The extent of the present difficulties facing the construction industry and the wider economy makes it incumbent upon everyone in public office and in the wider economy to raise their game and to be imaginative and resourceful in tackling the economic challenges that confront us. I will elaborate further on that; however, I will first outline briefly some of the initiatives that the Committee for Finance and Personnel, which I chair, has taken in response to the downturn.

Last September, the Committee took evidence from the Construction Industry Forum and brought the key issues identified during that session to the attention of DFP. Those issues included the scope for front-loading capital spending, in addition to maintenance work on Government buildings; the need to avoid slippage of capital projects and to minimise underspend; and the need for more detailed information on the roll-out of the planned capital and maintenance spend to be made available to the industry.

More generally, the Committee has been bearing down on underspend. It has raised the need for DFP's central finance group to undertake more analysis of the reasons for underspend in Departments and to exercise

more challenge. In querying when the performance management framework will be in place to measure performance against the Programme for Government targets, the Committee found that the target was missed, as the framework was to be in place by April 2008. Previously, the Committee called for steps to be taken to ensure the effective planning and management of capital projects, with a view to minimising delays and the resulting underspend in that area. I welcome the deputy First Minister's comments on that.

Related to that, I have drawn the Committee's attention to a wider issue regarding incentives and sanctions to improve the performance of senior civil servants in managing public finances and achieving business targets. Figures for 2007 indicate that of a cohort of 200 senior civil servants, 49 received the top-line bonus of £10,000 — that equates to almost half a million pounds shared between 49 individuals. Another 50 senior civil servants received the second tier, which was £6,500 — amounting to over £300,000 between them, and a further 50 received £4,000 each — totalling over £200,000. I am not quite certain what the remaining 51 were up to.

The Committee has also decided to take evidence from the local banking sector, to examine what measures it can take to assist the local economy in minimising the impact of the current economic downturn. The motion, as proposed by Mr McDonnell, clearly sets out an imperative on financial institutions to go the extra mile to protect vulnerable enterprises and jobs at this time, rather than protecting profits. Also, in the context of the economic downturn, the Committee is commencing an inquiry into public-procurement policy and practice, focusing especially on the scope for maximising opportunities for local small and medium-sized enterprises and social enterprises to access public contracts.

Speaking on behalf of Sinn Féin, I exhort the Assembly to adopt the approach of investing now to promote recovery. There must be an appropriate response from the Executive, and — as Alasdair McDonnell acknowledged — although the Assembly and the Executive have no influence whatsoever on the causes of, or the remedies required to deal with, the deepening global economic crisis, significant financial resources are available to Ministers and their Departments. Therefore, we have the ability to review and to respond to a changing and challenging economic landscape. Such responses could produce the outcome that we seek, by — as other Members have indicated — encouraging the skills and capacity in the construction industry and associated services to be retained and promoted.

The Executive should consider introducing binding protocols across all Departments regarding the prompt payment of bills that are outstanding at the end of

contract periods. Particularly in light of the suspension of Workplace 2010, there may well be an opportunity to move to the incremental refurbishment and development of Civil Service accommodation in a way that would assist the local construction industry. I welcome the deputy First Minister's comments regarding the underspend, as that is a critical demonstration of a failure in the standards of both project and financial management.

Finally, I exhort the Executive, as a prerequisite to promoting economic recovery and growth, to seize the opportunity to end once and for all the constipation that afflicts the current planning system — let us think globally, but act locally.

4.30 pm

**Mr Durkan:** The debate was interesting. Although the motion is wide ranging, many Members elaborated on other matters that merit our attention, including some that have been in the news recently, and I shall address some of those matters later. The debate reflected the wide-ranging agreement on a number of matters, and, happily, all parties support the motion and the amendment.

When proposing the motion, Alasdair McDonnell covered its main elements, emphasising the importance, in its own right, of the construction industry here, given its economic scale. In addition, he and several other Members spoke about the industry's wider role of creating a variety of multipliers in our economy.

Mr McDonnell also called on the Executive to help with a number of other matters. We are under no illusion that the Executive can totally control the conditions — which are not of their making — afflicting the construction industry. As other Members said, such conditions are caused by wider systemic, international and global market failures and by some questionable lending practices by the banks in which the construction and property industry got caught up. However, we must now ensure that action is taken that will mitigate the damage and stimulate the best path for future recovery.

Barry McElduff referred to the fact that he and his colleagues tabled motions on similar matters in the spring, and he referred to a number of meetings that took place with the Construction and Property Group during the summer. Having attended some of those meetings as Chairperson of the Committee for Enterprise, Trade and Investment, I made sure that representatives from the group spoke to the Committee in July, before recess, in order to register the importance of the matter. Furthermore, at that time, the Committee made appropriate representations through various Ministers.

Simon Hamilton referred to the fact that the amendment highlights some of the planning issues and

to the impact of the current crisis on the construction industry. In addition, he mentioned — as we are all doing — the importance of fast-tracking capital projects. He pointed out that although it is all very well to set fast-tracking targets, if significant underspending and underperformance continues, all the targets in the world will not add up to much. Therefore, questions should be asked about the strategy and the means that we put behind it.

Ken Robinson highlighted the huge employment significance of the construction industry here, and he compared employment ratios here with the rest of the UK. He pointed out, nevertheless, that that industry is one of the great job generators in our economy. In particular, he mentioned the significant role that house building has played in our economic performance over the past number of years. Although he recognised the impact of current events, he spoke about how we must try to stimulate future economic performance using manageable methods. He said that the Government here must be more proactive with the banks.

Mr Robinson also referred to the Lord Chief Justice, who is considering a special protocol on home repossessions. When the Prime Minister indicated that the British Government were planning to take the matter up with the Lord Chief Justice in England, I enquired from the Ministry of Justice and from the NIO about how the matter would be dealt with here, and I was informed that an appropriate communication was being made to the Lord Chief Justice, who was then to undertake exactly the consideration that is now there.

Sean Neeson highlighted the decreasing housing output over the past number of quarters. He drew attention to the Ulster Bank's particularly gloomy assessment and pointed to the change in the numbers of construction workers claiming unemployment benefit. He highlighted a need in the current circumstances — and even an opportunity — to build more social housing, and he wanted to see whether the current circumstances could be used to create new pathways to achieving the social-housing targets, perhaps by using the current market difficulties.

Sue Ramsey, as Chairperson of the Committee for Employment and Learning, emphasised the significant impact of rising unemployment among construction workers and warned that more job losses will follow. She said that her Committee has already been in contact, not only with the Department for Employment and Learning, but with other Ministers and Departments to try to ensure that action is taken against existing problems and that Departments are ready for any possible upturns.

David McClarty highlighted the significant part that house building — and construction in general — has played in our recent economic growth. Like other

Members, he emphasised the need for the banks to increase liquidity, to pass on interest rate reductions and to offer feasible borrowing facilities for people.

One point that was apparent from many Members' speeches was that, in circumstances in which we all, as taxpayers, are helping to underpin the banks' liquidity and have seen taxpayers' money used, not only to support liquidity but to recapitalise banks and, in many cases, almost underwrite bad assets, we are well within our rights to ask our Government representatives to ensure that the banks share that liquidity with the wider economy in the wider social and economic interest. I think that the deputy First Minister indicated that that was the burden of his and the First Minister's contact with the banks. That was not simply a one-off meeting; they and other Ministers are having ongoing contact with the banks.

Fra McCann emphasised the impact of the situation on tradesmen, plumbers, tilers and others in ways that echoed points that had been made earlier by Barry McElduff. Mr McElduff reminded us that, as far as he was concerned, he could see the impact of the crisis in the way in which it affected his neighbours who were going out to their jobs in their vans. The human aspect of the matter was brought home very forcefully in the debate.

Fra McCann also raised the issue of how social-housing targets might be advanced in the current circumstances. He seemed to be saying that, although there are difficulties, there may be opportunities that could be harnessed, if the right action can be taken. He also mentioned action on affordable housing and referred to some of the measures that the Minister for Social Development is taking and the impact that they might have if they were applied more widely.

Dawn Purvis spoke in support of the motion and the amendment. She highlighted the impact of the crisis on individuals, which is reflected in the increasing number of people who turn to Advice NI, mortgage advice centres, citizens advice bureaux and others due to the predicaments that they are in. She stressed that many of the problems come from previous practices and unsustainable market activity and that we must avoid repeating the same mistakes in future.

The deputy First Minister, very helpfully, covered the Executive's particular concern about what has been happening to the construction industry. The Executive have met representatives of that industry as well as representatives of financial institutions. He talked about action that is being taken in relation to the investment strategy for Northern Ireland and action to try to fast-track capital projects.

We need to recognise that we have a problem of delivery sclerosis when it comes to capital expenditure in Northern Ireland. As Mr Deputy Speaker will recall,



in his previous capacity as its Chairperson, the Finance and Personnel Committee produced a report that called for a new central driver for capital expenditure in Northern Ireland. The Strategic Investment Board was meant to be such a driver, but it has not really been allowed to operate in the way that was originally intended.

There is still too much confusion, cut-up and cutting in and among Departments, the Strategic Investment Board and others.

We all complain about planning control and approval, which is alluded to in the amendment, but our financial planning and control does not lend itself to ready production. If the Executive have an investment strategy, and if Ministers have chosen spending programme priorities, they should be able to deliver them without the help of appraisals, reappraisals and re-evaluations that involve the cast of consultees who are involved currently in the statutory system. That system, along with the formal planning system, must be cracked.

*Question*, That the amendment be made, *put and agreed to*.

*Main Question*, as amended, *put and agreed to*.

*Resolved*:

That this Assembly expresses concern at the crisis in the construction industry; notes the significant impact this is having on employment in the building sector and on the wider economy; and calls on the Executive to secure action that will achieve: a commitment from all major financial institutions that they will handle the borrowings of construction companies sympathetically; meaningful discussions between local financial institutions, the Executive and the Construction and Property Group, as well as other representatives of the construction industry; the reintroduction of liquidity into the market by ensuring that affordable mortgages are available, particularly to first time buyers; due protection against repossession for vulnerable households from both companies and the Courts; an urgent review of the budget by the Executive to accelerate spending on public construction as set out in the Investment Strategy, including social housing; and a fundamental reform of the planning system to enable economic and social development, including quicker turnaround of planning applications.

## PRIVATE MEMBERS' BUSINESS

### Carbon Neutrality of the Northern Ireland Assembly

*The following motion stood in the Order Paper:*

That this Assembly calls upon the Assembly Commission to draw up an action plan to ensure that all of the buildings used by the Northern Ireland Assembly are carbon neutral by the end of March 2010. — [*Mr B Wilson*.]

*Motion not moved.*

### Voluntary Sector

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

**Ms Lo:** I beg to move

That this Assembly calls on the Executive to produce a policy paper committing itself to strengthening the relationship between Government and the voluntary sector, thereby developing an important asset for the whole community.

I accept the SDLP amendment. The motion calls for a policy paper, which is intended to be the equivalent of a Westminster White Paper — although I understand that the Northern Ireland Assembly does not use the term “White Paper”. White Papers are issued by Governments, and they lay out policy or proposed action on a topic of concern. Although a White Paper may be a consultation about the details of new legislation, it signifies a clear intention on the part of a Government to pass new law.

According to the Northern Ireland Council for Voluntary Action (NICVA) — the voluntary sector’s umbrella organisation — there are approximately 4,500 voluntary and community organisations in Northern Ireland, with 29,000 paid employees and 200,000 volunteers.

A voluntary organisation usually refers to a regional organisation that is working on a specific issue, such as disability, children or older people. A community organisation is, usually, a smaller organisation that is involved in different issues, such as community development or education and training, which are of concern to a local community.

Some voluntary and community organisations receive core or project funding from the Government if



they fit into statutory policies, and those organisations deliver services to the public under service level agreements with individual Departments. On 21 October 2008, the Assembly debated a motion about the Supporting People programme, which funds a range of housing support services from the sector in over 900 schemes and helps some 23,000 people to live independently.

In 2003-04, the total income of the sector was approximately £615 million, with one in every five organisations dependent on 75% or more of the income from Government sources. Many organisations do not receive funding to cover the full cost of providing the service through the service level agreements. The service providers have also been hit by departmental efficiency savings, which are passed on to them by way of cuts in their funding. Furthermore, the shrinking of EU Peace programmes and lottery funding has led to serious financial shortages for many organisations in the sector.

4.45 pm

The community and voluntary sector has made significant contributions to life in Northern Ireland and has been a key social partner working with Government to deliver social, economic, cultural and environmental change. It holds a track record for tackling social need and deprivation and is recognised by Government as being well placed to develop and deliver improved front-line services, particularly to the most disadvantaged and excluded people in society.

Over the years, the sector has built up enormous experience and expertise in many areas, including human rights, equality and good relations. It has shown itself to be innovative, flexible and value for money. It is timely that NICVA is campaigning for a parliamentary paper to clarify and define the relationship between Government and the voluntary and community sector in Northern Ireland, given the changes in society with a devolved Administration and proposals for increased powers for local councils under the review of public administration.

The 10-year-old compact between Government and the sector is a largely aspirational document but, despite follow-on initiatives such as Partners for Change and A Positive Step to implement a compact in a practical way, its principles have not translated into day-to-day practices. In particular, the sector has become frustrated by the increasingly bureaucratic and complex accounting system, which takes away the focus on service delivery.

Governments in England, Wales and Ireland have issued White Papers or other legislative frameworks defining relationships with the voluntary and community sector. The process for developing the paper will create the opportunity for this Government

to have a dialogue with the sector to explore what Government want and expect from the sector; the sector's role in service provision; the roles the sector plays in communities and the democratic process; how Government support the sector in developing those various roles; and what structures would need to be in place to do that.

In its briefing to the Committee for Social Development, NICVA advocated several issues to be examined in the paper. They included recognition of the role of the sector and articulation of its value in a democratic context as has been done in the Irish White Paper, and the Welsh and English legislation. The paper must outline some of the sector's key functions, as has been done in Ireland, and show a commitment to work with, and support, the sector, including some detail on what that would involve at various levels of Government.

It should contain a structure for relations between the Northern Ireland Assembly, the Executive and the sector. That would move beyond the Joint Government/Voluntary and Community Sector Forum, which brings together the sector and officials to a model more like the Welsh structure. That brings politicians and Ministers into regular, structured contact.

Commitments on community management and ownership of assets should be considered in the paper. That could build on the work of the Quirk Report in England and decisions by the Office of the Third Sector and the Treasury.

In view of the current cumbersome accounting system, a funding code of practice must be established to tackle some of the bureaucracy surrounding funding, including assurance of fair and reasonable access to public funds, as has been done in Wales. A firm commitment to multi-annual outcome-focused funding, as recommended by Treasury guidelines in 2006, will improve the sustainability of the sector.

The policy paper must contain a commitment to research and collect information on the sector, as happens in Wales and in England, and a commitment to consider the effect that new policies would have on the sector, as happens in Wales.

The Minister for Social Development has lead policy responsibility for the voluntary and community sector across Government. I am aware that the Department's voluntary and community unit is developing strategies on volunteering, support for the sector, advice services, and, of course, charities legislation. I therefore call on Minister Ritchie to consider leading on the development of a cross-departmental White Paper on the voluntary and community sector.

In conclusion, if the Executive establish a clear understanding of the expected roles and

responsibilities of the voluntary and community sector, that will clarify boundaries, not only for voluntary organisations but for Government. It will also clarify how the third sector can contribute to making Northern Ireland a better place, as we move into a normalised society. Committed statutory support for voluntary organisations will provide a more efficient and stronger sector that will, in turn, be more effective in engaging with Government in the democratic process.

**Mr A Maginness:** I beg to move the following amendment: At end insert

“; urges Ministers to review the impact of efficiency savings and other departmental discussions on the sector and those who depend on its services; notes the downturn in European Union funding across the sector; and further calls for better cross-departmental funding to support the delivery of Programme for Government targets using the third sector’s capacity.”

I also support the motion in the name of Ms Lo. I should point out that where the amendment says “departmental discussions” it should read “departmental decisions”. That is a typographical error. I hope that that is acceptable to the Assembly.

The voluntary sector is an enormous asset to us. It engages about 100,000 people; some 28,000 are directly employed, while another 70,000 to 75,000 are involved on a voluntary basis. That enormous resource is of value to all in society, but it should be used constructively in partnership with Government. There should be continuous dialogue between the voluntary and community sector and Government in which the sector can express its views and hope to influence Government decisions. One would also hope that it would shape Government policy at an early stage, particularly when the policy involves social matters — the sector has particular expertise in such matters, as a result of its experience, views and association with people.

The voluntary sector in Northern Ireland comprises more than 4,000 organisations; its enormous expertise should benefit the whole of society. The sector’s income is more than £600 million, a large part of which is provided by Government. Of course, it is important that that relationship be properly developed and that the money that Government puts into the voluntary and community sector be used constructively.

The motion is important and timely. The SDLP agrees with NICVA and other organisations that it is important that a proper relationship be developed and that Government produce a policy document to strengthen their relationship with the voluntary sector.

However, the Executive have endorsed a cross-governmental strategy in their attempt to establish a partnership with the voluntary and community sector. That is an important step and commitment. The Partners for Change strategy, which predates the Executive, is also in operation, and there is Government engagement with the voluntary and community sectors.

One hopes that a more formal and defined relationship will be developed between the voluntary sector and Government, similar to that in the Republic, Wales and the rest of Britain. That is what the voluntary sector wants, and the Assembly should support that.

However, there are difficulties, and our amendment highlights them. As a result of the comprehensive spending review, efficiency savings have been imposed on Government. However, one hopes that exemptions can be made, as they were in the case of the Supporting People programme, which is funded by the Department for Social Development. That would be helpful to the voluntary and community sector.

There is also a looming problem with European funding. European funding is crucial to the voluntary sector, but it is diminishing and will eventually dry up. Therefore, it is important that alternative funding be secured to support and sustain worthwhile projects and organisations in the voluntary and community sector. As outlined in the amendment, the SDLP calls on the Government to oversee better cross-departmental funding to support the delivery of the Programme for Government using the third sector’s capacity, because the third sector can do things that Government cannot do directly. So it is very important that the Government use that expertise to maximise the realisation of the social objectives in their policy.

Therefore, I urge Members to support our amendment. Ms Lo graciously stated that the Alliance Party has accepted it. It is important that our amendment be passed, because it adds value to the substantive motion.

The motion seeks a new, more active and co-operative relationship between Government and the voluntary and community sector. The SDLP sees the Civic Forum as the place to partly achieve that.

**Mrs Long:** Does the Member agree that the continuing delay in the decision on the future of the Civic Forum, and the consequent uncertainty that has hung over it for a long time, adds to the view in the voluntary and community sector that its opinion is not valued?

**Mr A Maginness:** Unfortunately, I agree with that assertion, and I urge the Executive, particularly the Office of the First and deputy First Minister, to expedite their work on the reconstitution of the Civic Forum. The Civic Forum is an important element in the fabric of our politics, and it reflects — although not completely — many aspects of the work done by, and organisational membership of, the voluntary and community sector. Therefore, it is important that that be part and parcel of what the Executive do.

We call for the Civic Forum to be brought back into operation as quickly as possible. In fact, it could have provided an important contribution to the debate. There are other models for establishing that

relationship, and we hope that the Executive will explore a model that is suitable to Northern Ireland's extensive voluntary and community sector.

5.00 pm

It is important for the Assembly to show its active support for the community and voluntary sector. Minister Ritchie said in a previous address that:

"The skills, knowledge and independent voice of the sector are vital to complement Government services and policy-making. This leads to direct support for those most in need and helps us to build stronger, more inclusive communities across the North."

I agree with that. The motion certainly reflects that, and it is supportive of those views.

**Mr Hamilton:** I welcome the opportunity to acknowledge the massive contribution that the community and voluntary sector makes to Northern Ireland society. The previous Member who spoke outlined some facts and figures, which show the scale of the sector in Northern Ireland. In many ways, the strong community and voluntary sector reflects our history over the past number of decades, as it has done lots of work that the Government were unable to do — or did not want to do — or it was absolutely necessary for the work to be done on the ground.

Slowly but surely, in recent times, political parties, and, most importantly, the Government, are starting to recognise that contribution. If we examine the Executive's key documents, such as the Programme for Government, there is a recognition that the objectives, including that of growing the economy, cannot be achieved by the Government alone, or by working with only one or two sectors — the community and voluntary sector, too, has a role to play.

Public service agreement 12, I believe, encourages the growing of a strong voluntary and community sector. The Budget contains many references to the sector and to associated funding across all Departments. Therefore, there is an acknowledgement that the community and voluntary sector has a pivotal role to play, unlike any other sector, in meeting the objectives in those key documents.

I am sure that other Members will concur that, during the 18 months since restoration, we have seen the impact of the community and voluntary sector, and we have regular interaction with representatives from the sector, as they provide input to the work of our Committees. In fact, they act almost as our eyes and ears. Some of us may think that we know everything, but we cannot be everywhere and know the impact of every policy position that the Assembly, or the Departments, plan to adopt. Therefore, sometimes that input is essential, and I have witnessed the importance of that input at Committee level.

As the motion states, it is important that a strong relationship is developed between Government and the voluntary and community sector, not only to achieve all the aims that we are talking about in the Executive's key documents, but to deal with long-standing problems.

I want to touch on two of those problems. We are facing a very uncertain economic future. Having attended the NICVA conference last week, I know that the community and voluntary sector perhaps does not want us always to dwell on the service delivery aspect of its work. However, it is worth spending some time on acknowledging the good service delivery work that it does. That is particularly important when there is an economic downturn and the work of the business sector and other sectors decreases. However, by its very nature, a lot of the work carried out by the community and voluntary sector will increase, and there will be an upswing in its work.

It is working, by and large, in some of the communities that will be hardest hit by the recession we are going through at the moment. That is an important role, and that is why a strong relationships between Government, Government Departments and the sector is important.

There is also an ongoing issue of building confidence and capacity in our communities. I see that starkly portrayed in my own community: the unionist and loyalist community has had confidence and capacity issues which are widely acknowledged. I know of a residents' association in the east end of Newtownards which began on a small scale with limited ambitions to bring people together and deal, on an ad hoc basis, with problems that come up in the area. The Minister has visited that association twice. It has now developed from an ad hoc group into one that is involved in everything: inter-generational work; multicultural work; and men's and women's health programmes. It has evolved into an organisation with a wide remit and scope. I see that capacity in my own area, and also on a cultural level, in relation to issues such as bonfires. Confidence and capacity are increasing in our communities. That is important, and there is a need for a strong relationship between Government and the voluntary and community sector.

We all acknowledge that finance, and making efficiency savings, are important. However, where those efficiency savings become cuts, or where cuts are masked or dressed up as efficiency savings, that will be a problem for this sector. Some representatives of the sector have called for an efficiency review: that should be looked at, and the outcome of that will be favourable for the sector.

**Ms J McCann:** Go raibh maith agat, a LeasCheann Comhairle. I welcome the opportunity to take part in



this debate, and I support both the motion and the amendment.

The voluntary and community sector plays a key role in the delivery of services to people in our communities. A number of different strategic documents have been produced down through the years. 'Positive Steps' was the Government's response to the report 'Investing Together', drawn up by the Task Force on Resourcing the Voluntary and Community Sector. In 'Positive Steps', it was recognised that the voluntary sector was:

"a key social partner working with the Government to deliver social, economic, cultural and environmental change ... well placed to ... deliver improved frontline services ... to the most disadvantaged people in society."

The Government's endorsement of Partners for Change produced a cross-departmental strategy to work in partnership with the voluntary and community sector. It was described as:

"an Action Plan that identifies the work that Government Departments plan to undertake in partnership with the Voluntary and Community sector".

The neighbourhood renewal programme was then set up to improve the delivery of services and to ensure that they meet local needs, yet from its outset there was a problem about which areas were included within the neighbourhood renewal areas and which did not. There were other problems: the lack of commitment on the part of statutory organisations and the lack of strategic direction. Those organisations that fall into category 2 do not know whether Departments will continue to fund them in March 2009.

Therefore, there have been many strategies, commitments and promises that the contribution of the voluntary and community sector to society will be recognised, yet they still fall short of what is needed and what voluntary and community organisations want.

A White Paper should be developed to look at the way in which Government perceive the voluntary and community sector. That is what is important here, and that is what the expectation of the sector is. The paper should also look at sustainability, particularly with respect to funding. In other White Papers — in the South of Ireland and in England — the sector is described as an essential part of building community cohesion, and an essential requirement in the delivery of front-line services which the state cannot deliver by itself.

The fact that the voluntary and community sector has delivered a wide range of services that are the responsibility of both local and central Government needs to be fully recognised. Organisations must be core-funded to deliver such services.

Earlier this afternoon, I attended an Inter-Church Addiction Project event. Projects like that — suicide prevention, support for bereaved families, alcohol and

drugs misuse, and community safety — are already being delivered in the voluntary and community sector. However, the sector needs resources to do that.

There is currently a funding crisis in women's training organisations. They have obtained funding from the European social fund (ESF), but they cannot get match funding. The Rape Crisis and Sexual Abuse Centre faces a crisis regarding its funding, and a number of neighbourhood renewal projects face the same predicament. Consideration must be given to how those services are delivered and how they can be core-funded. A White Paper on the issue could bring that forward.

Advice services in urban and rural areas will go the wall because of a lack of funding. Given the economic crisis, those types of services are essential to people. As funding goes, services will go. Furthermore, the organisations that deliver those services already have a skills base, which will be difficult to replace. All of those groups and organisations, which have been at the forefront of delivering services, must be recognised for the contribution that they make.

As has been mentioned in previous debates, the social economy offers potential for community and voluntary organisations as an innovative and cost-effective way in which to deliver services. The social economy plays a crucial role in regenerating disadvantaged communities and providing much-needed front-line services. Community participation is, therefore, essential in setting the priorities and in the design and delivery of public services. The procurement process can help with that, and that has also been mentioned in previous debates. The social clauses that are to be included in the tendering process must be considered, as must the social value that such projects deliver.

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

**Ms J McCann:** I support the motion, and I call on the Executive to develop a White Paper as soon as possible. I call for mainstream long-term funding for those projects.

**Mr Beggs:** I declare an interest as a member of Carrickfergus Neighbourhood Development Group, of the Glynn Community Development Association, of Horizon Sure Start and as a Boys' Brigade officer. I am surprised that no other Member declared his or her involvement in voluntary organisations.

I also welcome the opportunity to acknowledge the work of the community and voluntary sector. The voluntary sector is an incredibly important feature of Northern Ireland society. There are hundreds of thousands of volunteers, and it is safe to say that everyone is either involved or knows someone who is involved in volunteering. The Northern Ireland voluntary sector has a long tradition of providing



invaluable assistance to improve the lives of many citizens. Whether working for disadvantaged people, disabled people, old people or young people, the voluntary sector has become an integral part of the delivery of social and health services.

Through its Parents and Kids Together initiative, the YMCA has been successfully able to deliver educational development courses. Previously, attempts by the statutory sector to deliver those courses in colleges failed. One of the benefits of the voluntary sector is that it can reach people that the statutory sector cannot reach. Volunteers and employees of voluntary organisations often provide assistance that is far beyond that which could be expected of any employee.

Although we all agree that the voluntary sector provides an invaluable service, we cannot expect it to live from hand to mouth and still deliver at its best. The necessary vision and security that policy development and longer-term secured funding brings must be provided. I agree that the relationship between the voluntary sector and Government could and should be strengthened by cross-departmental policy development. Despite the crucial service that the voluntary sector provides, it has recently started to see gaps in funding due to a tightening of its budget and the pressures that are being applied to achieve efficiency savings.

5.15 pm

I am aware that NICVA has lobbied the Department of Finance and Personnel to carry out an efficiency review into the voluntary and community sector; some Members may be surprised that NICVA has pressed for that. However, as I understand it, the last time that a major review of the voluntary sector was carried out was in the 1980s, under a Thatcher Government. Even they had to acknowledge the strength and value for money that the community and voluntary sector brought to many issues and the fact that it provided an efficient delivery of services.

There is a need for sustainable and guaranteed funding — co-ordinated at an inter-departmental level — to allow the sector to plan ahead and to deliver. I acknowledge that funding is not limitless and that we cannot simply throw money at issues. Therefore, the approach must be balanced and planned to maximise outcomes.

Like any structure, I suspect that some efficiency savings could be made in the sector. We need to minimise bureaucracy and to maximise the funding that is available for front-line services. Recently, two charities in the voluntary-age sector merged. That must be welcomed, because it will reduce bureaucracy and confusion about which is the most appropriate organisation to contact. That is an example of how improvements can be made to reduce running costs. It

is in everyone's benefit to define clearly and spell out in black and white the relationship between the Government and the voluntary sector.

I am curious as to why Northern Ireland is in the adverse situation of not having issued a White Paper, or equivalent, on the matter. The Executive have yet to formulate a framework outlining the best relationship between the Executive and the community and voluntary sector. Westminster has published a local government White Paper; the National Assembly for Wales has established the National Assembly for Wales voluntary sector scheme; and the Irish Republic's Government have published a 'White Paper on a Framework for Supporting Voluntary Activity'.

I welcome the fact that the Northern Ireland Council for Voluntary Action has taken the initiative and has met the Committee for Social Development, because strengthening our relationship with the voluntary sector can only be a good thing. I therefore commend the motion, and I look forward to the day when the Northern Ireland Government and its Departments work in partnership with the voluntary sector for the benefit of all citizens.

**Mr Brady:** Go raibh maith agat, a LeasCheann Comhairle. Policy on the voluntary and community sector was developed in 1997, after which the Government and the voluntary and community sector entered into a compact. The resulting document that was developed set out principles under which the relationship between the voluntary and community sector and the Government were to be conducted.

Partners for Change was mentioned. That initiative tried to make the compact workable by setting out departmental actions for the sector, alongside examples of good practice. Positive Steps, which was also mentioned, was a Department for Social Development-led initiative established in 2005. Initially, that was welcomed by those in the voluntary and community sector; however, their enthusiasm waned very quickly.

Anyone who, like me, has been involved with the voluntary sector for many years will be aware of its contribution. The present situation cannot be allowed to continue. The energies of many in the voluntary sector are taken up with chasing funding, and I know from my 26 years' experience that success in securing funding has been hit and miss. Until match funding was introduced, local councils did not fund many voluntary organisations. Indeed, it was the Department of Health, Social Services and Public Safety that originally funded my project.

To date, the compact has been largely aspirational and ineffectual. The Executive have now the opportunity to introduce a White Paper that will be a useful method of defining and clarifying the

relationship between the Government and the voluntary and community sector.

Several issues could be contained in a White Paper, such as recognising the role of the sector and its value; an outline of the sector's key functions; a commitment to work with and to support the sector; a structure for relationships between the Executive, the Assembly and the voluntary and community sector; commitments on community management and ownership of assets, which could build on the work of the Quirk Review in England; and a funding code of practice.

There needs to be a commitment to research and to collect information on the sector. There needs to be a commitment to consider what impact new policies would have on the sector, and there must be a lot of consultation on that area. There also needs to be a firm commitment to focus funding.

Any White Paper must recognise the diversity of the voluntary and community sector in areas such as advocacy, service provision, self-help and mutual aid. The community and voluntary sector should be viewed by the Assembly as an essential requirement for the well-being of society, and its contribution needs to be widely recognised. A White Paper would give the Assembly the opportunity to consider fundamental questions about the sector: what does Government want and expect from the sector, and what is its role? The valuable and irreplaceable role of the voluntary and community sector has long been recognised, and it is incumbent on us all to give it the support that it needs and deserves. Go raibh maith agat.

**Mr B McCrea:** I am glad to see that we have agreement already. As I sat reflecting on the debate, a note of despair came upon me, and someone came along, put their hand on my shoulder and told me to smile because things can only get worse. I cheered up a wee bit, and stood up and realised that they were right: it can only get worse. That is something of the attitude that people in the voluntary sector share: that they work very hard, face challenge and despair all the time, and all that they get is a bit of platitude. When the pat on the back has been received, and people go away, the voluntary workers realise that they are no further on.

I got involved with working with the voluntary sector through a range of issues from youth diversionary projects to issues dealing with domestic violence. I know that the Minister does her best to support those issues, the refugees and the like, but we have some very ad hoc funding arrangements. Some Members spoke about the capacity-building elements that we must have. I have been on estates where, the minute someone tries to do anything, the community asks them who they think they are. We have a real challenge to try to encourage and empower those people.

It was mentioned that funding is the key. Most voluntary organisations that I know survive on a cocktail of funding, and they spend all their time trying to find more funding, or to secure their existing funding. In fact, they have their staff on 90-day notice almost permanently. That is so wasteful of energy and enthusiasm. I would like to see the Minister address how we get something that taps into that enthusiasm, and rewards, encourages and builds upon it. Some people ask how Government might help: perversely, I want to see less government, but government more strategically applied.

The whole issue of voluntary service is the antithesis of government: it is about spontaneity, can do, we will sort this out ourselves. They want help, not some kind of financial strait-jackets or procedures that we have to put people through. I understand why, from a Civil Service point of view, people are worried about risk, and whether people are going to run off with the money. There are issues around matched-funding and on what the money will be spent. I would like a set of circumstances whereby we realise that those groups operate in their own particular way: in a relatively ad hoc, risk-orientated manner. I hope that the Minister will encourage people to think about that, about how we support those people without dampening their enthusiasm. There is an opportunity in the Assembly, in having our own local Government, to find a way of having a radically different approach.

Some Members might be aware that, not long ago, I hosted a visit to Stormont by 300 young achievers. They were from all arts and parts of Northern Ireland and from all backgrounds. Dolores Kelly was with me, and she supported the whole thing. However, there was a worry that those young people would wreck the place or steal the chandeliers.

**Mrs D Kelly:** They were better behaved than most of the politicians.

**Mr B McCrea:** As Mrs Kelly just said, they were better behaved than most of the politicians.

The idea behind the voluntary sector is that if people are allowed to participate in it, they will be enthused tremendously. Engaging with society is absolutely what the Assembly is about. Such work provides an opportunity to do something right, and I hope that the Minister will find a way to help us to do that. If she does, I assure her of my full and undivided support.

**The Minister for Social Development (Ms Ritchie):** I welcome the motion and the amendment, as they confirm my belief that the health and well-being of the voluntary and community sector in Northern Ireland is a cross-governmental responsibility. I agree that it is, therefore, a matter for all members of the Executive, not just for me as the lead Minister. However, I am, of course, happy to respond on behalf of the Executive.

In answer to Members' various queries, and with particular reference to Mr McCrea's comments, I was a bit worried when he said that a hand was placed on his shoulder. I remember the person who said that previously; he also talked as though an important moment in history was being marked.

Notwithstanding that, as the lead Minister with responsibility for the community and voluntary sector, I understand, appreciate and acknowledge freely the contribution that that sector makes throughout Northern Ireland. I have no desire to dampen that sector — anybody who is a volunteer is giving of themselves freely, is investing a considerable amount of time and effort, and is making a personal and perhaps a financial sacrifice to do so.

I said already to my Executive colleagues that I intend to introduce a series of proposals to strengthen the relationships between the Government, the Executive, the Assembly, the public sector and the voluntary and community sector.

My officials and I have already had discussions with NICVA and the Joint Government/Voluntary and Community Sector Forum to identify the key areas in which progress is needed. I very much welcome the public conversation on the future of civil society in Northern Ireland, which NICVA began last week at its annual conference.

I know from Members' contributions to the debate that they recognise and believe in the value of voluntary action and in the work of the voluntary and community sector. Indeed, I know that many Members give freely of their own time, beyond their paid employment, to local residents' associations, sporting groups, credit unions, and to fundraising for charities, such as the hospice or Habitat for Humanity. For many of us, voluntary activity, a concern for fairness, tackling social need, and a desire to improve living conditions for everyone motivated us and brought us into politics.

The Programme for Government commits us to:

“working in partnership as an Executive, and across the public, private, and voluntary sectors, to harness the ideas, energy, and commitment of all the sectors.”

At the heart of those working relationships lies the understanding that many pressing and complex social issues cannot be tackled solely by the Government, by regulation or by public services. We recognise that better outcomes in health and education, lower crime, and environmental sustainability cannot be achieved without the active participation of citizens.

There is still scope for voluntary initiative and involvement by individuals, philanthropists, groups and businesses to demonstrate their commitment to change. In promoting healthier living and building more caring communities, the voluntary and community sector's ability to stimulate voluntary

action, to establish greater engagement with public bodies, and to generate trust is an invaluable asset.

In particular, voluntary action has helped to tackle social needs and disadvantage, address inequality by providing a voice for citizens, challenging unfairness, and advocating change.

The contribution of the voluntary and community sector cannot be overstated, whether it is through developing and providing local services and activities, providing advocacy and a voice for the disadvantaged, or helping to shape and inform new policy and practice.

5.30 pm

As many Members pointed out during the debate — such as Anna Lo when she moved the motion, and Alban Maginness when he moved the amendment — the voluntary sector in Northern Ireland has played a distinctive and honourable role throughout the past 40 years, during periods of conflict, and, at present, in building a more prosperous and peaceful society. Our dependence on the sector to deliver local services and to tackle need should also not be underestimated.

I understand that there are significant concerns in the voluntary and community sector about how it is treated by Government with regard to financial support. There is a perception that the sector is being asked to provide much-needed services and support, particularly those that relate to health, on the cheap. I agree that that would not be a welcome trend or perception.

Furthermore, I understand that there is a desire to ensure consistency of approach towards the sector and to tackle the issues of unnecessary bureaucracy and financial requirements. Although scrupulous oversight of the use of public funding is needed, it must be proportionate. Those burdens can absorb staff and volunteer time that could be put to better use.

During the past year, I have visited many voluntary and community organisations and have seen the work that they do on behalf of the communities that they serve, right across the community. I want to say that I am sympathetic to their concerns and want to help wherever I can. However, although I want the relationship between Government and the voluntary and community sector to be — dare I say it, intimate — I do not want it to be overly paternalistic. I do not consider Government or DSD as the voluntary and community sector's employers because that could become a stranglehold.

One option that I have considered is to take those issues forward through the joint Government voluntary and community sector forum, which brings together officials from Government to work alongside people in the voluntary and community sector, and draws on the expertise of both. The forum's task is to bring forward



a draft policy and vision statement with agreed options for action. I urge people who support the idea and template of a White Paper to wait until that comes forward. I want the partnership approach that has underpinned relationships for the past 10 years to continue. I am aware of NICVA's call for a White Paper to be prepared. Although I remain to be convinced that that is necessary to deliver the change that is required, I am, nonetheless, content to explore that option with my officials.

To sound a note of realism, we are in a period of major change. Local councils and public bodies are undergoing major reorganisation in the review of public administration. Current economic and financial difficulties — the very matters that Simon Hamilton mentioned — must remain at the forefront of our thinking. We must face an economic environment — including the reductions in European and public funding to which Mr Maginness referred — that is more challenging than it has been for some time.

As politicians, we understand collectively that we also face significant expectations from the public for more and better services, increased prosperity and solutions to ease the burden of those who are affected by problems such as rising fuel costs and the lack of affordable housing. We are particularly aware of the impact on vulnerable people, the elderly and those who are on low incomes. We will develop solutions to those needs, and we will have to work in partnership with the private sector and the voluntary and community sector in developing solutions. We need to be aware, however, that it would be foolish to make promises that the Assembly cannot deliver.

In previous years, Northern Ireland has been the beneficiary of much goodwill and support, at home and from abroad, particularly financial support from the European Union and the United States. Some of that additional funding is now being reduced — in particular, the peace programmes on which the sector has come to depend. It would be unrealistic not to recognise that there is some duplication of effort in the sector or that everything that was funded for a short time should continue as it is for ever.

'Investing Together' — the report of the Task Force on Resourcing the Voluntary and Community Sector — defines "sustainability" as:

"the ability to achieve the necessary investment, resourcing and support to evolve, survive and develop in order to make a continuing contribution to a vibrant society."

Sustainability, therefore, is not primarily about funding, public or otherwise. It is more about the capacity of organisations to operate in an ever-changing environment. DSD is taking forward several strategies that aim to strengthen the voluntary sector and enable it to deliver change and more effective services at local and regional level. Those strategies

include the creation of charities legislation to establish a proper regulatory framework for charities in Northern Ireland.

Neighbourhood renewal is about targeting resources and services to promote social, economic and environmental changes in the most disadvantaged neighbourhoods. Jennifer McCann raised that issue, with particular reference to category 2 organisations. I am not dilatory in saying that although DSD is the lead Department in neighbourhood renewal, we require the financial buy-in of other Departments. Category 2 relates specifically to projects that impact on other Departments — namely Health, Employment and Learning, and Education. Neighbourhood renewal needs Executive buy-in and cross-ministerial support.

The modernisation fund — both revenue and capital — is about preparing organisations for the challenges that are faced in delivering local and public services in an inclusive, cost-effective and collaborative manner. Along with other Departments and sector representatives, we are developing a new volunteering strategy that will seek to reinvigorate volunteering, increase volunteering levels and improve the volunteering experience. It will enhance public recognition of volunteering and provide a strong regional and local infrastructure to support volunteering.

The drive to increase affordable housing and shared neighbourhoods is close to my heart. The Troubles have created a legacy of communities living separately. A shared future will not merely evolve — it must be built. Divisions must be bridged, and as part of the new housing agenda, we aim to deliver as many newbuild social and affordable housing schemes as possible, in which the occupants are from mixed traditions and are signed up to a shared-future charter. The shared neighbourhood programme will assist more communities in their desire to live together and involves communities and community organisations in 30 areas across Northern Ireland.

Members have raised various issues in the debate. I agree with Anna Lo that 'The Compact' was designed as an aspirational document and that more practical action is needed to underpin its principles. Ms Lo mentioned the sector's diversity, its dependency on Government funding, and the reduction of EU and other funding sources. Those are matters of concern for us all, and the sector is making efforts to diversify its income sources. Ms Lo highlighted the work that has been taken forward in other places and, in particular, a White Paper. I will ensure that the merits of all other relevant models are examined.

Ms Lo mentioned the need to take account of the relationship between elected representatives and the sector, as in the Welsh model. My officials have been examining the Welsh model closely, and it has much to



recommend it. Ms Lo also referred to the English White Paper on local government, which recommended — based on the Quirk Review — the transfer of redundant assets to communities to develop and manage for community use. We need to research that recommendation and discuss it with councils, because we have no powers to command such action.

Mr Maginness mentioned the need for regular dialogue between the Government and the voluntary sector, and I have absolutely no problem with that. Indeed, as the Minister with special responsibility for the sector, I meet regularly with the voluntary and community sector and co-chair the Joint Government/Voluntary and Community Sector Forum. I also convene other Departments in the interdepartmental group, and I encourage my ministerial colleagues to do likewise. Mr Maginness referred to the decrease in EU funding and the need for it to be replaced by other sources. However, that may not be feasible, given the scale of EU investment in the voluntary sector over the past 12 years.

DSD now seems to be regarded as the funder of last resort when other organisations have ceased to fund, and that point must be taken on board.

Naomi Long asked Mr McGuinness about the role of the Civic Forum, and that is a matter for OFMDFM. However, the SDLP is a strong advocate of that body and particularly supports the establishment of the all-Ireland consultative forum, because all-island dialogue is required to understand the issues that affect the community and voluntary sector.

Simon Hamilton highlighted the need for funding in loyalist areas. I have invested much time and effort, and many resources, in seeking to understand the needs and issues that face disadvantaged loyalist and nationalist areas across Northern Ireland. I twice visited the east end area of Newtownards, and I saw the strides that have been taken to improve it.

I apologise for not addressing all the many other issues that Members raised today. I will read the Hansard report carefully and respond to Members in writing.

I restate my personal commitment to implementing all the actions that I mentioned. I support the motion and the amendment that call for the production of a policy paper designed to strengthen the Assembly's relationship with the community and voluntary sector. That will be to our mutual advantage and to the benefit of the entire society in Northern Ireland.

**Mrs D Kelly:** At the beginning of his contribution, Mr Roy Beggs Jnr highlighted the need for Members to state any affiliation to community organisations. I come from the rural area of Aghagallon, where I am a member of such an organisation. As the Minister pointed out, most SDLP Members started out in grass-roots organisations before advancing to politics.

Every Member who contributed to the debate referred to the value of the community and voluntary sector in light of the democratic deficit over the past 40 years. Tribute was paid to the sector for acting as a platform and, to some extent, the glue that held many communities together during extremely difficult times. It is only right and proper that that contribution be acknowledged.

The Minister's response included an undertaking that her officials will examine the available research in Wales and England on how to build better relationships and strengthen the role of the voluntary sector as it works alongside elected representatives. It is worth noting that NICVA, as other Members said, is calling for efficiency savings to be considered, and Age Concern and Help the Aged are ahead of the pack in considering how they could amalgamate and serve the community together.

As the Minister pointed out, sustainability is not only a question of finance. Some organisations came about in response to a single issue or saw an opportunity to obtain European funding. They have had to devise exit strategies, and some organisations have not been particularly good at doing that. Those in the community and voluntary sector must sit round the table to assess their similarities and to determine the backroom services that can be shared. The community and voluntary sector is not shying away from that difficult task, and its efforts should be commended.

Some Members, including my colleague Alban Maginness, highlighted the number of organisations and noted the amount of funding that the community and voluntary sector draws into the Northern Ireland economy; money that would not be obtainable through Government sources. The community and voluntary sector can draw down funding, in particular from Europe, that would not be available to Government agencies. For every pound that the sector draws from Europe, approximately £7 is generated for the economy. The number of organisations means that the sector is a major employer. However, many people still receive no remuneration for their contribution to civic life.

Other Members talked about the role of the Civic Forum. It is unfortunate that there has been such a lengthy delay in its reconstitution, because it is a provision of the Good Friday Agreement. Moreover, as the Minister knows, the all-Ireland consultative forum depends on the establishment of the Civic Forum in Northern Ireland. Therefore, one delay is, regrettably, delaying the all-Ireland aspect of that organisation.

5.45 pm

The Minister — rightly — said that other Departments also have responsibility for the community and voluntary sector. My colleagues on the Committee for the Office of the First Minister and deputy First Minister will

acknowledge that we have received communication recently from Women into Politics and the Training for Women Network, both of which have succeeded in securing significant European Union funding. However, the delay in the decision on that funding from the First Minister and the deputy First Minister is unexplainable. I hope that the Minister for Social Development will ask her Executive colleagues to explain that delay. An explanation would help to allay some of the community and voluntary sector's concerns.

Members are aware of the neighbourhood renewal fund's potential to build better communities and to enhance community cohesion. In the past, the Minister has said on record that the main purpose of the neighbourhood renewal fund is to leave a legacy, to improve quality of life and health, and to lift people out of poverty. The Minister would be deficient in her role if she did not try to ensure that that money was used effectively and efficiently to benefit the entire community.

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

**Mrs D Kelly:** I welcome the Alliance Party's acceptance of the SDLP amendment.

**Mrs Long:** I thank Anna Lo for tabling the motion and thank all Members who participated in the debate. I thank the SDLP for its amendment, which the Alliance Party accepts.

Anna Lo set the scene when she outlined the major contribution that the third sector makes to the community. Alban Maginness expanded on that concept and recognised that the community and voluntary sector is an enormous asset that engages over 100,000 people. That statistic emphasises the scale of that resource.

In her opening remarks, Anna Lo outlined the difficulties that the community and voluntary sector is experiencing. Factors such as the reduction in, and changes to, EU funding, the squeeze on lottery funding because of increased focus on Olympic projects, and the general budgetary constraints in Northern Ireland Departments have combined to limit the funding pot. That fact was highlighted by several Members, including Simon Hamilton, Alban Maginness and Roy Beggs.

Given that — as the Minister said in her speech — the voluntary sector undertakes a huge amount of work and its mobilisation adds value. Therefore, rather than question whether we can afford to support the third sector, we should question whether we can afford not to. Alban Maginness — rightly — highlighted the two-way nature of communication between Government and the voluntary and community sector. That dialogue is important because it influences Government, and the expertise helps to form policy. Furthermore, that dialogue shapes the services that the voluntary and

community sector could deliver for Government, perhaps, in many cases, more effectively than the statutory sector.

As Alban Maginness said, it is important that we receive some clarity about the Civic Forum. The continuing uncertainty sends a negative message about the emphasis that is placed on formal engagement with that sector. We must take that issue seriously. As Dolores Kelly said, the Committee for the Office of the First Minister and deputy First Minister must keep an eye on that matter.

Simon Hamilton humbly confessed that he does not know everything. Although that was welcome, he did not explain what he does and does not know. However, we will explore that matter during another debate. He said — rightly — that in the context of devolution, it is important that the Assembly reaffirms and articulates the value that it places on the community and voluntary sector and how it envisages its role and relationship with that sector. That must happen now that direct rule has passed.

He also referred to the importance of capacity building in communities, and the Minister referred to capacity building in some of the organisations, which would aid sustainability. That is an issue that must be addressed.

Jennifer McCann highlighted sustainability of funding, which goes to the core of the crisis in which many of the organisations find themselves. In my view, one of the failings of the EU funding programmes is that in many cases, there was not enough focus on sustainability or support given to build sustainability into the regular working of those organisations. In the same way, Peace II extension funding was not sufficiently geared towards helping organisations to make the transition from Peace II to Peace III. That is another failing, and there are lessons to be learned on how funding is taken forward.

Jennifer also raised the issue of European social fund match funding, which suggests to me that there has been another failure to fully co-ordinate and grasp the nettle where that funding is concerned. Groups have been given funding and have then struggled to find partner funding that is not also EU-based. That has been a huge crisis for those who, for example, are delivering training projects that are necessary if the Programme for Government targets are to be met as regards employment for those who are furthest from work. There are huge issues to be addressed, which may lead to an increasing crisis, particularly in the women's training sector — which Dolores Kelly mentioned. Cross-departmental engagement is fundamental, because those issues also directly impact on Department of Employment and Learning funding, and there is a need for joined-up thinking when addressing them.

Roy Beggs spoke of the hand-to-mouth existence of some organisations, and Mickey Brady spoke of hours, if not weeks and months, spent chasing funding. Basil McCrea also referred to the funding issue, and I concur with the points that were raised. A policy paper development process would allow more thought to be given to longer-term, multi-annual funding packages, rather than the constant focus on project-based funding. There are some organisations with the capacity to deliver a range of projects, and sustainable funding would allow them to invest their resources where they are most needed — working with the community, rather than chasing money.

I think that it was Roy Beggs who raised the possibility of having a planned approach to maximise outcomes. Again, the cross-departmental engagement that would result from the policy paper would eliminate some confusion and duplication and deal with some of the bureaucracy that absorbs a lot of energy from people that would be better spent on delivery.

Basil McCrea spoke of the despair that he felt during the debate — we all got a taste of that despair when Basil rose to his feet; nevertheless, we recovered. He is right to say that the pressure that people are put under to chase funding is demoralising and wasteful of skills and energy in the sector. If that could be managed, it would be very welcome.

I notice that we have been joined by the Minister for Employment and Learning, so I will refer to my comments on ESF funding and women's training in case he did not hear them, because I know that that is an issue on which he has been extensively lobbied and it is important that it is dealt with by cross-departmental engagement between Ministers.

The Minister for Social Development recognised her role as lead Minister in co-ordinating and driving the creation of a policy paper. That paper is an opportunity for the Minister to engage the whole of the Executive, now that they are engaging with one other, and to take this issue forward as a priority for all Departments — because all Departments have a role to play, not just the Department for Social Development.

The balance between delivery and bureaucracy needs to be addressed; community and voluntary organisations place a lot of focus on it, and it must be prioritised, not just in DSD. There must be co-ordination with regard to when European funding can be drawn down, for example, and how match funding will be arranged and accessed through Government, and not simply through individual Departments, with people going cap-in-hand from door to door seeking support.

Volunteering is critical, and the Minister's recognition of that is also of great value. A lot of added value arises from the community and voluntary sector

because it captures the good will of communities to invest in themselves.

The Minister spoke about many of the issues that she wishes to address; the view of my party is that those could be addressed through the development of a policy paper, because engagement would occur naturally.

I am glad that the Minister and her officials have not completely ruled out the development of a policy paper, and I hope that a supportive vote on the part of the Assembly will help to shape her final view. The alternative to a coherent policy paper that draws all the threads together is a piecemeal approach that delivers in some areas, but may not address other issues at all. We would prefer a more co-ordinated approach to try to deal effectively with the voluntary sector and the barriers that it faces.

As I have said, it is absolutely crucial that the voluntary sector articulates its role to the Assembly — that is important in the context of devolution. Regardless of our enthusiasm to have our say, it is important that we, as individuals, reaffirm that we are also listening to those who are delivering services — in a very expert and detailed way — on the ground to the communities that we represent. We should reaffirm that we value and respect the contribution that they make, and that we want to engage with them in a productive manner.

*Question, That the amendment be made, put and agreed to.*

*Main Question, as amended, put and agreed to.*

*Resolved:*

That this Assembly calls on the Executive to produce a policy paper committing itself to strengthening the relationship between Government and the voluntary sector, thereby developing an important asset for the whole community; urges Ministers to review the impact of efficiency savings and other departmental discussions on the sector and those who depend on its services; notes the downturn in European Union funding across the sector; and further calls for better cross-departmental funding to support the delivery of Programme for Government targets using the third sector's capacity.



## PRIVATE NOTICE QUESTION

### Calcast Ltd

**Mr Deputy Speaker:** I have received a private notice question, in accordance with Standing Order 20, for the Minister for Employment and Learning.

**Mr McCartney:** asked the Minister for Employment and Learning what steps he is taking to realise a satisfactory resolution to the current dispute at Calcast, Campsie, Derry/Londonderry, which has sought to make 100 workers redundant.

**The Minister for Employment and Learning (Sir Reg Empey):** I understand that the management and the workforce of Calcast Ltd are in consultation about the proposed redundancies. The Labour Relations Agency, which my Department sponsors, has been in contact with the company and the trade unions to make its services available, should they be required.

**Mr McCartney:** Go raibh maith agat, a LeasCheann Comhairle. Gabhaim buíochas leis an Aire as an fhreagra sin.

I thank the Minister for his answer. I know that he gave an interview on Radio Foyle this morning and that he is aware of the wider issues. The workers are aggrieved at the prospect of redundancy, but I wonder whether the Minister agrees that the wider issue is the fact that the company will lay off fewer than 100 staff, which means that it will avoid statutory redundancy provision.

The workers' sense of trauma about redundancies is compounded by the fact that they feel that the company has, essentially, found a loophole in the legislation that will allow it to avoid having to fulfil its obligations. Will his Department monitor the future of the situation in respect of the workers who will be told that they will be employed only until the company winds down? In two month's time, if those workers are laid off, the company will have found a loophole in the law that will allow other companies to do exactly the same thing in the future. It is important that the company does not get away with what it is trying to do.

**The Minister for Employment and Learning:** I sympathise with the situation in which the factory workers find themselves. As the proposal stands, they will be made redundant on 23 December 2008 — the day before Christmas Eve. That is a traumatic situation for any family.

Officials from my Department who are based in the Lisnagelvin jobs and benefits office and the Foyle jobs and benefits office will visit the plant tomorrow at 11.00 am, because we had no advance notice of the proposed redundancies. Therefore, it is our intention to meet the management and find out what the proposals

are. Our task is then to consider the situation in respect of each member of staff, what needs they may have, and what services we can offer them.

The Member asked about the position in respect of redundancies. The law is relatively clear: when the number of redundancies is 99 or fewer, the required notice is 30 days. When the number is more than 99, the required notice is 90 days. There is obviously a significant difference between those two scenarios. My understanding is that the company believes that it needs 10 workers to carry out security, maintenance and other winding-down activities.

I have no detailed knowledge as to whether that is accurate. However, as there is such a significant dispute, and because it appears that all the workers — more than 100 — will be made redundant within a relatively short space of time, I can clearly see the potential for conflict. That is why I am offering the services of the Labour Relations Agency, which, although sponsored by my Department is a completely independent organisation that is experienced in such matters. If there is a genuine dispute, that agency can work with the company and the trade unions to establish whether anything can be worked out. However, this is a very distressing announcement — at a very difficult time of year — and I believe that the entire House is sympathetic to the plight of that particular workforce at this time.

6.00pm

**The Chairperson of the Committee for Employment and Learning (Ms S Ramsey):** Go raibh maith agat, a LeasCheann Comhairle. Like my colleagues and the Minister, I offer my sympathy to the families and workers of the Calcast factory. It is shocking that we are hearing this news now.

I appreciate what the Minister has said. On behalf of the Committee, I would appreciate it if he would keep us updated on any further developments, including any possible use of the Labour Relations Agency. The Minister has stated that his officials will be travelling to the plant tomorrow. I would be grateful if he would update me or the Deputy Chairperson — who is present in the Chamber — at the earliest opportunity, as we have taken a close interest in the issue.

The Minister, in his response to Raymond McCartney's question, indicated that there were no warning signals. Will he investigate whether any of his officials, or those in the Department of Enterprise, Trade and Investment (DETI), knew whether there were any warning signals?

Furthermore, was there any opportunity, or attempt, to redeploy the other workers? My concern is that we were told that 10 or 12 employees were to be redeployed and that we are now being told that those employees are needed on-site to look after and



supervise the wind-up of the factory. That has caused people to be cynical, and I am sure that the Minister can appreciate why that is the case.

**The Minister for Employment and Learning:** I thank the Member for her questions. In relation to her latter point, I have no knowledge of that at this stage.

What I can tell the Member is that when I said that there was no warning, I meant that the Department is usually notified formally, via the local jobs and benefits office, if there are to be significant redundancies. We have all heard the speculation, and we have all known, for many years, about the difficulties in the motor trade and the competition in that industry. That is not something new. Indeed, when I was Minister of Enterprise, Trade and Investment I examined that plant very closely for those reasons.

However, what I was referring to was the specific, statutory requirement for my Department to be formally notified, and we received no notice of the redundancies until the same day as the workers. My understanding is that DETI officials will also be visiting the factory tomorrow, and they, along with my officials, will be making their own assessments.

I have no problem with keeping the Committee updated on progress. The Department will ensure that the Committee receives information as quickly as possible. I hope to receive feedback following the meeting tomorrow at 11.00 am, and I am happy to ensure that any information is passed on to the Committee as soon as possible.

I agree entirely with the Member's comments about the plight of the workers at the Calcast plant. It always seems that issues such as this arise at this time of year. Indeed, there have also been recent announcements in Kilkeel and elsewhere that have been equally distressing.

I will make a technical point in relation to the minimum statutory requirements that an employer must observe. Those requirements are laid down in the Employment Rights (Northern Ireland) Order 1996, and article 216 of that Order stresses that there is a duty on the employer to consult the representatives of their employees. The employer is required by law to notify the Department of a proposal to dismiss 20 or more employees as redundant at one establishment within a period of 90 days or fewer.

The employer is also required to notify the Department before any notices of dismissal are issued and to send a copy of the notification to the representatives of the employees being consulted. If an employer plans to make between 20 and 99 redundancies at one establishment, the minimum period for notification to be sent to the Department is at least 30 days before the first dismissal. If an employer is making 100 or more redundancies at one establishment, it must notify the Department at least 90 days before the dismissal.

I would be very happy to furnish the Committee with those details when giving a response to it, which, all being well, should happen tomorrow.

**The Chairperson of the Committee for Enterprise, Trade and Investment (Mr Durkan):** I commend Raymond McCartney for the private notice question. I thank the Minister for the answers that he has given, and I appreciate the very obvious sympathy that he has shown for the plight of the workers, while also respecting the limits and sensitivities of his office.

The Minister referred to the fact that DETI officials will visit the plant tomorrow. I have spoken to the Minister of Enterprise, Trade and Investment and to senior representatives of Invest Northern Ireland. Is the Minister for Employment and Learning aware of any clawback issues that could be used in this situation to influence the company's thinking?

Having visited the plant today, I can say that it is very clear that the workers are absolutely firm in the view that the number of redundancies was entirely calculated to reduce the redundancy entitlements owed by the company. Although the management representatives sought to persuade me differently, they did not succeed in convincing me that the jobs that they would be keeping on are real or long term. For example, the security work can always be provided by a firm, other arrangements can be made for the maintenance work, as is the case with the jobs that they said would be offered in Belfast.

Therefore, will the Minister use his office — along with whatever influences the Department of Enterprise, Trade and Investment has — to ensure that the management takes a new approach to the workers and negotiates a fair and honourable redundancy package, rather than presenting them with a fait accompli that leaves them feeling as if they have been the victims of a stroke.

**The Minister for Employment and Learning:** Mr Durkan approached me about this issue yesterday, and I assure him that the two Departments are working together very closely — there are no demarcation issues. A standard process comes into effect in these situations and, sadly, we are getting good practice at dealing with such situations in recent months. That is most regrettable.

I detected a sense of hurt from the workforce and, to be honest, I would be deeply shocked if it were the case that a company of the standing and stature of Montupet would indulge in the sort of behaviour that you described. I have no hands-on evidence of anything of that nature at this stage. Given that I am suggesting that if the impasse is not broken, the workforce and the company should utilise the services of the Labour Relations Agency, perhaps it as well for me to leave it at that.

The contracts that Invest NI makes with companies include a standard clawback process that it applies rigorously, should a situation arise where Invest NI would have to use it. I cannot tell the Member whether that is the case in this instance because I am not aware of it. Personally, I have not heard of it; however, Invest NI reports to Minister Foster about that so I have no knowledge of it.

When this sort of situation arises, there is an automatic examination of the contracts and the undertakings that have been given over the years to see whether any clawback is required, and that is usually time-limited. As the Member knows, when grants are given to a company, they must usually meet certain criteria, and I have little doubt that Invest NI will be studying that contract very carefully. I expect that that is one of the issues that will be addressed when Invest NI representatives visit the plant tomorrow.

*Adjourned at 6.09 pm.*







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ISSN 1463-7162

**Daily Editions:** Single copies £5, Annual subscriptions £325

**Bound Volumes of Debates** are issued periodically during the session: Single copies: £90

Printed in Northern Ireland by The Stationery Office Limited

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ISBN 978-0-339-50298-7

